

**Exhibit B: Asset Purchase Agreement**

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**ASSET PURCHASE AGREEMENT**  
**BY AND AMONG**  
**PEGASUS SATELLITE TELEVISION, INC.,**  
**GOLDEN SKY SYSTEMS, INC.,**  
**THE OTHER SELLERS HEREIN**  
**AND**  
**DIRECTV, INC.**

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**Dated as of July 30, 2004**

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## TABLE OF CONTENTS

	Page
ARTICLE I      DEFINITIONS.....	2
1.1      Certain Definitions.....	2
1.2      Other Definitional and Interpretive Matters.....	11
ARTICLE II      PURCHASE AND SALE OF THE PURCHASED ASSETS; ASSUMPTION OF THE ASSUMED LIABILITIES .....	13
2.1      Purchase and Sale of the Purchased Assets.....	13
2.2      Excluded Assets.....	14
2.3      Assumption of the Assumed Liabilities .....	14
2.4      Excluded Liabilities .....	14
2.5      Cure Amounts.....	14
2.6      Changes in Lists of the Purchased Contracts and the Purchased Facility Leases .....	15
2.7      Access to Personnel Files and Other Documents; Further Conveyances and Assumptions .....	15
2.8      Third Party Consents.....	16
ARTICLE III      CONSIDERATION .....	17
3.1      Consideration.....	17
3.2      Adjustments to the Purchase Price.....	17
3.3      Payment of Purchase Price .....	23
3.4      Letter of Credit.....	24
ARTICLE IV      CLOSING AND TERMINATION.....	26
4.1      Closing Date.....	26
4.2      Deliveries by Sellers .....	26
4.3      Deliveries by Purchaser.....	26
4.4      Termination of Agreement .....	27
4.5      Procedure Upon Termination .....	29
4.6      Effect of Termination.....	29
ARTICLE V      REPRESENTATIONS AND WARRANTIES OF SELLERS .....	29
5.1      Organization and Good Standing.....	29
5.2      Authorization of Agreement.....	29
5.3      Conflicts; Consents of Third Parties .....	30

**TABLE OF CONTENTS**  
(continued)

	<b>Page</b>
5.4 Personal Property .....	30
5.5 Contracts.....	31
5.6 Litigation .....	31
5.7 Compliance with Laws.....	31
5.8 Accounts Receivable and Payable .....	31
5.9 No Other Representations or Warranties; Schedules .....	31
<b>ARTICLE VI REPRESENTATIONS AND WARRANTIES OF PURCHASER.....</b>	<b>32</b>
6.1 Organization and Good Standing.....	32
6.2 Authorization of Agreement.....	32
6.3 Conflicts; Consents of Third Parties .....	32
6.4 Financial Capability .....	33
<b>ARTICLE VII BANKRUPTCY COURT APPROVAL .....</b>	<b>33</b>
7.1 Bankruptcy Court Filings .....	33
<b>ARTICLE VIII COVENANTS .....</b>	<b>33</b>
8.1 Access to Information .....	33
8.2 Conduct of the Business Pending the Closing.....	34
8.3 Regulatory Approvals .....	35
8.4 Further Assurances.....	36
8.5 Confidentiality .....	37
8.6 Publicity.....	37
8.7 No Solicitation by Sellers.....	37
8.8 Notification of Certain Matters.....	38
8.9 Service to Active Subscribers.....	38
<b>ARTICLE IX EMPLOYEES AND EMPLOYEE BENEFITS .....</b>	<b>39</b>
9.1 Employment and Benefits .....	39
<b>ARTICLE X CONDITIONS TO CLOSING .....</b>	<b>41</b>
10.1 Conditions Precedent to Obligations of Purchaser .....	41
10.2 Conditions Precedent to Obligations of Sellers .....	42
10.3 Conditions Precedent to Obligations of Purchaser and Sellers .....	43

**TABLE OF CONTENTS**  
(continued)

	<b>Page</b>
10.4 Frustration of Closing Conditions.....	43
<b>ARTICLE XI TAXES</b> .....	<b>44</b>
11.1 Transfer Taxes .....	44
11.2 Prorations.....	44
11.3 Purchase Price Allocation.....	44
11.4 Cooperation on Tax Matters.....	45
<b>ARTICLE XII MISCELLANEOUS</b> .....	<b>45</b>
12.1 Reservation of Rights.....	45
12.2 No Survival of Representations and Warranties.....	46
12.3 Expenses.....	46
12.4 Submission to Jurisdiction; Consent to Service of Process.....	46
12.5 Waiver of Right to Trial by Jury.....	46
12.6 Entire Agreement; Amendments and Waivers .....	47
12.7 Governing Law .....	47
12.8 Notices.....	47
12.9 Severability.....	48
12.10 Binding Effect; Assignment .....	49
12.11 Non-Recourse .....	49
12.12 Guarantee.....	49
12.13 Counterparts .....	49
12.14 Specific Performance .....	49

### Schedules

1.1(a)	Agreed Principles
1.1(b)	Free Cash Flow From Operations
1.1(c)	Knowledge of Sellers
1.1(d)	Net Service Obligations
1.1(e)	Qualified Subscribers
2.1(e)	Purchased Facility Leases
2.1(g)	Purchased Contracts
3.2(g)	Net Working Capital Amount
3.3	Sellers' Concentration Account
5.4(a)(i)	Personal Property
5.4(a)(ii)	List of Lien Holders
5.5	Contracts
8.2	Exceptions to Conduct of Business

### Exhibits

A	Form of Letter of Credit
B	Form of Bill of Sale and Assignment
C	Form of Purchased Facility Lease Assignment and Assumption Agreement
D	Form of Sellers' Officer's Certificate
E	Form of Purchaser's Officer's Certificate

## ASSET PURCHASE AGREEMENT

ASSET PURCHASE AGREEMENT, dated as of July 30, 2004, by and among Pegasus Satellite Television, Inc., a Delaware corporation ("PST"), Golden Sky Systems, Inc., a Delaware corporation ("Golden Sky"), and each other entity listed as a "Seller" on the signature pages hereto (together with PST and Golden Sky, each, a "Seller" and, collectively, "Sellers"), DIRECTV, Inc., a California corporation ("Purchaser"), and, solely for purposes of Section 12.12 hereof, The DIRECTV Group, Inc., a Delaware corporation.

### WITNESSETH:

WHEREAS, Sellers and certain of their Affiliates, each commenced a case (collectively, the "Chapter 11 Case") under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"), on June 2, 2004 (the "Commencement Date") by filing respective voluntary petitions with the United States Bankruptcy Court for the District of Maine (the "Bankruptcy Court");

WHEREAS, Sellers desire to resolve all disputes with Purchaser and the National Rural Telecommunications Cooperative ("NRTC") and, in connection with the resolution of such disputes, Sellers desire to sell, transfer and assign to Purchaser, and Purchaser desires to acquire and assume from Sellers, pursuant to sections 105, 363, and 365 of the Bankruptcy Code, all of the Purchased Assets and Assumed Liabilities, subject to approval of the Bankruptcy Court, all as more specifically provided for herein;

WHEREAS, to maximize recoveries at all levels for all parties in interest and to avoid any further litigation, Sellers and Purchaser have entered into this Agreement and the Persons referred to below have entered into the Cooperation Agreement and the Settlement Agreement referred to below, as mutually dependent agreements constituting a single, integrated settlement;

WHEREAS, as an integral part of, and subject to the effectiveness of, this Agreement (i) PST and Purchaser have entered into a Cooperation Agreement, dated as of the date hereof (as amended, modified or supplemented from time to time, the "Cooperation Agreement"), setting forth certain terms of the relationship between PST (for itself and on behalf of the other Sellers) and Purchaser with respect to DIRECTV Services and related matters prior, and subsequent, to the Closing and (ii) Pegasus Satellite Communications, Inc. ("PSC"), Pegasus Communications Corporation, Purchaser, NRTC, the Creditors' Committee and certain other parties have entered into a Global Settlement Agreement, dated as of the date hereof (as amended, modified or supplemented from time to time, the "Settlement Agreement"), setting forth the terms of the settlement of certain matters among the parties thereto; and

WHEREAS, certain terms used in this Agreement are defined in Section 1.1.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements hereinafter contained, the parties hereto hereby agree as follows:

## ARTICLE I

### DEFINITIONS

1.1 Certain Definitions. For purposes of this Agreement, the following terms shall have the meanings specified in this Section 1.1:

"Active Subscriber" means, at any date, a Subscriber whose DIRECTV Services account status with any Seller or its Affiliate is active as of such date, as determined in accordance with Sellers' customary practices and procedures as in effect on June 1, 2004.

"Additional Patronage Amount" shall have the meaning set forth in Section 3.2(b).

"Affiliate" means, with respect to any Person, any other Person that, directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such Person, and the term "control" (including the terms "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

"Aggregate Patronage Amount" shall have the meaning set forth in Section 3.2(b).

"Agreed Principles" shall have the meaning set forth on Schedule 1.1(a).

"Agreement" means this Asset Purchase Agreement, by and among Sellers and Purchaser (as the same may be amended, modified or supplemented from time to time in accordance with the terms and provisions hereof).

"Allocation Schedule" shall have the meaning set forth in Section 11.3.

"Antitrust Division" shall have the meaning set forth in Section 8.3(a).

"Antitrust Laws" shall have the meaning set forth in Section 8.3(b).

"Approval Motion" means the motion, in form and substance reasonably satisfactory to Purchaser, filed with the Bankruptcy Court and seeking entry of the Approval Order.

