

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 8-K**

**CURRENT REPORT  
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): July 30, 2010  
\_\_\_\_\_

**Shenandoah Telecommunications Company**

**(Exact name of registrant as specified in its charter)**  
\_\_\_\_\_

**Virginia**  
(State or other jurisdiction of incorporation)

**0-9881**  
(Commission File Number)

**54-1162807**  
(IRS Employer Identification No.)

**500 Shentel Way  
P.O. Box 459  
Edinburg, VA**  
(Address of principal executive offices)

**22824**  
(Zip Code)

**Registrant's telephone number, including area code: (540) 984-4141**

**Not applicable**  
**(Former name or former address, if changed since last report.)**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2-(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 1.01 Entry into a Material Definitive Agreement.**

The information provided under Item 2.01 and Item 2.03 is incorporated herein by reference.

**Item 2.01 Completion of Acquisition or Disposition of Assets.**

On July 30, 2010, Shentel Cable Company (“Shentel Cable”) completed the acquisition of the cable operations of Helicon Cable Holdings, LLC, operated as JetBroadband Holdings, LLC, (“JetBroadBand”) for \$148 million in cash, subject to certain adjustments. The acquired cable operations offer video, high speed Internet and voice services representing approximately 66,000 revenue generating units in southern Virginia and southern West Virginia. The acquired networks pass approximately 115,000 homes.

Shentel Cable is a wholly-owned subsidiary of Shenandoah Cable Television Company, which is a wholly-owned subsidiary of Shenandoah Telecommunications Company (the “Company”). The Company financed the purchase price using a \$198 million term loan facility arranged through CoBank, ACB, and various lenders. A copy of the credit agreement is attached as exhibit 10.46.

**Item 2.03 Creation of a Direct Financial Obligation or an Obligation Under an Off-Balance Sheet Arrangement of a Registrant**

On July 30, 2010, the Company executed a Credit Agreement with CoBank, ACB as Co-Lead Arranger, Bookrunner and Administrative Agent; BB&T as Co-Lead Arranger and Syndication Agent; and Wells Fargo as Co-Lead Arranger and Documentation Agent, and with the participation of 15 additional banks, for the purpose of refinancing the Company’s existing outstanding debt, funding the purchase price of the JetBroadBand acquisition described above, funding planned capital expenditures to upgrade the acquired cable networks, and other corporate needs.

The Credit Agreement provides for three facilities, a Term Loan Facility, a Revolver Facility, and an Incremental Term Loan Facility. The Term Loan Facility totals \$198 million and was fully drawn for the purposes described above. The Term Loan Facility has two parts, the Fixed Term Loan Facility of approximately \$8 million in aggregate principal amount, and the Term Loan A Facility of approximately \$190 million in aggregate principal amount. The Fixed Term Loan Facility is required to be repaid in monthly installments of approximately \$200 thousand of principal, plus interest at 7.37%, from August 2010 through August 2013. The Term Loan A Facility requires quarterly principal repayments of \$2.4 million beginning on December 31, 2010 through September 30, 2011, increasing to \$4.7 million quarterly thereafter through September 30, 2015, with the remaining expected balance of approximately \$104 million due December 31, 2015. The Term Loan A Facility is expected to bear interest at a base rate based upon three month LIBOR plus a spread determined by the Company’s Total Leverage Ratio, initially 3.50%; the Company may elect to use other rates as the base, but does not currently expect to do so.

The Revolver Facility provides for \$30 million in immediate availability for future capital expenditures and general corporate needs, and an additional \$20 million of availability once certain conditions have been met, for total availability of \$50 million. In addition, the Credit Agreement permits the Company to enter into one or more Incremental Term Loan Facilities in the aggregate principal amount not to exceed \$100 million subject to compliance with certain covenants. No draw has been made or is currently contemplated under either of these facilities. When and if a draw is made, the maturity date and interest rate options would be substantially identical to the Term Loan A Facility. Repayment provisions would be agreed to at the time of each draw under the Incremental Term Loan Facility.

The Credit Agreement contains affirmative and negative covenants customary to secured credit facilities, including covenants restricting the ability of the Company and its subsidiaries, subject to negotiated exceptions, to incur additional indebtedness and additional liens on their assets, engage in mergers or acquisitions or dispose of assets, pay dividends or make other distributions, voluntarily prepay other indebtedness, enter into transactions with affiliated persons, make investments, and change the nature of the Company’s and its subsidiaries’ businesses.

Indebtedness outstanding under any of the facilities may be accelerated by an Event of Default, as defined in the Credit Agreement.

The Facilities are secured by a pledge by the Company of its stock in its subsidiaries, a guarantee by the Company's subsidiaries other than Shenandoah Telephone Company or Shentel Converged Services, Inc., and a security interest in all of the assets of the guarantors.

The Company is subject to certain financial covenants to be measured on a trailing twelve month basis each calendar quarter unless otherwise specified. These covenants include:

- a limitation on the Company's total leverage ratio, defined as indebtedness divided by earnings before interest, taxes, depreciation and amortization, or EBITDA, of less than or equal to 3.00 to 1.00 from the closing date through March 31, 2011, then 2.50 to 1.00 December 31, 2012, and 2.00 to 1.00 thereafter;
- a minimum debt service coverage ratio, defined as EBITDA divided by the sum of all scheduled principal payments on the Term Loans and regularly scheduled principal payments on other indebtedness plus cash interest expense, greater than 2.25 to 1.00 from the closing date through December 31, 2012, then 2.50 to 1.00 thereafter;
- a minimum equity to assets ratio, defined as consolidated total assets minus consolidated total liabilities, divided by consolidated total assets, of at least 0.35 to 1.00 at all times, measured at each fiscal quarter end;
- a minimum fixed charge coverage ratio, defined as EBITDA divided by fixed charges (defined as cash interest expense plus scheduled principal payments to be made on indebtedness plus capital expenditures other than capital expenditures acquired pursuant to a capital lease through the reinvestment of net proceeds of permitted asset dispositions or the sale of Shentel Converged Services, Inc. plus cash income taxes plus cash dividends and distributions), greater than 0.80 to 1.00 from the closing date through December 31, 2012, then 0.90 to 1.00 through December 31, 2013, and 1.00 to 1.00 thereafter; and,
- the Company must maintain a minimum liquidity balance, defined as availability under the Revolver Facility plus unrestricted cash and cash equivalents other than cash and cash equivalents held in the name of an Excluded Subsidiary, of greater than \$15 million at all times.

These ratios are at least as, and generally more restrictive than, the covenant ratios the Company has been required to comply with under its previously existing debt arrangements.

#### **Item 9.01 Financial Statements and Exhibits.**

##### **(a) Financial Statements of Businesses Acquired**

The following financial statements are attached hereto as Exhibit 99.1 and incorporated herein by reference:

- Helicon Cable Holdings, LLC's historical audited balance sheets as of December 31, 2009 and 2008, and historical audited statements of operations and comprehensive income (loss), changes in members' equity and cash flows for the years ended December 31, 2009 and 2008, with accompanying notes and Independent Auditors' Report

- Helicon Cable Holdings, LLC's historical unaudited balance sheet as of March 31, 2010 and historical unaudited statement of operations for the three months ended March 31, 2010

**(b) Pro Forma Financial Information**

The following unaudited pro forma combined consolidated financial information is attached hereto as Exhibit 99.2 and incorporated herein by reference:

- Unaudited pro forma combined consolidated balance sheet as of March 31, 2010
- Unaudited pro forma combined consolidated statement of income for the year ended December 31, 2009 and the three months ended March 31, 2010
- Notes to unaudited pro forma combined consolidated financial information

**(d) Exhibits**

- [10.46](#) Credit Agreement dated as of July 30, 2010, among Shenandoah Telecommunications Company, CoBank, ACB, Branch Banking and Trust Company, Wells Fargo Bank, N.A., and other Lenders
- [23](#) Consent of Independent Auditors
- [99.1](#) Financial statements listed in 9.01(a)
- [99.2](#) Unaudited pro forma combined consolidated financial information listed in Item 9.01(b)

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SHENANDOAH TELECOMMUNICATIONS COMPANY  
(Registrant)

August 2, 2010

/s/ Adele M. Skolits  
Adele M. Skolits  
Vice President - Finance and  
Chief Financial Officer  
(Duly Authorized Officer)

CREDIT AGREEMENT

DATED AS OF JULY 30, 2010,

among

SHENANDOAH TELECOMMUNICATIONS COMPANY,

as Borrower,

each of the

GUARANTORS

referred to herein,

COBANK, ACB,

as Administrative Agent, a Joint Lead Arranger, Bookrunner, and a Lender,

BRANCH BANKING AND TRUST COMPANY,

as Syndication Agent, a Joint Lead Arranger and a Lender,

WELLS FARGO BANK, N.A.,

as Documentation Agent, a Joint Lead Arranger and a Lender,

and

the other Lenders referred to herein

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## TABLE OF CONTENTS

|                  |  |           |
|------------------|--|-----------|
| <b>SECTION 1</b> | <b>AMOUNTS AND TERMS OF FACILITIES</b>   | <b>2</b>  |
| 1.1              | Facilities   | 2         |
| 1.2              | Interest   | 3         |
| 1.3              | Notice of Borrowing, Conversion or Continuation of Loans                                     | 8         |
| 1.4              | Fees and Expenses  | 8         |
| 1.5              | Payments   | 9         |
| 1.6              | Repayments of Loans; Reduction of the Revolver Loan Commitment                               | 11        |
| 1.7              | Voluntary Prepayments and Other Mandatory Repayments   | 13        |
| 1.8              | Application of Prepayments and Repayments; Payment of Breakage Fees, Etc                     | 15        |
| 1.9              | Loan Accounts  | 15        |
| 1.10             | Changes in LIBOR Rate Availability   | 15        |
| 1.11             | Capital Adequacy and Other Adjustments   | 16        |
| 1.12             | Optional Prepayment/Replacement of Lender in Respect of Increased Costs or Defaulted Lenders | 17        |
| 1.13             | Taxes  | 18        |
| 1.14             | Changes in Tax Laws  | 19        |
| 1.15             | Term of this Agreement   | 20        |
| <b>SECTION 2</b> | <b>AFFIRMATIVE COVENANTS .</b>   | <b>20</b> |
| 2.1              | Compliance With Laws   | 20        |
| 2.2              | Maintenance of Books and Records; Properties; Insurance                                      | 20        |
| 2.3              | Inspection   | 22        |
| 2.4              | Legal Existence, Etc   | 22        |
| 2.5              | Use of Proceeds  | 22        |
| 2.6              | Notices; Further Assurances  | 22        |
| 2.7              | CoBank Equity  | 23        |
| 2.8              | Collateral Assignments of Material Contracts   | 24        |
| 2.9              | Investment Company Act   | 24        |
| 2.10             | Payment of Obligations   | 24        |
| 2.11             | Environmental Laws   | 24        |
| 2.12             | Creation or Acquisition of Subsidiaries  | 25        |
| 2.13             | Interest Rate Protection   | 26        |
| 2.14             | ERISA  | 26        |
| 2.15             | Post-Closing Searches  | 27        |
| <b>SECTION 3</b> | <b>NEGATIVE COVENANTS .</b>  | <b>27</b> |
| 3.1              | Indebtedness   | 27        |
| 3.2              | Liens and Related Matters  | 29        |
| 3.3              | Investments  | 29        |
| 3.4              | Contingent Obligations   | 29        |
| 3.5              | Restricted Junior Payments   | 30        |
| 3.6              | Restriction on Fundamental Changes   | 31        |