"Approval Order" means the order of the Bankruptcy Court pursuant to sections 105, 363 and 365 of the Bankruptcy Code and Rule 9019 of the Federal Rules of Bankruptcy Procedure, in form and substance reasonably satisfactory to Purchaser, approving the Settlement Agreement, the Cooperation Agreement (to the extent such



approval is required) and this Agreement, and approving and authorizing Sellers to consummate the transactions contemplated by such agreements. Without limiting the generality of the foregoing, such order shall find and provide, among other things, that (i) the settlements embodied in the Settlement Agreement represent a fair, prudent and reasonable compromise of the controversies resolved by the Settlement Agreement and are in the best interests of creditors and the estates taking into account, among other things, (a) the probability of success in litigation, (b) the complexity of litigation involved and (c) the paramount interest of the creditors and a proper deference to their views in respect of the Settlement Agreement; (ii) the Purchased Assets sold to Purchaser pursuant to this Agreement shall be transferred to Purchaser, free and clear of all Liens, other than Permitted Exceptions; provided, however, that any Liens that do exist (other than Liens created by Purchaser and the Permitted Exceptions) shall attach solely to the Purchase Price; (iii) Purchaser has acted in "good faith" within the meaning of section 363(m) of the Bankruptcy Code; (iv) the Settlement Agreement, the Cooperation Agreement and this Agreement were negotiated, proposed and entered into by the parties without collusion, in good faith and from arm's length bargaining positions; (v) the Bankruptcy Court shall retain jurisdiction to resolve any controversy or claim arising out of or relating to the Settlement Agreement, the Cooperation Agreement or this Agreement; (vi) the Settlement Agreement, the Cooperation Agreement (to the extent approval is required) and this Agreement are binding upon, and are not subject to rejection or avoidance by or on behalf of Sellers, their respective estates or any chapter 7 or chapter 11 trustee of any Seller; and (vii) the provisions of Rules 6004(g) and 6006(d) of the Federal Rules of Bankruptcy Procedure staying the effectiveness of such order shall be waived and that such order shall be effective immediately and that the parties are permitted to consummate the transactions contemplated by the Settlement Agreement, the Cooperation Agreement (to the extent approval is required) and this Agreement immediately upon the entry of such order.

"Assumed Liabilities" shall have the meaning set forth in Section 2.3.

"Bankruptcy Code" shall have the meaning set forth in the Recitals hereto.

"Bankruptcy Court" shall have the meaning set forth in the Recitals hereto.

"Business" means the business as currently conducted by Sellers involving the marketing and distribution of DIRECTV Services.

"Business Day" means any day of the year on which national banking institutions in New York are open to the public for conducting business and are not required or authorized to close.

"Chapter 11 Case" shall have the meaning set forth in the Recitals hereto.

"Closing" shall have the meaning set forth in Section 4.1.

"Closing Date" shall have the meaning set forth in Section 4.1.

"Closing Date Adjustment Amount" shall have the meaning set forth in Section 3.2(f).

"Closing Date Cash Flow" shall have the meaning set forth in Section 3.2(e).

"Closing Date Net Service Obligations" shall have the meaning set forth in Section 3.2(e).

"Closing Date Net Working Capital Amount" shall have the meaning set forth in Section 3.2(g).

"COBRA" means Title X of the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended.

"Code" means the Internal Revenue Code of 1986, as amended.

"Commencement Date" shall have the meaning set forth in the Recitals hereto.

"Confidentiality Agreement" means the Confidentiality Agreement, dated as of July 22, 2004, by and between Purchaser and PST, as the same may be amended, modified or supplemented from time to time in accordance with the terms and provisions thereof.

"Contract" means any contract, lease, license, agreement, contract right, purchase order, trust, instrument and any other agreement, whether or not in written form, that is binding upon a Person or its property.

"Cooperation Agreement" shall have the meaning set forth in the Recitals hereto.

"Cooperation Agreement Obligations Amount" shall have the meaning set forth in Section 3.2(c).

"Covered Transaction" shall have the meaning set forth in Section 8.7(a).

"Creditors' Committee" means the statutory committee of unsecured creditors duly appointed in the Chapter 11 Case.

"Cure Amounts" shall have the meaning set forth in Section 2.5.

"Customer Conversion Amount" shall have the meaning set forth in Section 3.2(c).

"Customer Conversion Disputed Items" shall have the meaning set forth in Section 3.2(c).

"Customer Conversion Reimbursement Amount" shall have the meaning set forth in the Cooperation Agreement.

"Designated Employees" shall have the meaning set forth in Section 9.1(a).

**"DIRECTV Equipment"** means any subscriber terminal equipment owned by any Seller or its Affiliates, including integrated receiver decoders (IRDs or set-top boxes), remote control units and satellite antennas that relate to the DIRECTV Services, including any such equipment leased by any Seller or Affiliate to Subscribers, as well as the conditional access modules or access cards in the possession of Sellers, any of their Affiliates or Active Subscribers, all of which are owned by Purchaser or its Affiliates and provided to Sellers for license to Active Subscribers.

**"DIRECTV Services"** means any and all direct-to-home satellite multi-channel video programming services made available by Purchaser or any of its Affiliates and any other products or services of Purchaser or any of its Affiliates related thereto.

**"Disputed Items"** shall have the meaning set forth in Section 3.2(e).

**"Dispute Notice"** shall have the meaning set forth in Section 3.2(c).

**"Documents"** means all (i) files, documents, instruments, papers, books, reports, records and plans and databases incorporating or constituting Subscriber Information, whether or not in electronic form; (ii) files, documents, instruments, papers, books, reports and records relating to the Purchased Assets (other than the Subscriber Information) or the Assumed Liabilities; (iii) technical documentation (including design specifications, functional requirements, operating instructions, logic manuals and flow charts) and, user documentation (including installation guides, user manuals, training materials, release notes and working papers) relating to clauses (i) or (ii); and (iv) marketing documentation (including sales brochures, flyers and pamphlets) relating primarily to the Purchased Assets and Assumed Liabilities. Notwithstanding the foregoing, the term "Documents" shall exclude Lotus Notes email databases, but include Lotus Notes document libraries.

**"Employee Benefit Plan"** means (i) any "employee benefit plan" as defined in Section 3(3) of ERISA, (ii) any "cafeteria plan" as defined in Section 125 of the Code, or (iii) any bonus or incentive compensation, equity or equity-based compensation, deferred compensation, retirement, severance pay, sick leave, vacation pay, salary continuation, disability, medical, life insurance, educational assistance or other employee benefit plans, programs, policies, arrangements or agreements, in each case as to which any Seller or any of its Affiliates has any Liability.

**"Employee List"** means a complete list of all Employees, including each Employee's name, title, function, base salary, additional compensation, full time/part time/per diem status, visa status, tenure with Sellers or their Affiliates and whether such Employee is bound by an employment agreement.

**"Employees"** means all individuals, as of the date hereof, who are employed by Sellers in the Business (on a full-time, part-time or per diem basis, but not on a temporary basis), together with individuals who are hired to work in the Business (on a full-time, part-time or per diem basis, but not on a temporary basis) by Sellers after the date hereof and prior to the Closing.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"ERISA Affiliate" means, with respect to any Person, any trade or business (whether or not incorporated) (i) under common control within the meaning of Section 4001(b)(1) of ERISA with such Person or (ii) which together with such Person is treated as a single employer under Section 414(b), (c), (m) or (o) of the Code.

"Estimated Cash Flow" shall have the meaning set forth in Section 3.2(e).

"Estimated Cash Flow Adjustment Amount" shall have the meaning set forth in Section 3.2(e).

"Estimated Net Service Obligations" shall have the meaning set forth in Section 3.2(d).

"Estimated Net Service Obligations Adjustment Amount" shall have the meaning set forth in Section 3.2(d).

"Excluded Assets" shall have the meaning set forth in Section 2.2.

"Expiration Draw Date" shall have the meaning in Section 3.4(e).

"Final Cash Flow" shall have the meaning set forth in Section 3.2(e).

"Final Customer Conversion Reimbursement Amount" shall have the meaning set forth in Section 3.2(c).

"Final Net Working Capital Amount" shall have the meaning set forth in Section 3.2(g).

"Final Order" means an order of the Bankruptcy Court as to which the time to appeal, petition for *certiorari* or move for reargument or rehearing has expired and as to which no appeal, petition for *certiorari* or other proceedings for reargument or rehearing shall then be pending or as to which any right to appeal, petition for *certiorari*, reargue or rehear shall have been waived in writing in form and substance satisfactory to the parties hereto or, in the event that an appeal, writ of *certiorari* or reargument or rehearing thereof has been sought, such order of the Bankruptcy Court shall have been determined by the highest court to which such order was appealed, or *certiorari*, reargument or rehearing shall have been denied and the time to take any further appeal, petition for *certiorari* or move for reargument or rehearing shall have expired; provided, however, that the possibility that a motion under Rule 59 or Rule 60 of the Federal Rules of Civil Procedure, or any analogous rule under the Federal Rules of Bankruptcy Procedure, may be filed with respect to such order shall not preclude such order from being a Final Order.

"First Lodge Affidavit" means the affidavit of Ted S. Lodge, President, Chief Operating Officer and Counsel of PST, filed with the Bankruptcy Court on June 2, 2004.

**"Free Cash Flow From Operations"** means EBITDA of Sellers less Maintenance Capex, all as such terms are set forth in the Agreed Principles and calculated in a manner consistent with Sellers' past practices as set forth on Schedule 1.1(b), for the period commencing as of the opening of business on September 16, 2004 and ending on the Closing Date; provided, however, that in no event shall Debtors' Restructuring Costs, as such term is defined in the Agreed Principles, be included in the calculation of Free Cash Flow From Operations.

**"FTC"** shall have the meaning set forth in Section 8.3(a).

**"Furniture and Equipment"** means all furniture, fixtures, furnishings, equipment, vehicles, leasehold improvements and other tangible personal property owned or leased (subject to assumption of the applicable leases by Purchaser) by any Seller in the conduct of the Business at the facilities that are the subject of the Purchased Facility Leases, including all such artwork, desks, chairs, tables, Hardware, copiers, telephone lines and numbers, telecopy machines and other telecommunication equipment, cubicles and miscellaneous office furnishings and supplies.

**"GAAP"** means generally accepted accounting principles in the United States as of the date hereof applied on a consistent basis with the most recent audited financial statements of PSC.

**"Golden Sky"** shall have the meaning set forth in the Preamble hereto.

**"Governmental Body"** means any government or governmental or regulatory body thereof, or political subdivision thereof, whether foreign, federal, state or local, or any agency, instrumentality or authority thereof, or any court or arbitrator (public or private).

**"Hardware"** means any and all computer and computer-related hardware, including computers, file servers, facsimile servers, scanners, color printers, laser printers and networks. For the avoidance of doubt, computer and computer-related hardware located in Seller's facilities in Marlborough, Massachusetts shall not constitute Hardware.

**"HSR Act"** means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

**"Knowledge of Sellers"** means the actual knowledge, after due inquiry, of those Persons set forth on Schedule 1.1(c) and their direct reports.

**"Law"** means any federal, state, local or foreign law, statute, code, ordinance, Order, rule or regulation.

**"Letter of Credit"** means a letter of credit in an amount of \$875,000,000 to be issued by Bank of America, substantially in the form attached as Exhibit A hereto, which may be drawn upon by Sellers in an amount up to the Net Purchase Price in accordance with its terms and this Agreement.

"Legal Proceeding" means any judicial, administrative or arbitral actions, suits or proceedings (public or private) by or before a Governmental Body.

"Liability" means any debt, liability, commitment or obligation (whether direct or indirect, contractual or otherwise, known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated or due or to become due), including all costs and expenses relating thereto.

"Lien" means any lien, encumbrance, pledge, mortgage, deed of trust, security interest, claim, lease, charge, license, option, right of first refusal, easement, servitude or transfer restriction under any shareholder or similar agreement.

"Material Adverse Effect" means a material adverse effect on the ability of Sellers to consummate the transactions taken as a whole contemplated by this Agreement, the Cooperation Agreement (to the extent not previously terminated), and the Settlement Agreement.

"Member Agreements" means one or more NRTC/Member Agreements for Marketing and Distribution of DBS Services (as amended, including in 1994) with NRTC, which permit Sellers to distribute DIRECTV Services.

"Net Purchase Price" shall have the meaning set forth in Section 3.3.

"Net Service Obligations" means at any date, the amount owing by Sellers to NRTC and/or Purchaser at such date pursuant to the Member Agreements (or, if the Closing occurs after August 31, 2004, pursuant to Section 2.6 of the Cooperation Agreement) and the Seamless Agreement, including amounts accrued but unbilled at any such date and including amounts owed prior to and after the filing of the Chapter 11 Case, in all cases as determined in a manner consistent with practices in effect on January 1, 2004 and in a manner consistent with the amounts billed in the most recent invoices sent to Sellers by Purchaser and NRTC, as such amounts are referenced on Schedule 1.1(d), but excluding the Seamless Judgment (it being acknowledged that there should be no adjustment for post-Commencement Date interest on the Seamless Judgment). The parties acknowledge that the Net Service Obligations for all periods prior to July 14, 2004, were as set forth on Schedule 1.1(d).

"Net Working Capital Amount" shall have the meaning set forth in Section 3.2(g).

"Nonassignable Assets" shall have the meaning set forth in Section 2.8(a).

"NRTC" means National Rural Telecommunications Cooperative, a District of Columbia non-profit cooperative corporation.

"NRTC Letters of Credit" shall have the meaning set forth in Section 4.3(e).

"NRTC Letter of Credit Adjustment Amount" shall have the meaning in Section 3.2(h).

"NRTC Patronage Certificate Face Amount" shall have the meaning set forth in Section 4.3(d).

"Order" means any order, injunction, judgment, decree, ruling, writ, assessment or arbitration award of a Governmental Body.

"Ordinary Course of Business" means the ordinary and usual course of normal day to day operations of the Business through the date hereof consistent with past practice.

"Patronage Amount" shall have the meaning set forth in Section 3.2(b).

"Patronage Certificates" shall have the meaning set forth in the Settlement Agreement.

"Permits" means any approvals, authorizations, consents, licenses, permits or certificates of a Governmental Body.

"Permitted Exceptions" means (i) all defects, exceptions, restrictions, easements, rights of way and encumbrances disclosed in policies of title insurance, (ii) other minor imperfections of title or encumbrances unrelated to borrowed money, if any, and (iii) zoning, entitlement and other land use and environmental regulations by any Governmental Body.

"Person" means any individual, corporation, cooperative, partnership, limited liability company, firm, joint venture, association, joint-stock company, trust, unincorporated organization, Governmental Body or other entity.

"Preliminary Customer Conversion Amount" shall have the meaning set forth in Section 3.2(c).

"Preliminary Net Working Capital Amount" shall have the meaning set forth in Section 3.2(g).

"PSC" shall have the meaning set forth in the Recitals hereto.

"PST" shall have the meaning set forth in the Preamble hereto.

"Purchased Assets" shall have the meaning set forth in Section 2.1.

"Purchased Contracts" shall have the meaning set forth in Section 2.1(g).

"Purchased Facility Leases" shall have the meaning set forth in Section 2.1(e).

"Purchase Price" shall have the meaning set forth in Section 3.1.

"Purchaser" shall have the meaning set forth in the Preamble hereto.

"Purchaser Documents" shall have the meaning set forth in Section 6.2.

"Purchaser's Closing Customer Conversion Adjustment Certificate" shall have the meaning set forth in Section 3.2(c).

"Purchaser's Estimated Customer Conversion Adjustment Certificate" shall have the meaning set forth in Section 3.2(c).

"Qualified Subscribers" means any Subscriber account meeting the criteria set forth on Schedule 1.1(e).

"Referee" shall have the meaning set forth in Section 3.2(c).

"Representative" shall have the meaning set forth in Section 8.7.

"Seamless Agreement" means the Revised Seamless Consumer Program, dated as of October 3, 2001, as amended, among Purchaser and Sellers.

"Seamless Judgment" shall have the meaning set forth in Section 3.2(a).

"Second Lodge Affidavit" means the affidavit of Ted S. Lodge In Support of Debtors' Motion for Order Pursuant to 11 U.S.C. §§ 363(b) and 105(a) Authorizing and Approving Implementation of Management Retention Plan, filed with the Bankruptcy Court on June 23, 2004 (docket no. 205).

"Seller Documents" shall have the meaning set forth in Section 5.2.

"Sellers" shall have the meaning set forth in the Preamble hereto.

"Sellers' Estimated Cash Flow Adjustment Certificate" shall have the meaning set forth in Section 3.2(e).

"Sellers' Estimated Net Service Obligations Adjustment Certificate" shall have the meaning set forth in Section 3.2(d).

"Sellers' Pre-Closing Net Working Capital Adjustment Certificate" shall have the meaning set forth in Section 3.2(g).

"Sellers' Closing Date Cash Flow Adjustment Certificate" shall have the meaning set forth in Section 3.2(e).

"Sellers' Closing Date Net Service Obligations Adjustment Certificate" shall have the meaning set forth in Section 3.2(e).

"Sellers' Post Closing Net Working Capital Adjustment Certificate" shall have the meaning set forth in Section 3.2(g).

"Settlement Agreement" has the meaning set forth in the Recitals hereto.

"Subscriber" means a former, current or pending subscriber of any Seller or its Affiliates to DIRECTV Services.



"Subscriber Information" means the Subscriber Lists, and other information regarding billing, usage, programming and package information for DIRECTV Services, credit and payment information relating to Subscribers, and other information relating to DIRECTV Services for Subscribers, including any such information in the DIRECTV Billing and Authorization System.

"Subscriber Lists" means any information, or collection of information, in whatever form arising from the provision of DIRECTV Services that identifies or allows identification of or contact with any or all Subscribers, including names, addresses, phone numbers or access card numbers of such Subscribers, or identifies or allows identification of DIRECTV Services provided to specific Subscribers, including such information in the DIRECTV Billing and Authorization System.

"Tax Authority" means any federal, state or local, foreign or other government, agency, instrumentality or employee thereof, charged with the administration of any Law relating to Taxes.

"Tax Return" means all returns, declarations, reports, estimates, information returns and statements, including any statements or attachments thereto and any amendments thereof, filed or required to be filed in respect of any Taxes.

"Taxes" means (i) all federal, state, local or foreign taxes, charges, or other assessments, including all net income, gross receipts, capital, sales, use, ad valorem, value added, transfer, franchise, profits, inventory, capital stock, license, withholding, payroll, employment, social security, unemployment, excise, severance, stamp, occupation, property and estimated taxes, (ii) all interest, penalties, fines, additions to tax or additional amounts imposed by any Tax Authority in connection with any item described in clause (i) and (iii) all Liabilities in respect of any items described in clauses (i) and/or (ii) payable by reason of contract, assumption, transferee liability, operation of law, Treasury Regulation Section 1.1502-6(a) (or any predecessor or successor thereof or any analogous or similar provision under Law) or otherwise.

"Termination Date" shall have the meaning set forth in Section 4.4(a).

"Third Party Confidentiality Agreement" shall have the meaning set forth in Section 8.7(a).

"Transferring Employees" shall have the meaning set forth in Section 9.1(d).

"Transfer Taxes" shall have the meaning set forth in Section 11.1(a).

"Trust Funds" shall have the meaning set forth in Section 3.4(e).

"Working Capital Disputed Items" shall have the meaning set forth in Section 3.2(g).

## 1.2 Other Definitional and Interpretive Matters.

(a) Unless otherwise specified, for purposes of this Agreement, the following rules of interpretation shall apply:

**Calculation of Time Period.** When calculating the period of time before which, within which or following which any act is to be done or step taken pursuant to this Agreement, the date that is the reference date in calculating such period shall be excluded unless otherwise expressly provided. If the last day of such period is a non-Business Day, the period in question shall end on the next succeeding Business Day.

**Dollars.** Any reference in this Agreement to "\$" shall mean U.S. dollars.

**Exhibits/Schedules.** The Exhibits and Schedules annexed hereto or referred to herein are hereby incorporated in and made an integral part of this Agreement as if set forth in full herein. Any capitalized terms used in any Schedule or Exhibit but not otherwise defined therein shall be defined as set forth in this Agreement. The inclusion of an item on any Schedule shall constitute disclosure with respect to such item on all other Schedules where applicable if appropriately cross-referenced and if the relevance thereof is reasonably apparent from the context in which it appears.

**Gender and Number.** Any reference in this Agreement to gender shall include all genders, and words imparting the singular number only shall include the plural and vice versa.

**Headings.** The provision of the Table of Contents, the division of this Agreement into Articles, Sections and other subdivisions and the insertion of headings are for convenience of reference only and shall not affect or be utilized in construing or interpreting this Agreement. All references in this Agreement to any "Article" or "Section" or "Schedule" or "Exhibit" to are to the corresponding Article or Section of or Schedule or Exhibit to this Agreement.