---

TABLE OF CONTENTS  
(Continued)

|                  | <u>Page</u>  |           |
|------------------|--|-----------|
| 3.7              | Disposal of Assets or Subsidiary Stock   | 31        |
| 3.8              | Transactions with Affiliates   | 32        |
| 3.9              | Management Fees  | 32        |
| 3.10             | Conduct of Business  | 33        |
| 3.11             | Fiscal Year  | 33        |
| 3.12             | Modification of Agreements   | 33        |
| 3.13             | Inconsistent Agreements  | 33        |
| 3.14             | Hedge Agreements   | 33        |
| 3.15             | Ownership of Licenses  | 33        |
| <b>SECTION 4</b> | <b>FINANCIAL COVENANTS AND REPORTING</b>   | <b>34</b> |
| 4.1              | Total Leverage Ratio   | 34        |
| 4.2              | Debt Service Coverage Ratio  | 34        |
| 4.3              | Equity to Assets Ratio   | 34        |
| 4.4              | Fixed Charge Coverage Ratio  | 34        |
| 4.5              | Minimum Liquidity Balance  | 35        |
| 4.6              | Financial Statements and Other Reports   | 35        |
| 4.7              | Accounting Terms; Utilization of GAAP for Purposes of Calculations Under Agreement | 38        |
| <b>SECTION 5</b> | <b>REPRESENTATIONS AND WARRANTIES</b>  | <b>39</b> |
| 5.1              | Disclosure   | 39        |
| 5.2              | No Material Adverse Effect   | 39        |
| 5.3              | Organization, Powers, Authorization and Good Standing                              | 40        |
| 5.4              | Compliance of Loan Documents and Borrowings  | 40        |
| 5.5              | Compliance with Applicable Law; Governmental Approvals                             | 40        |
| 5.6              | Tax Returns and Payments   | 41        |
| 5.7              | Environmental Matters  | 41        |
| 5.8              | Financial Statements.  | 41        |
| 5.9              | Intellectual Property  | 42        |
| 5.10             | Litigation, Investigations, Audits, Etc  | 42        |
| 5.11             | Employee Labor Matters   | 42        |
| 5.12             | ERISA Compliance   | 42        |
| 5.13             | Communications Regulatory Matters.   | 43        |
| 5.14             | Perfection   | 44        |
| 5.15             | Solvency   | 44        |
| 5.16             | Investment Company Act   | 45        |
| 5.17             | Certain Agreements and Material Contracts  | 45        |
| 5.18             | Title to Properties  | 45        |
| 5.19             | Subsidiaries   | 45        |
| 5.20             | Transactions with Affiliates   | 45        |
| 5.21             | Patriot Act  | 45        |

TABLE OF CONTENTS  
(Continued)

|                  | <u>Page</u>   |           |
|------------------|---|-----------|
| <b>SECTION 6</b> | <b>EVENTS OF DEFAULT AND RIGHTS AND REMEDIES</b>                    | <b>46</b> |
| 6.1              | Event of Default  | 46        |
| 6.2              | Termination of Loan Commitments                                     | 49        |
| 6.3              | Acceleration  | 49        |
| 6.4              | Rights of Collection  | 49        |
| 6.5              | Consents  | 49        |
| 6.6              | Performance by Administrative Agent                                 | 50        |
| 6.7              | Set Off and Sharing of Payments                                     | 50        |
| 6.8              | Application of Payments   | 50        |
| 6.9              | Adjustments   | 51        |
| <b>SECTION 7</b> | <b>CONDITIONS TO LOANS</b>  | <b>51</b> |
| 7.1              | Conditions to Initial Loans   | 51        |
| 7.2              | Conditions to All Loans   | 56        |
| <b>SECTION 8</b> | <b>ASSIGNMENT AND PARTICIPATION</b>                                 | <b>57</b> |
| 8.1              | Assignments and Participations in Loans and Notes.                  | 57        |
| 8.2              | Administrative Agent  | 60        |
| 8.3              | Amendments, Consents and Waivers for Certain Actions                | 66        |
| 8.4              | Disbursement of Funds   | 66        |
| 8.5              | Disbursements of Advances; Payments                                 | 66        |
| <b>SECTION 9</b> | <b>MISCELLANEOUS</b>  | <b>68</b> |
| 9.1              | Indemnities   | 68        |
| 9.2              | Amendments and Waivers  | 68        |
| 9.3              | Notices   | 70        |
| 9.4              | Failure or Indulgence Not Waiver; Remedies Cumulative               | 71        |
| 9.5              | Marshaling; Payments Set Aside                                      | 71        |
| 9.6              | Severability  | 71        |
| 9.7              | Lenders' Obligations Several; Independent Nature of Lenders' Rights | 71        |
| 9.8              | Headings  | 72        |
| 9.9              | Applicable Law  | 72        |
| 9.10             | Successors and Assigns  | 72        |
| 9.11             | No Fiduciary Relationship   | 72        |
| 9.12             | Construction  | 72        |
| 9.13             | Confidentiality   | 72        |
| 9.14             | Consent to Jurisdiction and Service of Process                      | 73        |
| 9.15             | Waiver of Jury Trial  | 73        |
| 9.16             | Survival of Warranties and Certain Agreements                       | 74        |
| 9.17             | Entire Agreement  | 74        |
| 9.18             | Counterparts; Effectiveness   | 74        |
| 9.19             | Patriot Act   | 74        |



TABLE OF CONTENTS  
(Continued)

|            |             | <u>Page</u>                                   |     |
|------------|-------------|---|-----|
|            | 9.20        | Guaranty of Secured Obligations by Guarantors | 75  |
|            | 9.21        | Governmental Authority Compliance             | 81  |
| SECTION 10 | DEFINITIONS |   | 81  |
|            | 10.1        | Certain Defined Terms                         | 81  |
|            | 10.2        | Other Definitional Provisions                 | 104 |

## SCHEDULES

|                  |   |
|------------------|---|
| Schedule 1.1     | Commitments                                   |
| Schedule 3.3(C)  | Existing Investments                          |
| Schedule 3.8     | Transactions with Affiliates                  |
| Schedule 5.3(A)  | Jurisdiction of Organization and Powers       |
| Schedule 5.3(C)  | Qualification to Transact Business            |
| Schedule 5.4(A)  | Compliance with Governmental Approvals        |
| Schedule 5.13(A) | License Information                           |
| Schedule 5.19    | Subsidiaries                                  |
| Schedule 8.1(D)  | Voting Participants                           |
| Schedule 9.3     | Addresses of Lenders and Administrative Agent |

## EXHIBITS

|                 |   |
|-----------------|---|
| Exhibit 1.3     | Form of Notice of Borrowing/Conversion/Continuation |
| Exhibit 2.12    | Form of Joinder Agreement                           |
| Exhibit 4.6(C)  | Form of Compliance Certificate                      |
| Exhibit 4.6(D)  | Form of Annual Officer's Certificate                |
| Exhibit 10.1(A) | Form of Assignment and Assumption                   |
| Exhibit 10.1(B) | Form of Revolver Note                               |
| Exhibit 10.1(C) | Form of Term Loan A Note                            |
| Exhibit 10.1(D) | Form of Fixed Term Loan Note                        |

## CREDIT AGREEMENT

This **CREDIT AGREEMENT** is entered into as of July 30, 2010, among **SHENANDOAH TELECOMMUNICATIONS COMPANY**, a Virginia corporation ("**Borrower**"), each Subsidiary of Borrower which is or hereafter becomes a guarantor of the Secured Obligations (individually, a "**Guarantor**" and, collectively, the "**Guarantors**"; and together with Borrower, individually a "**Loan Party**" and, collectively, the "**Loan Parties**"), **COBAN K, ACB** (individually, "**CoBank**"), as Administrative Agent, Joint Lead Arranger, Bookrunner, and a Lender, **BRANCH BANKING AND TRUST COMPANY**, as Syndication Agent, Joint Lead Arranger and a Lender, **WELLS FARGO BANK, N.A.**, as Documentation Agent, Joint Lead Arranger and a Lender, and the other Lenders. Capitalized terms used and not otherwise defined herein shall have the meanings given to them in Subsection 10.1.

### RECITALS:

**WHEREAS**, Borrower desires that Lenders extend to Borrower (A) a Revolver Facility, the proceeds of which will be used for general corporate purposes including, but not limited to, working capital, capital expenditures and other lawful corporate purposes and (B) a Term Loan A Facility the proceeds of which will be used to (i) refinance existing debt, (ii) finance capital expenditures, (iii) finance the JetBroadband Acquisition, (iv) pay certain costs associated with the JetBroadband Acquisition and this Agreement, and (v) fund working capital and other lawful corporate purposes;

**WHEREAS**, on June 22, 2001, CoBank lent to Borrower a term loan in the original principal amount of \$45,965,689.85; CoBank and Borrower entered into that certain letter agreement, dated as of May 10, 2001, pursuant to which the interest rate on \$23,000,000 of the outstanding principal amount of such term loan was fixed until August 20, 2013; as of the date hereof, the outstanding principal amount of the portion of such term loan subject to such fixed rate of interest is \$7,957,578.88; CoBank and Borrower desire to incorporate the outstanding principal amount of the portion of such term loan subject to such fixed rate of interest into this Agreement as the Fixed Term Loan Facility; and

**WHEREAS**, each Loan Party intends to secure all of the Secured Obligations by granting to Administrative Agent, for the benefit of the Secured Parties, a first priority security interest in and lien upon substantially all of its respective now owned or hereafter acquired real and personal property (subject to the exceptions set forth in this Agreement and the other Loan Documents).

**NOW, THEREFORE**, in consideration of the premises and the agreements, provisions and covenants herein contained, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

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SECTION 1  
AMOUNTS AND TERMS OF FACILITIES

1.1 Facilities. Subject to the terms and conditions of this Agreement and in reliance upon the representations, warranties and covenants of the Loan Parties and their respective Subsidiaries contained herein and in the other Loan Documents:

(A) Revolver Facility. Each Lender, severally and not jointly, agrees to lend to Borrower, from time to time during the period commencing on the date all conditions precedent set forth in Subsections 7.1 and 7.2 are satisfied or waived as provided herein and ending on the Business Day immediately preceding the Revolver Expiration Date, its Pro Rata Share of each Revolver Loan; provided that, (i) no Lender shall be required at any time to lend more than its respective Pro Rata Share of the Revolver Loan Commitment; (ii) at any one time the aggregate principal amount of the Revolver Loans outstanding may not exceed the Revolver Loan Commitment; and (iii) until Administrative Agent shall have given Borrower written notice that the Consent Condition has been satisfied, at any one time the aggregate principal amount of the Revolver Loans outstanding may not exceed 60% of the Revolver Loan Commitment. Within the limits of and subject to the Available Revolver Loan Commitment, this Subsection 1.1(A) and Subsections 1.6, 1.7 and 1.8, amounts borrowed under this Subsection 1.1(A) may be repaid or prepaid and, at any time up to and including the Business Day immediately preceding the Revolver Expiration Date, reborrowed.

(B) Term Loan Facilities.

(i) Term Loan A Facility. Each Term Loan A Lender, severally and not jointly, agrees to lend to Borrower, in a single advance on the Closing Date, its Pro Rata Share of the Term Loan A; provided all conditions precedent set forth in Subsections 7.1 and 7.2 are satisfied or waived as provided herein. Amounts of the Term Loan A that are repaid or prepaid may not be reborrowed.

(ii) Fixed Term Loan Facility. CoBank has lent to Borrower the Fixed Term Loan. Amounts of the Fixed Term Loan that are repaid or prepaid may not be reborrowed.

(C) Incremental Term Loan Facilities. Borrower and any one or more Lenders (including any Person not previously a Lender hereunder who executes and delivers a joinder agreement executed by Borrower, Administrative Agent, and such Lender, in form and substance reasonably acceptable to each of them), which Lenders are reasonably acceptable to Administrative Agent and to Borrower, may agree, from time to time, upon at least 10 days' prior written notice to Administrative Agent, that such Lenders shall make one or more additional term loan facilities available to Borrower under this Subsection 1.1(C) (each, an "**Incremental Term Loan Facility**" and collectively, the "**Incremental Term Loan Facilities**"; each commitment thereunder an "**Incremental Term Loan Commitment**" and collectively, the "**Incremental Term Loan Commitments**"; and the loans thereunder, each, an "**Incremental Term Loan**" and collectively, the "**Incremental Term Loans**"). Any Incremental Term Loan Facility shall be documented by an amendment or supplement to this Agreement (or restatement hereof) signed by Borrower and Lenders providing such Incremental Term Loan Commitments.