**Herein.** The words such as "herein", "hereinafter", "hereof" and "hereunder" refer to this Agreement as a whole and not merely to a subdivision in which such words appear.

**Including.** The word "including" or any variation thereof means "including, without limitation" and shall not be construed to limit any general statement that it follows to the specific or similar items or matters immediately following it.

(b) The parties hereto have participated jointly in the negotiation and drafting of this Agreement and, in the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as jointly drafted by the parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provision of this Agreement.

## ARTICLE II

### PURCHASE AND SALE OF THE PURCHASED ASSETS; ASSUMPTION OF THE ASSUMED LIABILITIES

2.1 Purchase and Sale of the Purchased Assets. Upon the terms and subject to the conditions set forth in this Agreement and the terms and conditions of the Settlement Agreement and the Cooperation Agreement, at the Closing, Purchaser shall purchase, acquire and accept from Sellers, and Sellers shall sell, transfer, assign, convey and deliver to Purchaser, free and clear of all Liens, other than the Permitted Exceptions, all of Sellers' right, title and interest in, to and under the following assets, properties and rights owned or held by any Seller on the Closing Date (collectively, the "Purchased Assets"):

- (a) all Subscriber Information;
- (b) all DIRECTV Equipment and any rights to bill and collect from Subscribers for non-return fees in connection with DIRECTV Equipment;
- (c) all rights to bill and collect from Subscribers for early termination or disconnect fees;
- (d) all Documents;
- (e) the leases, if any, set forth on Schedule 2.1(e) (the "Purchased Facility Leases"), together with all improvements, fixtures and other appurtenances to real property subject to such Purchased Facility Leases and rights in respect thereof;
- (f) the Furniture and Equipment;
- (g) the Member Agreements, the Seamless Agreement and the Contracts set forth on Schedule 2.1(g) (the "Purchased Contracts") and all rights thereunder;
- (h) all rights to receive cash patronage from NRTC in an amount up to the Patronage Amount, with respect to the periods commencing January 1, 2003 and ending on the Closing Date, whenever such amounts may be distributed by NRTC, excluding rights to Patronage Certificates or future cash distributions, if any, under Patronage Certificates as provided for in Section 4 of the Settlement Agreement;
- (i) all accounts receivable and unearned revenue of Sellers as of the Closing Date that relate to the Business;
- (j) all rights under the Confidentiality Agreement, any Third Party Confidentiality Agreement or under non-disclosure or confidentiality, non-compete or non-solicitation agreements with Transferring Employees;

(k) to the extent transferable, all "1-800" telephone numbers owned or used by the Sellers in connection with the operation of the Business; and

(l) any other asset, property or right existing on the Closing Date to the extent and in the amount such asset, property or right is included in calculating the Final Net Working Capital Amount.

2.2 Excluded Assets. Nothing herein shall be deemed to constitute a sale, transfer, assignment or conveyance to Purchaser of any assets of any Seller or any of its Affiliates, other than the Purchased Assets (all such assets, the "Excluded Assets").

2.3 Assumption of the Assumed Liabilities. Upon the terms and subject to the conditions set forth in this Agreement, at the Closing, Purchaser shall assume, effective as of the Closing, and shall timely perform and discharge in accordance with their respective terms, only the following Liabilities of Sellers (collectively, the "Assumed Liabilities"):

(a) all Liabilities under the Purchased Contracts and Purchased Facility Leases which did not arise prior to or at the Closing (other than the Cure Amounts) and which arise after the Closing;

(b) all Liabilities relating to the Cure Amounts payable under Section 2.5;

(c) all contractual Liabilities which were incurred in the Ordinary Course of Business relating to Active Subscribers who become subscribers of Purchaser or any of its Affiliates; and

(d) all Liabilities (including contractual liabilities to Subscribers not otherwise covered in Section 2.3(c)) to the extent and in the amount included in calculating the Final Net Working Capital Amount.

2.4 Excluded Liabilities. Purchaser shall not assume or be liable for any Liabilities of Sellers or any of their respective Affiliates, other than the Assumed Liabilities and any other Liabilities expressly undertaken or assumed under this Agreement, the Settlement Agreement or the Cooperation Agreement.

2.5 Cure Amounts. At the Closing and pursuant to section 365 of the Bankruptcy Code, Sellers shall sell and assign to Purchaser, and Purchaser shall assume from Sellers, the Purchased Contracts and the Purchased Facility Leases. As a condition to the assignment and assumption of the Purchased Contracts and the Purchased Facility Leases, Purchaser agrees that the cure amounts, if any, as determined by the Bankruptcy Court (the "Cure Amounts"), necessary to cure all monetary defaults, if any, and to pay all undisputed pecuniary losses that have resulted from such defaults under the Purchased Contracts and the Purchased Facility Leases, shall be paid by Purchaser on the Closing or promptly following the Closing or if any of the Cure Amounts are disputed, promptly

following the resolution of such disputes either by the parties thereto or as determined by a Final Order.

**2.6 Changes in Lists of the Purchased Contracts and the Purchased Facility Leases.**

(a) From time to time after the date of this Agreement through the second Business Day prior to the date on which the Bankruptcy Court commences the hearing on the Approval Motion, Purchaser, in its sole discretion, may remove Contracts from Schedule 2.1(g) and leases from Schedule 2.1(e). Any Contract or lease removed under this Section 2.6(a) shall no longer be considered a Purchased Asset or Assumed Liability and shall constitute an Excluded Asset or Excluded Liability, as the case may be, and be subject to Section 2.2 or Section 2.4, as the case may be.

(b) From time to time after the date of this Agreement, Sellers and Purchaser may, by mutual agreement, add Contracts to Schedule 2.1(g) and leases to Schedule 2.1(e); provided, however, that as to any such additional Contracts that are to be assigned pursuant to the Approval Order, Purchaser and Sellers shall, by 5:00 p.m. (New York City time) on the seventeenth calendar day prior to the date on which the Bankruptcy Court commences the hearing on Approval Motion, complete Sellers' and Purchaser's exercise of such addition rights under this Section 2.6(b). If Purchaser informs Sellers at any other time that Purchaser wants to add additional Contracts to Schedule 2.1(g) or leases to Schedule 2.1(e), Sellers will cooperate with Purchaser and promptly file a motion for a new hearing or hearings in accordance with the Bankruptcy Code with respect to such additional Contracts or leases. Not less than fifteen calendar days prior to any scheduled Bankruptcy Court hearing to approve the rejection of any Contracts or leases related to the Business, Sellers shall notify Purchaser of such hearing and inform Purchaser of the identity of such Contracts and leases. If Purchaser informs Sellers prior to such hearing that Purchaser wishes to acquire any or all of such Contracts or leases, Sellers will promptly file the necessary motions to allow such Contracts to be added to Schedule 2.1(g) or leases to Schedule 2.1(e), as applicable. Any Contract or lease added under this Section 2.6(b) shall no longer be considered an Excluded Asset and shall constitute a Purchased Asset.

**2.7 Access to Personnel Files and Other Documents; Further Conveyances and Assumptions.**

(a) From the Closing Date until 90 days after the Closing, Sellers shall, or shall cause their respective Affiliates to, make available to Purchaser such data in personnel records of Transferring Employees as is reasonably necessary for Purchaser to transition such Employees into Purchaser's records, subject to restrictions of applicable Law pertaining to the privacy rights of the Transferring Employees.

(b) Sellers shall be entitled to retain copies of any Documents relating to financial reporting, accounting, tax return preparation, assets that are not Purchased Assets and Liabilities that are not Assumed Liabilities; provided that Sellers shall maintain in confidence any such Documents in accordance with Section 8.5. Sellers and

their Affiliates shall have access to the Documents for purposes of (i) defending against or prosecuting third party litigation, (ii) administrative or other inquiries, audits or other proceedings of any Governmental Body, (iii) administration and closing of the Chapter 11 Case and (iv) addressing Liabilities other than the Assumed Liabilities.

(c) From time to time following the Closing, Sellers and Purchaser shall, and shall cause their respective Affiliates to, at no cost to Sellers, execute, acknowledge and deliver all such further conveyances, notices, assumptions, releases and acquaintances and such other instruments, and shall take such further actions, as may be reasonably necessary or appropriate to assure fully to Purchaser and its respective successors or assigns, all of the properties, rights, titles, interests, estates, remedies, powers and privileges intended to be conveyed to Purchaser under this Agreement and to assure fully to Sellers and their respective Affiliates and their successors and assigns, the assumption of the Assumed Liabilities intended to be assumed by Purchaser under this Agreement and to otherwise make effective the transactions contemplated hereby and thereby.

## 2.8 Third Party Consents.

(a) Nothing in this Agreement nor the consummation of the transactions contemplated hereby shall be construed as an attempt or agreement to assign any Purchased Contract or Purchased Facility Lease or other related approval, authorization or other right, which by its terms or by Law is (i) nonassignable without the consent of a third party or a Governmental Body or (ii) is cancelable by a third party in the event of an assignment ("Nonassignable Assets") unless and until such consent shall have been obtained or the Bankruptcy Court shall have determined that such consent is not required or such cancellation is not enforceable. Sellers shall, and shall cause their Affiliates to, use their commercially reasonable efforts to cooperate with Purchaser at its request in endeavoring to obtain such consents promptly.

(b) To the extent permitted by applicable Law, in the event consents to the assignment thereof are required and cannot be obtained, such Nonassignable Assets shall be held, as of and from the Closing Date, by Sellers or the applicable Affiliate of Sellers in trust for Purchaser and the covenants and obligations thereunder shall be performed by Purchaser in Sellers' or such Affiliate's name and all benefits and obligations existing thereunder shall be for Purchaser's account. From and after the Closing Date, Sellers shall take or cause to be taken in Purchaser's name or otherwise such actions as Purchaser may reasonably request so as to provide Purchaser with the benefits of the Nonassignable Assets and to effect collection of money or other consideration that becomes due and payable under the Nonassignable Assets, and Sellers or the applicable Affiliate of Sellers shall promptly pay over to Purchaser all money or other consideration received by it in respect of all Nonassignable Assets. As of and from the Closing Date, each Seller on behalf of itself and its Affiliates authorizes Purchaser, to the extent permitted by applicable Law and the terms of the Nonassignable Assets, at Purchaser's expense, to perform all the obligations and receive all the benefits of Seller or its Affiliates under the Nonassignable Assets and appoints Purchaser its attorney-in-fact to act in its name on its behalf or in the name of the applicable Affiliate of Seller and

on such Affiliate's behalf with respect thereto. If and when a consent for the sale, assignment, assumption, transfer, conveyance, and delivery of a Nonassignable Asset is obtained, Sellers will promptly assign, transfer, convey, and deliver such Nonassignable Asset to Purchaser, and Purchaser will assume the Liabilities under such Nonassignable Asset assigned to Purchaser from and after the date of assignment to Purchaser pursuant to such instruments as the parties deem necessary to effect the transfer and assumption (which the parties will prepare, execute, and deliver in good faith at the time of such transfer, all at no additional cost to Purchaser).

### ARTICLE III

#### CONSIDERATION

3.1 Consideration. The aggregate consideration for the Purchased Assets shall be (i) an amount in cash equal to \$937,719,121 (the "Purchase Price"), and (ii) the assumption of the Assumed Liabilities. The Purchase Price shall be paid pursuant to Sections 3.3 and shall be adjusted pursuant to Section 3.2.

3.2 Adjustments to the Purchase Price.

(a) Adjustment for Pre-Commencement Date Judgment. The Purchase Price payable hereunder shall be reduced by \$62,719,121, which represents the amount of Purchaser's pre-Commencement Date judgment against Sellers plus post-judgment interest to the Commencement Date ("Seamless Judgment"), which Seamless Judgment, together with all post-petition interest thereon, is being released pursuant to the Settlement Agreement.

(b) Adjustment Based on Patronage Amount. The Purchase Price payable hereunder shall be increased by \$10,841,802.59, subject to reduction, if any, as contemplated by Section 4 of the Settlement Agreement (the "Patronage Amount"), plus an additional \$6,000,000 in lieu of claims by Sellers and their Affiliates relating to NRTC patronage accruing for any period after June 1, 2004 through the Closing Date, ("Additional Patronage Amount" together with the Patronage Amount, the "Aggregate Patronage Amount"), which the parties hereto agree represents a settlement of all amounts that may be owed to Sellers, at, prior to, or after the date hereof with respect to undistributed patronage capital (other than any additional amounts that might be distributed to Sellers as contemplated by Section 4 of the Settlement Agreement).

(c) Adjustment Based on Cooperation Agreement Obligations. The Purchase Price payable hereunder shall be increased by the actual amounts owed by Purchaser to Sellers pursuant to Sections 3.1, 3.2 and 3.3 of the Cooperation Agreement (as adjusted pursuant to Sections 2.3(b) or 5.4 of the Cooperation Agreement, if applicable) (the "Cooperation Agreement Obligations Amount").

(i) Purchaser shall deliver to PST, not less than two (2) Business Days prior to the Closing, a certificate of Purchaser, signed by an authorized officer of Purchaser (the "Purchaser's Estimated Customer Conversion"),

Adjustment Certificate"), setting forth, if the Closing Date is before September 17, 2004, Purchaser's good faith pre-Closing estimate of the Customer Conversion Reimbursement Amount as of the Closing Date or, if the Closing Date is on or after September 18, 2004, the actual Customer Conversion Reimbursement Amount as of September 15, 2004 (in any such case, the "Preliminary Customer Conversion Amount"). The Purchaser's Estimated Customer Conversion Adjustment Certificate shall set forth in reasonable detail, pursuant to a worksheet attached thereto, Purchaser's calculation of the Preliminary Customer Conversion Amount.

(ii) If the Closing Date is before September 16, 2004, then within thirty (30) days after the Closing Date, Purchaser shall prepare and deliver to PST (A) a certificate, signed by an authorized officer of Purchaser (the "Purchaser's Closing Customer Conversion Adjustment Certificate"), which shall include a worksheet setting forth a reasonably detailed calculation of the Customer Conversion Reimbursement Amount as of the end of business on the Closing Date (the "Customer Conversion Amount"). Purchaser shall (A) cooperate in good faith with PST in connection with PST's review of each of the Purchaser's Estimated Customer Conversion Adjustment Certificate and Purchaser's Closing Customer Conversion Adjustment Certificate and (B) grant PST and its representatives (including advisors and accountants) access at reasonable times and places to all books, records and employees of Purchaser reasonably requested by PST in connection with PST's review of such certificates. Sellers and the Purchaser shall cooperate in good faith to resolve any disputes raised by PST with respect to the Customer Conversion Reimbursement Amount ("Customer Conversion Disputed Items").

(iii) After attempting to resolve any Customer Conversion Disputed Items in accordance with Section 3.2(c)(ii) (whether or not a resolution is reached), Purchaser's Preliminary Customer Conversion Amount shall be final, conclusive and binding on the parties unless PST provide a written notice (a "Dispute Notice") to Purchaser no later than the thirtieth (30th) day after the Closing, if the Closing occurred after September 15, 2004, or not later than the thirtieth (30th) day after delivery of Purchaser's Closing Customer Conversion Adjustment Certificate if the Closing occurred before September 16, 2004, setting forth in reasonable detail any disagreement Purchaser has with the applicable certificate.

(iv) Purchaser and Sellers shall attempt to resolve the matters raised in a Dispute Notice in good faith. On or after the tenth (10th) Business Day after delivery of the Dispute Notice, either Purchaser or Sellers may provide written notice to the other that it elects to submit the Customer Conversion Disputed Items to BDO Seidman or another nationally recognized independent accounting firm chosen jointly by Purchaser and Sellers (the "Referee"), which for purposes of this Agreement will be deemed to be retained by Purchaser and Sellers. The Referee shall promptly, in accordance with the Commercial Arbitration Rules of the American Arbitration Association, review only those



items and amounts specifically set forth and objected to in the Dispute Notice and resolve the dispute with respect to each such specific item. The fees and expenses of the Referee will be shared equally by Purchaser and Sellers. The decision of the Referee with respect to the items contained in the Dispute Notice will be final, conclusive and binding on the parties, and the Preliminary Customer Conversion Amount or the Customer Conversion Amount, as the case may be, as adjusted by the determinations of the Referee with respect to any items included in a Dispute Notice (the "Final Customer Conversion Reimbursement Amount"), shall be final, conclusive and binding on the parties. Each of the parties to this Agreement agrees to cooperate with the Referee and use its commercially reasonable efforts to cause the Referee to resolve any dispute no later than thirty (30) Business Days after selection of the Referee.

(v) If the Final Customer Conversion Amount differs from the Preliminary Customer Conversion Amount, Sellers or Purchaser, as the case may be, shall make an appropriate reconciliation payment to the other within five (5) Business Days after the determination of such amount by wire transfer of immediately available funds. Any payment pursuant to this Section 3.2(c)(v) shall be an adjustment to the Purchase Price.

(d) Adjustment Based on Net Services Obligations. Sellers shall deliver to Purchaser, not less than two (2) Business Days prior to the Closing, a certificate of Sellers, signed by an authorized officer of PST, (the "Sellers' Estimated Net Service Obligations Adjustment Certificate"), setting forth Sellers' good-faith pre-Closing estimate of the Net Service Obligations as of the Closing Date (the "Estimated Net Service Obligations"). The Sellers' Estimated Net Service Obligations Adjustment Certificate shall set forth in reasonable detail Sellers' calculation of the Estimated Net Service Obligations. Prior to the Closing, Purchaser and Sellers may make any mutually agreed adjustments to the Sellers' Estimated Net Service Obligations Adjustment Certificate to update and/or correct the calculation of the Estimated Net Services Obligations. The Purchase Price payable hereunder shall be reduced by an amount equal to the Estimated Net Service Obligations ("Estimated Net Service Obligations Adjustment Amount"). The calculation and resolution of Final Net Service Obligations (as defined below) shall be determined in accordance with Section 3.2(e)(iii) through (vii).

(e) Adjustment Based on Free Cash Flow From Operations. It is the intention of the parties that the Closing Date occur on or before September 15, 2004. If the Closing Date occurs after September 15, 2004, the parties will follow the procedures set forth in this Section 3.2(e) regarding Free Cash Flow From Operations and the Purchase Price will be adjusted accordingly to allow Purchaser to receive the economic benefit of any Free Cash Flow From Operations commencing on September 16, 2004.

(i) If the Closing Date is after September 15, 2004, Sellers shall deliver to Purchaser, two (2) Business Days prior to the Closing Date, a certificate of Sellers, signed by an authorized officer of PST (the "Sellers'

Estimated Cash Flow Adjustment Certificate”), setting forth Sellers’ good faith estimate of the Free Cash Flow From Operations (“Estimated Cash Flow”). The Sellers’ Estimated Cash Flow Adjustment Certificate shall set forth in reasonable detail Sellers’ calculation of the Estimated Cash Flow.

(ii) The Purchase Price payable hereunder will be reduced by the Estimated Cash Flow (the “Estimated Cash Flow Adjustment Amount”).

(iii) Each Seller shall (A) cooperate in good faith with Purchaser in connection with Purchaser’s review of each of the Sellers’ Estimated Cash Flow Adjustment Certificate and the Sellers’ Estimated Net Service Obligations Adjustment Certificate and (B) grant Purchaser and its representatives (including its advisors and accountants) access at reasonable times and places to all books, records and employees of Sellers, reasonably requested by Purchaser in connection with Purchaser’s review of such certificates.

(iv) Within thirty (30) days after the Closing Date, Sellers shall prepare and deliver to Purchaser (A) a certificate, signed by an authorized officer of PST (only if the Closing Date is after September 15, 2004) (the “Sellers’ Closing Date Cash Flow Adjustment Certificate”), which shall include a worksheet setting forth a reasonably detailed calculation of the Free Cash Flow From Operations (“Closing Date Cash Flow”) and (B) a certificate, signed by an authorized officer of PST (the “Sellers’ Closing Date Net Service Obligations Adjustment Certificate”), which shall include a worksheet setting forth a reasonably detailed calculation of the Net Service Obligations as of the Closing Date (“Closing Date Net Service Obligations”). Sellers shall (A) cooperate in good faith with Purchaser, in connection with Purchaser’s review of each of the Sellers’ Closing Date Cash Flow Adjustment Certificate and the Sellers’ Closing Date Net Service Obligations Adjustment Certificate and (B) grant Purchaser and its representatives (including its advisors and accountants) access at reasonable times and places to all books, records and employees of Sellers, reasonably requested by Purchaser in connection with Purchaser’s review of such certificates. Sellers and Purchaser shall cooperate in good faith to resolve any disputes raised by Purchaser with respect to either Sellers’ Closing Date Cash Flow or Sellers’ Closing Date Net Service Obligations (“Disputed Items”).