Notwithstanding the foregoing: (i) the aggregate principal amount of all Incremental Term Loan Commitments shall not exceed \$100,000,000; (ii) the maturity date of any Incremental Term Loan Facility shall be no earlier than the Term Loan A Maturity Date; (iii) the weighted average life of any Incremental Term Loan Facility shall be equal to or greater than the remaining weighted average life of the Term Loan A Facility, determined as of the initial funding date for such Incremental Term Loan Facility; (iv) to the extent that the applicable interest rate margins for any Incremental Term Loan Facility exceed by more than 0.25% the applicable interest rate margins for the Term Loan A Facility, determined as of the initial funding date for such Incremental Term Loan Facility, the applicable interest rate margins for the Term Loan A Facility shall be increased so that the interest rate margins on such Incremental Term Loan Facility and the Term Loan A Facility are equal; (v) the original issue discount or the upfront fees applicable to any Incremental Term Loan Facility shall not be more than 1.0%; (vi) any covenant or Event of Default applicable to the Incremental Term Loan Facility that is more restrictive than the equivalent covenant or Event of Default set forth in this Agreement shall be deemed to be applicable to the Loans hereunder; and (vii) no Default or Event of Default shall have occurred and be continuing or result after giving effect to any Incremental Term Loan Facility and the borrowings contemplated thereunder, and the Loan Parties shall be in pro forma compliance with the financial covenants contained in Section 4. Lenders shall have no obligation, and shall have no right, to participate in any Incremental Term Loan Facility. Any new Lender providing an Incremental Term Loan Commitment shall for all purposes be a Lender party to the loan documentation and shall have all rights and obligations of a Lender.

(D) Notes. Upon any Lender's request, Borrower shall execute and deliver to such Lender a Revolver Note, a Term Loan A Note, and a Fixed Term Loan Note, as applicable, each dated the Closing Date, or, if later, the date of such request, in the principal amount of such Lender's Pro Rata Share of the Revolver Loan Commitment, the Term Loan A and the Fixed Term Loan, as applicable. Upon the request of any applicable Lender, Borrower shall execute and deliver to such Lender a separate note for each applicable Incremental Term Loan Facility, each dated the closing date of such Incremental Term Loan Facility, or, if later, the date of such request, in the principal amount of such Lender's Pro Rata Share of such Incremental Term Loan Commitment.

(E) Advances. Loans will be made available by wire transfer of immediately available funds. Wire transfers will be made to such account or accounts as may be authorized by Borrower. Advances under the Term Loan A are only available on the Closing Date.

1.2 Interest.

(A) Interest Options. From the date each Loan is made, based upon the election of Borrower, at such time and from time to time thereafter (as provided in Subsection 1.3 and subject to the conditions set forth in such Subsection and Subsection 1.2(G)), each such Loan shall accrue interest as follows:

(i) as a Base Rate Loan, at the sum of the Base Rate plus the Base Rate Margin applicable to such Loan from time to time as provided in Subsection 1.2(B); or

(ii) as a LIBOR Loan, for the applicable LIBOR Interest Period, at the sum of LIBOR plus the LIBOR Margin applicable to such Loan from time to time as provided in Subsection 1.2(B);

provided, that through and including the date on which Borrower repays or pays any portion of the Fixed Term Loan other than in the amounts and on the dates provided in Subsection 1.6(A)(iii)(regardless of the source of such repayment or prepayment and whether voluntary, mandatory, by acceleration or otherwise) (the "**Fixed Term Loan Termination Date**"), the Fixed Term Loan shall accrue interest at a fixed annual interest rate equal to 7.370% (the "**Fixed Interest Rate**"). Except as otherwise provided in Subsections 1.2(E) and 6.6, interest on all other Obligations not paid when due will accrue at the Base Rate plus 2.000% per annum plus the highest Base Rate Margin provided in Section 1.2(B).

Notwithstanding the foregoing, any Incremental Term Loan shall accrue interest as provided in the amendment or supplement to this Agreement evidencing the applicable Incremental Term Loan Facility.

(B) Applicable Margins. Initially, and continuing through the day immediately preceding the first Adjustment Date occurring after December 31, 2010 on which Borrower demonstrates by delivery of a Compliance Certificate that a change in the Base Rate Margin and the LIBOR Margin is warranted and requests such change in writing, the Base Rate Margin shall be 2.500% per annum, the LIBOR Margin shall be 3.500% per annum and the Commitment Fee Margin shall be 0.500% per annum. Commencing on such Adjustment Date, the applicable Base Rate Margin, LIBOR Margin and Commitment Fee Margin shall be for each Calculation Period the applicable per annum percentage set forth in the pricing table below opposite the applicable Total Leverage Ratio of Borrower, determined on a consolidated basis for Borrower and its Subsidiaries; provided, that, in the event that Administrative Agent shall not receive the financial statements, Compliance Certificate, and Annual Officer's Certificate required pursuant to Subsections 4.6(A), 4.6(B), 4.6(C), and 4.6(D) when due, from such due date and until the fifth Business Day following Administrative Agent's receipt of such overdue financial statements, Compliance Certificate and Annual Officer's Certificate (and in the event a decrease in the applicable margin is then warranted, receipt of Borrower's written request to decrease such margin), the Base Rate Margin shall be 2.500% per annum, the LIBOR Margin shall be 3.500% per annum, and the Commitment Fee Margin shall be 0.500%; provided, further, that effective upon the closing of any Acquisition that will increase the Total Leverage Ratio on a Pro forma Basis, the Base Rate Margin, LIBOR Margin and Commitment Fee Margin will immediately adjust to reflect such higher ratio.

PRICING TABLE

| Total Leverage Ratio | Base Rate Margin | LIBOR Margin | Commitment Fee Margin |
|----------------------|------------------|--------------|-----------------------|
| ≥ 2.00x              | 2.500%           | 3.500%       | 0.500%                |
| ≥ 1.50x and < 2.00x  | 2.250%           | 3.250%       | 0.500%                |
| < 1.50x              | 2.000%           | 3.000%       | 0.375%                |

If, as a result of any restatement of or other adjustment to any financial statements referred to above or for any other reason, Administrative Agent determines that (i) the Total Leverage Ratio as calculated by Borrower as of any applicable date was inaccurate and (ii) a proper calculation of the Total Leverage Ratio would have resulted in different pricing for any period, then (1) if the proper calculation of the Total Leverage Ratio would have resulted in higher pricing for such period, Borrower shall automatically and retroactively be obligated to pay to Administrative Agent, promptly on demand by Administrative Agent, an amount equal to the excess of the amount of interest that should have been paid for such period over the amount of interest actually paid for such period; and (2) if the proper calculation of the Total Leverage Ratio would have resulted in lower pricing for such period, Administrative Agent and Lenders shall have no obligation to repay any interest to Borrower; provided that if, as a result of any restatement or other event a proper calculation of the Total Leverage Ratio would have resulted in higher pricing for one or more periods and lower pricing for one or more other periods (due to the shifting of income or expenses from one period to another period or any similar reason), then the amount payable by Borrower pursuant to clause (1) above shall be based upon the excess, if any, of the amount of interest that should have been paid for all applicable periods over the amount of interest paid for all such periods.

(C) Interest Periods.

(i) LIBOR Interest Periods. Each LIBOR Loan may be obtained for a one (1), two (2), three (3), or six (6) month period or, if available to all Lenders under the applicable facility, nine (9) or 12 month period (each such period being a "**LIBOR Interest Period**"). With respect to all LIBOR Loans:

(1) the LIBOR Interest Period will commence on the date that the LIBOR Loan is made or the date on which any portion of any Base Rate Loan is converted into a LIBOR Loan, or, in the case of immediately successive LIBOR Interest Periods, each successive LIBOR Interest Period shall commence on the day on which the immediately preceding LIBOR Interest Period expires;

(2) if the LIBOR Interest Period would otherwise expire on a day that is not a Business Day, then it will expire on the next Business Day; provided, that if any LIBOR Interest Period would otherwise expire on a day that is not a Business Day and such day is a day of the calendar month after which no further Business Day occurs in such month, such LIBOR Interest Period shall expire on the Business Day next preceding such day;

(3) any LIBOR Interest Period that begins on the last Business Day of a calendar month or on a day for which there is no numerically corresponding day in the last calendar month in such LIBOR Interest Period shall end on the last Business Day of the last calendar month in such LIBOR Interest Period; and

(4) no LIBOR Interest Period shall be selected under any Term Loan Facility if, in order to make scheduled repayments of such Term Loan required pursuant to Subsection 1.6(A)(ii) or (iv), repayment of all or any portion of the LIBOR Loan prior to the expiration of such LIBOR Interest Period would be necessary; and

(5) no LIBOR Interest Period shall be selected under the Revolver Facility that extends beyond the date set forth in clause (B) of the definition of Revolver Expiration Date, and no LIBOR Interest Period shall be selected under any Term Loan Facility that extends beyond the date set forth in clause (B) of the definition of applicable Term Loan Maturity Date.

(D) Calculation and Payment. Interest on Base Rate Loans shall be calculated on the basis of a 365-6-day year for the actual number of days elapsed. Interest on all other Loans and Obligations, including amounts due under Subsection 1.4, shall be calculated on the basis of a 360-day year for the actual number of days elapsed. The date of funding or conversion of a LIBOR Loan or the Fixed Term Loan while subject to the Fixed Interest Rate to a Base Rate Loan and the first day of a LIBOR Interest Period shall be included in the calculation of interest. The date of payment (as determined in Subsection 1.5) of any Loan and the last day of a LIBOR Interest Period or the Fixed Term Loan Termination Date shall be excluded from the calculation of interest; provided, if a Loan is repaid on the same day that it is made, one (1) day's interest shall be charged.

The Fixed Interest Rate accruing on the Fixed Term Loan is payable monthly in arrears on each of the following dates or events: (i) the 20<sup>th</sup> day of the following calendar month; (ii) the Fixed Term Loan Termination Date; and (iii) the Fixed Term Loan Maturity Date, whether by acceleration or otherwise, with respect to the principal to be repaid. Interest accruing on Base Rate Loans is payable in arrears on each of the following dates or events: (i) the last day of each calendar quarter; (ii) the prepayment of such Loan (or portion thereof), to the extent accrued on the principal prepaid; and (iii) the applicable Term Loan Maturity Date or the Revolver Expiration Date, as the case may be, whether by acceleration or otherwise, with respect to the principal to be repaid. Interest accruing on each LIBOR Loan is payable in arrears on each of the following dates or events: (1) the last day of each applicable LIBOR Interest Period; (2) if the LIBOR Interest Period is longer than three (3) months, on each three-month anniversary of the commencement date of such LIBOR Interest Period; (3) the prepayment of such Loan (or portion thereof), to the extent accrued on the principal prepaid; and (4) the applicable Term Loan Maturity Date or the Revolver Expiration Date, as the case may be, whether by acceleration or otherwise, with respect to the principal to be repaid.

(E) Default Rate of Interest. At the election of Administrative Agent or Requisite Lenders, after the occurrence of an Event of Default and for so long as it continues, all Loans and other Obligations shall bear interest at rates that are 2.000% in excess of the highest applicable margin set forth in Subsection 1.2(B) or the Fixed Interest Rate, as applicable. Interest accruing pursuant to this Subsection 1.2(E) is payable on demand.



(F) Excess Interest. Notwithstanding anything to the contrary set forth herein, the aggregate interest, fees and other amounts required to be paid by Borrower to Lenders or any Lender hereunder are hereby expressly limited so that in no contingency or event whatsoever, whether by reason of acceleration of maturity of the Indebtedness evidenced hereby or otherwise, shall the amount paid or agreed to be paid to Lenders or any Lender for the use or the forbearance of the Indebtedness or Obligations evidenced hereby exceed the maximum permissible amount that Lenders or any Lender may receive, in the aggregate, for such interest, fees and other amounts under Applicable Law. If under or from any circumstances whatsoever, fulfillment of any provision hereof or of any of the other Loan Documents at the time of performance of such provision shall be due, shall involve exceeding the limit of such validity prescribed by Applicable Law then the obligation to be fulfilled shall automatically be reduced to the limit of such validity and if under or from any circumstances whatsoever Lenders or any Lender should ever receive as interest any amount which would exceed the highest lawful rate permitted by Applicable Law, the amount of such interest that is excessive shall be applied to the reduction of the principal balance of the Obligations evidenced hereby and not to the payment of interest. Additionally, should the method used for calculating interest on Loans (other than Base Rate Loans) and Obligations (i.e., using a 360-day year) be unlawful, such calculation method shall be automatically changed to a 365-6-day year or such other lawful calculation method as is reasonably acceptable to Administrative Agent. ¶ 60; This provision shall control every other provision of this Agreement and all provisions of every other Loan Document.