(v) After attempting to resolve any Disputed Items in accordance with Section 3.2(e)(iv) (whether or not a resolution is reached), the Closing Date Cash Flow and the Closing Date Net Service Obligations shall be final, conclusive and binding on the parties unless Purchaser provides a Dispute Notice to Sellers no later than the thirtieth (30th) day after delivery of the Sellers’ Closing Date Cash Flow Adjustment Certificate or the Sellers’ Closing Date Net Services Obligations Adjustment Certificate, as applicable, setting forth in reasonable detail any disagreement Purchaser has with the applicable certificate of Sellers.

(vi) Purchaser and Sellers or the Creditors' Committee, as applicable, shall attempt to resolve the matters raised in a Dispute Notice in good faith. On or after the tenth (10th) Business Day after delivery of the Dispute Notice, either Purchaser or Sellers may provide written notice to the other that it elects to submit the Disputed Items to the Referee. The Referee shall promptly, in accordance with the Commercial Arbitration Rules of the American Arbitration Association, review only those items and amounts specifically set forth and objected to in the Dispute Notice and resolve the dispute with respect to each such specific item and amount, and with respect to the Closing Date Net Service Obligations, based on the terms of the Member Agreements and the Seamless Agreement. The fees and expenses of the Referee will be shared equally by Purchaser and Sellers. The decision of the Referee with respect to the items contained in the Dispute Notice will be final, conclusive and binding on the parties, and (A) the Closing Date Cash Flow set forth in Sellers' Closing Date Cash Flow Adjustment Certificate, as adjusted by the determinations of the Referee with respect to any items included in a Dispute Notice (the "Final Cash Flow"), shall be final, conclusive and binding on the parties, and (B) the Closing Date Net Service Obligations set forth in Sellers' Closing Date Net Service Obligations Adjustment Certificate, as adjusted by the determinations of the Referee with respect to any items included in a Dispute Notice (the "Final Net Service Obligations"), shall be final, conclusive and binding on the parties. Each of the parties to this Agreement agrees to cooperate with the Referee and use its commercially reasonable efforts to cause the Referee to resolve any dispute no later than thirty (30) Business Days after selection of the Referee.

(vii) If (A) the Closing Cash Flow differs from the Estimated Cash Flow and/or (B) the Closing Date Net Service Obligations differs from the Estimated Net Services Obligations, as the case may be, Sellers or Purchaser, as the case may be, shall make an appropriate reconciliation payment to the other within five (5) Business Days after the determination of such amount by wire transfer of immediately available funds. Any payment pursuant to this Section 3.2(e)(vii) shall be an adjustment to the Purchase Price.

(f) Adjustment Based on Closing Date. If the Closing Date occurs on or before September 15, 2004, the Purchase Price payable hereunder shall be increased by an amount equal to the product of (i) \$600,000 and (ii) the number of calendar days between the Closing Date and September 15, 2004 (excluding the Closing Date, but including September 15, 2004), (the "Closing Date Adjustment Amount").

(g) Adjustment Based on Net Working Capital. Schedule 3.2(g) attached hereto sets forth, as of June 30, 2004 for illustrative purposes, the line items that will be included in the Sellers' Pre-Closing and Post-Closing Net Working Capital Adjustment Certificates in a manner consistent with the Agreed Principles.

(i) Sellers shall deliver to Purchaser, not less than two (2) Business Days prior to the Closing, a certificate of Sellers, signed by an authorized officer of PST (the "Sellers' Pre-Closing Net Working Capital"),

Adjustment Certificate”), setting forth Sellers’ good faith pre-Closing estimate of the Net Working Capital Amount (as defined below) of the Sellers as of the close of business on the Closing Date (in any such case, the “Preliminary Net Working Capital Amount”). The Sellers’ Pre-Closing Net Working Capital Adjustment Certificate shall set forth in reasonable detail, pursuant to a worksheet attached thereto, Sellers’ calculation of the Preliminary Net Working Capital Amount. The Preliminary Net Working Capital Amount shall fairly present the Net Working Capital Amount of the Sellers as of the close of business on the Closing Date, and shall be prepared in accordance with GAAP, subject to the Agreed Principles. The Purchase Price payable hereunder shall be reduced or increased by an amount equal to the Preliminary Net Working Capital Amount.

“Net Working Capital Amount” means an amount calculated in accordance with items set forth on Schedule 3.2(g).

(ii) Within thirty (30) days after the Closing Date, Sellers shall prepare and deliver to Purchaser (A) a certificate, signed by an authorized officer of PST (the “Sellers’ Post Closing Net Working Capital Adjustment Certificate”), which shall include a worksheet setting forth a reasonably detailed calculation of the Net Working Capital Amount as of the end of business on the Closing Date (the “Closing Date Net Working Capital Amount”). The Closing Date Net Working Capital Amount shall fairly present the Net Working Capital Amount of the Sellers as of the end of business on the Closing Date, and shall be prepared in accordance with GAAP, subject to the Agreed Principles. Sellers shall (A) cooperate in good faith with Purchaser in connection with Purchaser’s review of each of Sellers’ Pre-Closing Net Working Capital Adjustment Certificate and Sellers’ Post Closing Net Working Capital Adjustment Certificate and (B) grant Purchaser and its representatives (including advisors and accountants) access at reasonable times and places to all books, records and employees of Sellers reasonably requested by Purchaser in connection with Purchaser’s review of such certificates. Sellers (or the Creditors’ Committee, as applicable) and the Purchaser shall cooperate in good faith to resolve any disputes raised by Purchaser with respect to the Preliminary Net Working Capital Amount and/or the Closing Date Net Working Capital Amount (“Working Capital Disputed Items”).

(iii) After attempting to resolve any Working Capital Disputed Items in accordance with Section 3.2(g)(ii) (whether or not a resolution is reached), Sellers’ Closing Date Net Working Capital Amount shall be final, conclusive and binding on the parties unless Purchaser provides a Dispute Notice to PST and the Creditors’ Committee not later than the thirtieth (30th) day after delivery of Sellers’ Post Closing Net Working Capital Adjustment Certificate, setting forth in reasonable detail any disagreement Purchaser has with the applicable certificate.

(iv) Purchaser and Sellers shall attempt to resolve the matters raised in a Dispute Notice in good faith. On or after the tenth (10th) Business Day after delivery of the Dispute Notice, either Purchaser or Sellers may provide

written notice to the other that it elects to submit the Working Capital Disputed Items the Referee. The Referee shall promptly, in accordance with the Commercial Arbitration Rules of the American Arbitration Association, review only those items and amounts specifically set forth and objected to in the Dispute Notice and resolve the dispute with respect to each such specific item. The fees and expenses of the Referee will be shared equally by Purchaser and Sellers. The decision of the Referee with respect to the items contained in the Dispute Notice will be final, conclusive and binding on the parties, and the Closing Date Net Working Capital Amount as adjusted by the determinations of the Referee with respect to any items included in a Dispute Notice (the "Final Net Working Capital Amount"), shall be final, conclusive and binding on the parties. Each of the parties to this Agreement agrees to cooperate with the Referee and use its commercially reasonable efforts to cause the Referee to resolve any dispute no later than thirty (30) Business Days after selection of the Referee.

(v) If the Final Net Working Capital Amount differs from the Preliminary Net Working Capital Amount, Sellers or Purchaser, as the case may be, shall make an appropriate reconciliation payment to the other within five (5) Business Days after the determination of such amount by wire transfer of immediately available funds. Any payment pursuant to this Section 3.2(g)(v) shall be an adjustment to the Purchase Price.

(h) Adjustment Based on NRTC Letters of Credit. If Purchaser does not deliver the NRTC Letters of Credit pursuant to Section 4.3(e), the Net Service Obligations will be reduced by the face amount of such NRTC Letters of Credit not so delivered; provided, however, that if such failure occurs as a result of the NRTC Letters of Credit having been drawn (A) as provided in Section 2.c of the Settlement Agreement, and the proceeds thereof held in accordance with the terms of Section 2.c of the Settlement Agreement, such section of the Settlement Agreement will apply; and (B) other than as set forth in Section 2.c of the Settlement Agreement, the Net Service Obligations shall be reduced by the amount of all draws under such NRTC Letters of Credit.

(i) Any amounts due from Sellers to Purchaser as a result of any post-Closing adjustments to the Purchase Price provided for in this Section 3.2 shall constitute allowed expenses of administration under sections 503(b) and 507(a)(1) of the Bankruptcy Code and shall be promptly paid as and when provided for in this Agreement.

3.3 Payment of Purchase Price. On the Closing Date, Purchaser shall pay the Purchase Price, plus or minus, as applicable, (a) the amount of the Seamless Judgment, (b) the Aggregate Patronage Amount, (c) the Cooperation Agreement Obligations Amount, (d) the Estimated Net Services Obligations Amount, (e) the Estimated Cash Flow Adjustment Amount, (f) the Closing Date Adjustment Amount, (g) the Preliminary Net Working Capital Amount and (h) the NRTC Patronage Certificate Face Amount (such net amount referred to herein as the "Net Purchase Price"), to Sellers in an amount for each Seller as designated by Sellers, which shall be paid by wire transfer of

immediately available funds into the Sellers' DBS concentration account as specified on Schedule 3.3.

3.4 Letter of Credit.

(a) On the second Business Day after Sellers notify Purchaser that the Approval Motion is ready to be filed, Purchaser shall (i) cause Bank of America to issue the Letter of Credit and Purchaser shall deliver such Letter of Credit to PST to be held for the account of Sellers and (ii) take possession of the NRTC Letters of Credit, and concurrently therewith, Sellers and the Creditors' Committee will file the Approval Motion.