(G) Selection, Conversion or Continuation of Loans; LIBOR Availability. Provided that no Event of Default has occurred and is then continuing, Borrower shall have the option to (i) select all or any part of a new borrowing under the Revolver Facility or the Term Loan A Facility to be a Base Rate Loan or a LIBOR Loan, in the case of a Base Rate Loan in a principal amount equal to at least \$100,000, in the case of a LIBOR Loan in a principal amount equal to \$1,000,000 or any whole multiple of \$500,000 in excess thereof, (ii) convert at any time all or any portion of a Base Rate Loan in a principal amount equal to \$1,000,000 or any whole multiple of \$500,000 in excess thereof into a LIBOR Loan, (iii) upon the expiration of its LIBOR Interest Period, convert all or any part of any LIBOR Loan into a Base Rate Loan, and (iv) upon the expiration of its LIBOR Interest Period, continue any LIBOR Loan into one or more LIBOR Loans in a principal amount of \$1,000,000 or any whole multiple of \$500,000 in excess thereof for such new LIBOR Interest Period(s) as selected by Borrower. Each LIBOR Loan shall be made under any one of the Revolver Facility, the Fixed Term Loan Facility after the Fixed Term Loan Termination Date, or any other Term Loan Facility, but may not be made under more than one Facility concurrently. During any period in which any Event of Default is continuing, as the LIBOR Interest Periods for LIBOR Loans then in effect expire, such Loans shall be converted into a Base Rate Loan and the LIBOR option will not be available to Borrower until all Events of Default are cured or waived. In the event Borrower fails to elect a LIBOR Loan upon any advance hereunder or upon the termination of any LIBOR Interest Period, Borrower shall be deemed to have elected to have such amount constitute a Base Rate Loan. There shall be no more than six (6) LIBOR Loans outstanding at any one time in the aggregate under all of the Facilities.

1.3 Notice of Borrowing, Conversion or Continuation of Loans. Whenever Borrower desires to request a Revolver Loan or the Term Loan A pursuant to Subsection 1.1(A) or (B)(i), respectively, or to convert or continue Loans pursuant to Subsection 1.2(G), Borrower shall give Administrative Agent irrevocable prior written notice in the form attached hereto as Exhibit 1.3 (a "**Notice of Borrowing/Conversion/Continuation**") (A) if requesting a borrowing of, conversion to or continuation of a Base Rate Loan (or any portion thereof), not later than 11:00 a.m. (Denver, Colorado time) one (1) Business Day before the proposed borrowing, conversion or continuation is to be effective or, (B) if requesting a borrowing of, conversion to or continuation of a LIBOR Loan, not later than 11:00 a.m. (Denver, Colorado time) three (3) Business Days before the proposed borrowing, conversion or continuation is to be effective. Each Notice of Borrowing/Conversion/Continuation shall specify (i) the Loan (or portion thereof) to be advanced, converted or continued and, with respect to any LIBOR Loan to be converted or continued, the last day of the current LIBOR Interest Period therefor, (ii) the effective date of such borrowing, conversion or continuation (which shall be a Business Day), (iii) the principal amount of such Loan to be borrowed, converted or continued, (iv) the LIBOR Interest Period to be applicable to any new LIBOR Loan, and (v) the Facility under which such borrowing, conversion or continuation is to be made. Administrative Agent shall give each Lender prompt written notice of any Notice of Borrowing/Conversion/Continuation given by Borrower.

1.4 Fees and Expenses.

(A) Unused Commitment Fees. From the Closing Date, Borrower shall be obligated to pay Administrative Agent, for the benefit of all Revolver Lenders that are not Defaulting Lenders (based upon their respective Pro Rata Shares of the Revolver Loan Commitment), a fee (the "**Revolver Commitment Fee**") in an amount equal to (i) the Revolver Loan Commitment less the average daily outstanding balance of Revolver Loans during the preceding calendar quarter multiplied by (ii) the applicable Commitment Fee Margin as provided in Subsection 1.2(B), calculated on the basis of a 360-day year for the actual number of days elapsed. Such fees are to be paid quarterly in arrears on the last day of each calendar quarter for such calendar quarter (or portion thereof), with the final such payment due on the Revolver Expiration Date. For the avoidance of doubt, the Revolver Commitment Fee will be calculated using 100% of the Revolver Loan Commitment, as it may have been reduced pursuant to this Agreement, regardless of whether the aggregate principal amount of the Revolver Loans outstanding at any one time are not permitted to exceed 60% of the Revolver Loan Commitment pursuant to Subsection 1.1(A)(iii).

(B) Certain Other Fees. Borrower shall be obligated to pay to CoBank, individually, fees in the amounts and at the times specified in the letter agreement dated March 17, 2010, between Borrower and CoBank.

(C) Breakage Fee. Upon any repayment or payment of (i) a LIBOR Loan on any day that is not the last day of the LIBOR Interest Period applicable thereto or (ii) the Fixed Term Loan prior to the Fixed Term Loan Termination Date other than in the amounts and on the dates provided in Subsection 1.6(A)(iii) (in each case, regardless of the source of such repayment or prepayment and whether voluntary, mandatory, by acceleration or otherwise), Borrower shall be obligated to pay Administrative Agent, for the benefit of all affected Lenders, an amount (the "**Breakage Fee**") equal to the present value of any losses, expenses and liabilities (including any loss (including interest paid) sustained by each such affected Lender in connection with the reemployment of such funds) that any such affected Lender may sustain as a result of the payment of such LIBOR Loan or the Fixed Term Loan on such day. For purposes of calculating amounts payable by Borrower to Lenders under this Subsection 1.4(C), each LIBOR Loan made by a Lender (and each related reserve, special deposit or similar requirement) shall be conclusively deemed to have been funded at the LIBOR rate for such LIBOR Loan by a matching deposit or other borrowing in the interbank eurocurrency market for a comparable amount and for a comparable period, whether or not such LIBOR Loan is in fact so funded. In addition, upon any repayment or prepayment of a LIBOR Loan on any day that is not the last day of the LIBOR Interest Period applicable thereto (regardless of the source of such repayment or prepayment and whether voluntary, mandatory, by acceleration or otherwise), Borrower shall be obligated to pay Administrative Agent, not for the benefit of Lenders, an administrative fee of \$300.