(b) At the Closing, at Purchaser's election (which election shall be made by Purchaser and communicated to Sellers at least two Business Days prior to the Closing), PST shall either (i) surrender the Letter of Credit to Purchaser without drawing thereon against payment of the Net Purchase Price by Purchaser in immediately available funds or (ii) draw upon the Letter of Credit to the extent necessary to satisfy the payment of the Net Purchase Price hereunder (and the letter of credit shall terminate following such draw).

(c) If all conditions set forth in Sections 10.1, 10.2 and 10.3, other than those in Section 10.3(d), have been or are capable of being immediately satisfied (or have been waived by the party entitled to waive that condition), and the Bankruptcy Court shall have determined in an Order that the failure of the condition in Section 10.3(d) is solely a result of Purchaser's breach of its agreements and obligations in Section 8.3, Sellers can elect to draw upon the Letter of Credit an amount equal to the Net Purchase Price. If Sellers make such election, (i) Sellers must sell, transfer and assign to Purchaser, and Purchaser shall acquire and assume from Sellers, those Purchased Assets and Assumed Liabilities that are allowed to be transferred pursuant to the HSR Act, (ii) the Effective Date of the Settlement Agreement shall be deemed to have occurred and the releases in favor of Sellers and their Affiliates, Purchaser and its Affiliates and NRTC shall be granted and fully operative as more fully set forth in the Settlement Agreement, (iii) Sellers shall deliver the items required by Section 4.2 and Purchaser shall deliver the items required by Section 4.3, including the NRTC Letters of Credit, and (iv) Purchaser and Sellers each agree to comply with their obligations under Section 8.3 and shall transfer the remaining Purchased Assets and assume the Assumed Liabilities as soon as legally permissible, effective as of the Closing Date. Nothing in this Section 3.4(c) shall relieve any party of its obligations under the Agreement. Notwithstanding anything in this Agreement to the contrary, the parties hereby agree that if the Sellers elect to draw upon the Letter of Credit pursuant to this Section 3.4(c), the amount of such draw shall be the sole and exclusive remedy of Sellers against Purchaser for Purchaser's breach of Section 8.3. If despite the parties using commercially reasonable efforts to satisfy the obligations under Section 8.3, Purchaser never receives all of the Purchased Assets under this Agreement, Purchaser acknowledges that in such event Purchaser is not entitled to refund of the Net Purchase Price paid under this Section 3.4(c). Sellers' retention of the Net Purchase Price shall be in consideration of (i) the Purchased Assets, if any, transferred to Sellers, (ii) Sellers' covenants to transfer the

Purchased Assets to Purchaser when legally permissible, (iii) the covenants of Sellers in the Settlement Agreement, and (iv) liquidated damages for Purchaser's breach of Section 8.3 hereof (Sellers and Purchaser acknowledge that it would be impossible to calculate, and such liquidated damages constitute a reasonable estimate of, such damages).

(d) If all the conditions set forth in Sections 10.1, 10.2 and 10.3 have been or are capable of being immediately satisfied (or have been waived by the party entitled to waive that condition) as determined by an Order of the Bankruptcy Court, and Purchaser fails to deliver the Net Purchase Price, Sellers can elect to draw upon the Letter of Credit an amount equal to the Net Purchase Price. If Sellers make such election, (i) Sellers must sell, transfer and assign to Purchaser, and Purchaser shall acquire and assume from Sellers, the Purchased Assets and Assumed Liabilities, (ii) the Effective Date of the Settlement Agreement shall be deemed to have occurred and the releases in favor of Sellers and their Affiliates, Purchaser and its Affiliates and NRTC shall be granted and fully operative as more fully set forth in the Settlement Agreement and (iii) Sellers shall deliver the items required by Section 4.2 and Purchaser shall deliver the items required by Section 4.3; provided, however, that if Purchaser fails or refuses to deliver any such items, then the Closing shall nonetheless occur.

(e) (i) If the Closing has not taken place and Purchaser has not extended the term of the Letter of Credit on or prior to the Business Day immediately preceding the day on which the Letter of Credit is scheduled to expire, PST can elect to draw upon the Letter of Credit an amount equal to the full amount thereof on the Business Day immediately preceding the day on which the Letter of Credit is scheduled to expire or on the expiration date of the Letter of Credit (an "Expiration Draw Date") pursuant to clause (ii) below; provided, however, that Purchaser can elect to replace the Letter of Credit with a substitute letter of credit, identical in all respects other than the Expiration Draw Date to the Letter of Credit, in an amount equal to \$875,000,000 with a future expiration date, and if such substitute letter of credit is issued and delivered to PST in exchange for the expiring Letter of Credit to be held for the account of Sellers, prior to the Business Day preceding the Expiration Draw Date, Sellers will have no further rights under this Section 3.4(e) with respect to such expiring Letter of Credit.

(ii) If PST elects to draw upon the Letter of Credit in accordance with Section 3.4(e)(i), Sellers must arrange for such funds (the "Trust Funds") to be held in trust for the benefit of Purchaser until the earliest of (A) the Closing Date (at such time the Net Purchase Price will be paid to Sellers out of such Trust Funds and any remaining amounts will be delivered to Purchaser), (B) Purchaser provides Sellers with a substitute letter of credit to be issued and delivered to PST to be held for the account of Sellers in an amount equal to the Trust Funds (less any accrued interest) (at such time, Sellers will promptly arrange for the Trust Funds (and any accrued interest accrued thereon) to be released to Purchaser), and (C) the termination of this Agreement (at such time the Trust Funds (and any accrued interest thereon) will be released to Purchaser, unless Sellers shall be entitled to the Net Purchase Price pursuant to Sections 3.4(c) or 3.4(d).)

(f) Purchaser agrees to provide advance written notice to Sellers and the Creditors' Committee if it intends to file a motion with the Bankruptcy Court to terminate the Letter of Credit.

## ARTICLE IV

### CLOSING AND TERMINATION

4.1 Closing Date. Subject to the satisfaction of the conditions set forth in Sections 10.1, 10.2 and 10.3 (or the waiver thereof by the party entitled to waive that condition), the closing of the purchase and sale of the Purchased Assets and the assumption of the Assumed Liabilities provided for in Article II (the "Closing", which terms shall include the transactions contemplated by Section 3.4(c) and Section 3.4(d)) shall take place at the offices of Weil, Gotshal & Manges LLP located at 767 Fifth Avenue, New York, New York at 10:00 a.m. (New York City time) on the second Business Day following the satisfaction or waiver of the conditions set forth in Article X (other than conditions that by their nature are to be satisfied at or prior to the Closing, but subject to the satisfaction or waiver of such conditions) unless another place, time and/or date are agreed to in writing by the parties. The date on which the Closing occurs is referred to in this Agreement as the "Closing Date".

4.2 Deliveries by Sellers. At the Closing, each Seller shall deliver to Purchaser:

- (a) a duly executed bill of sale and assignment in the form of Exhibit B;
- (b) if applicable and subject to Section 2.5, a duly executed Purchased Facility Lease Assignment and Assumption Agreements in recordable form, substantially in the form of Exhibit C, separately for each Purchased Facility Lease;
- (c) the officer's certificates required to be delivered pursuant to Sections 10.1(a) and 10.1(b), substantially in the form of Exhibit D; and
- (d) a certified copy of the Approval Order.

4.3 Deliveries by Purchaser. At the Closing, Purchaser shall deliver to Sellers:

- (a) if applicable, a duly executed Purchased Facility Lease Assignment and Assumption Agreements in recordable form, substantially in the form of Exhibit C, separately for each Purchased Facility Lease;
- (b) subject to Section 3.4, the Net Purchase Price in immediately available funds, as set forth in Section 3.3;
- (c) the officer's certificates required to be delivered pursuant to Sections 10.2(a) and 10.2(b), substantially in the form of Exhibit E;



(d) all previously unissued Patronage Certificates and or equivalent interim certificates in the amount specified in Section 3.i(4) of the Settlement Agreement for periods through June 1, 2004 legended in accordance with Section 4 of the Settlement Agreement or if NRTC has not delivered such certificates to Purchaser or Sellers, an amount of cash equal to the face amount of such Patronage Certificates (the "NRTC Patronage Certificate Face Amount") which amount shall be added to and be a part of the Net Purchase Price; provided, further, that if Purchaser delivers the cash equal to the NRTC Patronage Certificate Face Amount, such Patronage Certificates will be deemed to be a Purchased Asset under this Agreement; and

(e) all letters of credit set forth on Schedule 2 to the Settlement Agreement and any extensions, replacements or amendments of the same (the "NRTC Letters of Credit").

4.4 Termination of Agreement. This Agreement may be terminated prior to the Closing as follows:

(a) by Purchaser or Sellers, if for any reason the Closing shall not have occurred by the close of business on November 1, 2004 (the "Termination Date"); provided, however, that if the Closing shall not have occurred on or before November 1, 2004 due to a breach of this Agreement by Purchaser or Sellers, Purchaser or Sellers, as the case may be, may not terminate this Agreement pursuant to this Section 4.4(a); and provided further, that if all of the conditions to Closing set forth in Article X (other than Section 10.3(d)) have been satisfied or waived on or prior to November 1, 2004, and the FTC or Antitrust Division has issued a second request for additional information relating to the transactions or has challenged the transactions contemplated by the Agreement in a Legal Proceeding as a result of which a temporary restraining order or injunction has been issued, the Termination Date shall be extended until three (3) Business Days after such time as the waiting period for such second request has expired or been terminated or the District Court (or other applicable Governmental Authority) shall have terminated or denied such temporary restraining order or entered such injunction.

(b) by mutual written consent of Sellers and Purchaser;

(c) by Purchaser, upon written notice from Purchaser to PST of a breach by any Seller of any representation or warranty or any covenant or agreement contained in this Agreement (other than the first sentence of Section 8.2(d)) which would result in a failure of a condition set forth in Sections 10.1 or 10.3, except that, if such breach is reasonably capable of being cured prior to November 1, 2004, and such Seller uses its reasonable best efforts to cure such breach, then for so long as the breach is curable and Seller continues to use its reasonable best efforts to cure the breach, such termination shall not become effective unless such breach is not cured prior to November 1, 2004;

(d) by Sellers, upon written notice from PST to Purchaser of a breach by Purchaser of any representation or warranty or any covenant or agreement contained in this Agreement which would result in a failure of a condition set forth in Section 10.2

or 10.3 and which breach following the receipt by Purchaser of a notice to, except that, if such breach is reasonably capable of being cured prior to November 1, 2004, and Purchaser uses its reasonable best efforts to cure such breach, then for so long as the breach is curable and Purchaser continues to use its reasonable best efforts to cure the breach, such termination shall not become effective unless such breach is not cured prior to November 1, 2004;

(e) by Sellers, if the Letter of Credit has not been delivered pursuant to Section 3.4 on or before August 7, 2004, unless the failure to issue the Letter of Credit by such date was a direct result of Sellers' failure to finalize the Approval Motion or notify Purchaser that the Approval Motion was ready to be filed pursuant to Section 3.4;

(f) by Sellers or Purchaser, if there shall be in effect a Final Order restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated hereby, and by the Settlement Agreement and the Cooperation Agreement, taken as a whole, it being agreed that the parties hereto shall promptly appeal any adverse determination which is not nonappealable (and pursue such appeal with reasonable diligence);

(g) by Sellers or Purchaser, if (i) any Seller enters into a definitive agreement with respect to a Covered Transaction or (ii) the Bankruptcy Court enters an order which approves a Covered Transaction. In either such event Purchaser reserves the right to file an application, pursuant to section 503(b)(3)(D) of the Bankruptcy Code, seeking substantial contribution, compensation and reimbursement of expenses; provided, however, if Sellers elect to terminate the Agreement under clause (i) of this Section 4.4(g), Sellers must first provide Purchaser four (4) days advance written notice of such proposed termination, attaching the agreement (or draft) related to the Covered Transaction thereto, and negotiate in good faith with the Purchaser during such four-day period to attempt to make commercially reasonable adjustments to this Agreement, the Settlement Agreement and the Cooperation Agreement as would enable the Sellers and the Creditors' Committee to proceed with the transactions contemplated by this Agreement, the Settlement Agreement and the Cooperation Agreement;

(h) by Purchaser, if Sellers withdraw or modify or amend in a manner adverse in any material respect to Purchaser (without the prior written consent of Purchaser) the Approval Motion, in such event, Purchaser reserves the right to file an application, pursuant to section 503(b)(3)(D) of the Bankruptcy Code, seeking substantial contribution, compensation and reimbursement of expenses in the event that Sellers at any time during the course of the Chapter 11 Case, completes a Covered Transaction;

(i) by Purchaser, if the Bankruptcy Court has not entered the Approval Order on or before October 15, 2004, or after its entry such order fails to be in full force and effect or is stayed, reversed, modified or amended in a manner adverse to Purchaser without the prior written consent of Purchaser;

(j) by Purchaser, if the Approval Motion is not filed on or before August 7, 2004, unless the failure to file the Approval Motion by such date was a direct

result of Purchaser's failure to deliver the Letter of Credit pursuant to Section 3.4 or reasonably consent to the Approval Motion; or

(k) by Purchaser, if any Seller has failed to perform or violates in any material respect any of its covenants and agreements set forth in the first sentence of Section 8.2(d).

4.5 Procedure Upon Termination. In the event of termination by Purchaser or Sellers, or both, pursuant to Section 4.4, written notice thereof shall forthwith be given to the other party, and this Agreement shall terminate, and the purchase of the Purchased Assets and the assumption of the Assumed Liabilities hereunder shall be abandoned, without further action by Purchaser or any Seller. If this Agreement is validly terminated as provided herein, each party shall re-deliver to the party furnishing the same or destroy all documents, work papers and other material of any other party relating to the transactions contemplated hereby, whether so obtained before or after the execution hereof.

4.6 Effect of Termination. In the event that this Agreement is validly terminated in accordance with Section 4.4, then each of the parties shall be relieved of its duties and obligations arising under this Agreement after the date of such termination and such termination shall be without Liability to Purchaser or Sellers; provided, however, that (i) the obligations of the parties set forth in Sections 3.4, 4.5, 4.6, 8.6, 12.1, 12.3, 12.4, 12.5, 12.6, 12.7, 12.8, 12.9, 12.10, 12.11, 12.12, 12.13, and 12.14 shall survive any such termination and shall be enforceable hereunder and (ii) nothing herein shall relieve any party from Liability for any breach of this Agreement. In the event this Agreement shall be terminated and at such time any party is in breach of or in default under any term or provision hereof, such termination shall be without prejudice to, and shall not affect, any and all rights to damages that any other party may have hereunder or otherwise under applicable Law.

## ARTICLE V

### REPRESENTATIONS AND WARRANTIES OF SELLERS

Each Seller hereby, jointly and severally, represents and warrants to Purchaser that:

5.1 Organization and Good Standing. Except as a result of the commencement of the Chapter 11 Case, each Seller is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now conducted.

5.2 Authorization of Agreement. Subject to the entry of the Approval Order, each Seller has all requisite corporate power, authority and legal capacity to execute and deliver this Agreement and each other agreement, document, instrument or certificate contemplated by this Agreement to be executed (including the Settlement Agreement, the

Confidentiality Agreement and the Cooperation Agreement), or otherwise executed, by each Seller in connection with the consummation of the transactions contemplated hereby and thereby (such other agreements, documents, instruments or certificates, collectively, the "Seller Documents"), to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and the Seller Documents to which each Seller is a party and the consummation of the transactions contemplated hereby and thereby have been duly authorized by all requisite corporate action on the part of each Seller. This Agreement has been, and each of the Seller Documents to which each Seller is a party will be, at or prior to the Closing, duly and validly executed and delivered by each Seller and (assuming the due authorization, execution and delivery by the other parties hereto and thereto and the entry of the Approval Order) this Agreement constitutes, and each of the Seller Documents when so executed and delivered will constitute, legal, valid and binding obligations of each Seller enforceable against each Seller in accordance with their respective terms.

#### 5.3 Conflicts: Consents of Third Parties.

(a) Subject to the satisfaction of the condition set forth in Section 10.3(c), none of the execution and delivery by each Seller of this Agreement or the Seller Documents to which it is a party, the consummation of the transactions contemplated hereby or thereby, or compliance by such Seller with any of the provisions hereof or thereof will conflict with, or result in any violation of or default under or give rise to a right of termination, cancellation or acceleration (whether after the giving of notice or the lapse of time or both) of any obligation under (i) the certificate of incorporation or bylaws of each Seller; (ii) any Contract or Permit to which each Seller is a party or by which any of the properties or assets of each Seller is bound except to the extent any of the foregoing is not enforceable due to operation of applicable bankruptcy Law or the Approval Order; (iii) any Order applicable to each Seller or any of the properties or assets of such Seller or (iv) any applicable Law, other than, in the case of clauses (ii), (iii) and (iv), such conflicts, violations, defaults, terminations, cancellations or accelerations that could not reasonably be expected to have a Material Adverse Effect.

(b) No consent, waiver, approval, Order, Permit or authorization of, or declaration or filing with, or notification to, any Person or Governmental Body is required on the part of each Seller in connection with the execution and delivery of this Agreement or the Seller Documents to which each Seller is a party or the consummation of the transactions contemplated hereby or thereby, except for (i) compliance with the applicable requirements of the HSR Act, (ii) the entry of the Approval Order and (iii) for such other consents, waivers, approvals, Orders, Permits, authorizations, declarations, filings and notifications, the failure of which to be obtained or made could not reasonably be expected to have a Material Adverse Effect.

#### 5.4 Personal Property.

(a) Except as set forth on Schedule 5.4(a)(i), Purchaser shall be vested with good and marketable title, or a valid leasehold interest in, to all the Purchased

Assets, free and clear of all Liens, other than Permitted Exceptions, to the fullest extent permissible under section 363(f) of the Bankruptcy Code. Schedule 5.4(a)(ii) sets forth a correct and complete list of any Persons who, as of the date hereof, have (or, to the Knowledge of Sellers, claim to have) a security interest or other Lien in any of the Purchased Assets. No Affiliate of any Seller (other than Sellers) owns or has any right, title or interest in any Purchased Asset

(b) At June 1, 2004, Sellers had at least 1,080,000 Qualified Subscribers.

5.5 Contracts. Subject to the entry of the Approval Order, the payment of any Cure Amounts and the assumption and assignment of the Purchased Contracts and the Purchased Facility Lease, and except as set forth on Schedule 5.5, each of the Purchased Contracts and Purchased Facility Leases is in full force and effect and is the legal, valid and binding obligation of the Seller which is a party to such Purchased Contract or Purchased Facility Lease, enforceable against such Seller in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity), except where the failure, individually or in the aggregate, to be so in full force and effect, legal, valid and binding or enforceable could not reasonably be expected to have a Material Adverse Effect. Except as set forth on Schedule 5.5, such Seller has not received any written notice of any default or event that with notice or lapse of time or both would constitute a default by such Seller under any Purchased Contract or Purchased Facility Lease to which such Seller is a party, other than defaults that are unenforceable due to the operation of applicable bankruptcy Law or the Approval Order.

5.6 Litigation. There are no Legal Proceedings pending or, to the Knowledge of Sellers, threatened against a Seller, or to which such Seller is otherwise a party, which, if adversely determined, could reasonably be expected to have a Material Adverse Effect, and no Seller is subject to any Order that could reasonably be expected to have a Material Adverse Effect.

5.7 Compliance with Laws. Each Seller is in compliance with all Laws of any Governmental Body applicable to its operations or assets or the Business, except where the failure to be in compliance could not reasonably be expected to have a Material Adverse Effect. Each Seller has not received any written notice of or been charged with the violation of any Laws, except where such violation could not reasonably be expected to have a Material Adverse Effect.

5.8 Accounts Receivable and Payable. All accounts and notes receivable of Sellers and its subsidiaries have arisen from bona fide transactions in the Ordinary Course of Business and are payable on ordinary trade terms in the aggregate recorded amounts thereof, net of any applicable reserve for returns or doubtful accounts reflected thereon, which reserves were calculated in accordance with GAAP and the Agreed Principles.