(D) Expenses and Attorneys' Fees. In addition to fees due under Subsections 1.4(A) and 1.4(B), Borrower agrees to pay promptly all reasonable fees, costs and expenses (including those of attorneys) incurred by Administrative Agent in connection with (i) any matters contemplated by or arising out of the Loan Documents, and (ii) the continued administration of the Loan Documents, including any such fees, costs and expenses incurred in perfecting, maintaining, determining the priority of and releasing any security and any tax payable in connection with any Loan Documents and any amendments, modifications and waivers. In addition to fees due under Subsections 1.4(A) and (B), Borrower shall also reimburse on demand Administrative Agent for its expenses (including reasonable attorneys' fees and expenses) incurred in connection with documenting and closing the transactions contemplated herein. In addition to fees due under Subsections 1.4(A) and (B), Borrower agrees to pay promptly (1) all reasonable fees, costs and expenses incurred by Administrative Agent in connection with any amendment, supplement, waiver or modification of any of the Loan Documents and (2) all reasonable out-of-pocket fees, costs and expenses incurred by each of Administrative Agent and Lenders in connection with any Event of Default and any enforcement of collection proceeding resulting therefrom or any workout or restructuring of any of the transactions hereunder or contemplated thereby or any action to enforce any Loan Document or to collect any payments due from Borrower. All fees, costs and expenses for which Borrower is responsible under this Subsection 1.4(D) shall be deemed part of the Obligations when incurred, payable promptly following demand (and in no event within five (5) Business Days of such demand) and in accordance with the third paragraph of Subsection 1.5 and shall be secured by the Collateral.

1.5 Payments. All payments by Borrower of the Obligations shall be made in same day funds and delivered to Administrative Agent, for the benefit of itself and the other applicable Secured Parties, by wire transfer to the following account or such other place as Administrative Agent may from time to time designate in writing:

CoBank, ACB  
Greenwood Village, Colorado  
ABA Number 3070-8875-4  
Reference: CoBank for the benefit of Shenandoah  
Telecommunications Company

Borrower shall receive credit on the day of receipt for funds received by Administrative Agent by 11:00 a.m. (Denver, Colorado time) on any Business Day. Funds received on any Business Day after such time shall be deemed to have been paid on the next Business Day. Whenever any payment to be made hereunder shall be stated to be due on a day that is not a Business Day, the payment shall be due on the next succeeding Business Day and such extension of time shall be included in the computation of the amount of interest and fees due hereunder.

Borrower and each Guarantor authorizes Lenders to make (but Lenders shall in no event be obligated to make) a Base Rate Loan under the Revolver Facility, on the basis of Lenders' respective Pro Rata Shares of the Revolver Facility, for the payment of past due interest, commitment fees and Breakage Fees. Prior to an Event of Default, other fees, costs and expenses (including those of attorneys) reimbursable pursuant to Subsections 1.4(B), 1.4(C) and 1.4(D) or elsewhere in any Loan Document may (subject to availability) be debited as a Base Rate Loan under the Revolver Facility after 15 days' notice to Borrower. After the occurrence of an Event of Default, any such other fees, costs and expenses may (subject to the consent of all Lenders) be debited as a Base Rate Loan under the Revolver Facility without notice to Borrower or any other Loan Party.

To the extent Borrower or any other party or Person makes a payment or payments to Administrative Agent for the ratable benefit of Lenders or for the benefit of Administrative Agent in its individual capacity or to any other obligee in respect of the Obligations hereunder, which payments or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside and/or required to be repaid to a trustee, receiver or any other party under any bankruptcy law, state or federal law, common law or equitable cause, or any combination of the foregoing (whether by demand, litigation, settlement or otherwise), then, to the extent of such payment or proceeds repaid, the Obligations or part thereof intended to be satisfied shall be revived and continued in full force and effect as if such payment or proceeds had not been received by Administrative Agent or such obligee.

Each payment received by Administrative Agent under this Agreement or any Note for account of any Lender shall be remitted by Administrative Agent to such Lender promptly after Administrative Agent's receipt thereof, and such remittance shall be made in immediately available funds for the account of such Lender for the Loans or other obligation in respect of which such payment is made.

1.6 Repayments of Loans; Reduction of the Revolver Loan Commitment.(A) Scheduled Termination of Revolver Loan Commitment and Repayments of the Term Loans.

(i) Scheduled Termination of Revolver Loan Commitment. In addition to any reductions pursuant to Subsections 1.6(B) and 1.6(C), the Revolver Loan Commitment shall be permanently reduced and terminated in full on the Revolver Expiration Date, and any outstanding principal balance of the Revolver Loans not sooner due and payable will become due and payable on the Revolver Expiration Date.

(ii) Scheduled Repayments of the Term Loan A. Commencing on December 31, 2010, and on each March 31, June 30, September 30 and December 31 thereafter, in addition to any prepayments or repayments made pursuant to Subsections 1.7 and 1.8, Borrower shall repay the aggregate outstanding principal balance of the Term Loan A in the amount set forth below opposite the applicable period:

## TERM LOAN A - REPAYMENT TABLE

| <u>Period</u>                           | <u>Quarterly Principal Payment</u> |
|---|------------------------------------|
| December 31, 2010 to September 30, 2011 | \$2,372,500.00                     |
| December 31, 2011 and thereafter        | \$4,745,000.00                     |

The outstanding principal balance of the Term Loan A not sooner due and payable will become due and payable on the Term Loan A Maturity Date.

(iii) Scheduled Repayments of the Fixed Term Loan. In addition to any prepayments or repayments made pursuant to Subsections 1.7 and 1.8, Borrower shall repay the aggregate principal balance of the Fixed Term Loan on the 20<sup>th</sup> day of each calendar month in the amounts set forth below opposite the applicable date:

## FIXED TERM LOAN - REPAYMENT TABLE

| <u>Date</u>        | <u>Principal Payment</u> |
|--------------------|--------------------------|
| August 20, 2010    | \$192,215.49             |
| September 20, 2010 | \$193,396.01             |
| October 20, 2010   | \$194,583.78             |
| November 20, 2010  | \$195,778.85             |
| December 20, 2010  | \$196,981.26             |
| January 20, 2011   | \$198,191.05             |
| February 20, 2011  | \$199,408.27             |
| March 20, 2011     | \$200,632.97             |
| April 20, 2011     | \$201,865.19             |
| May 20, 2011       | \$203,104.97             |
| June 20, 2011      | \$204,352.38             |
| July 20, 2011      | \$205,607.44             |
| August 20, 2011    | \$206,870.21             |
| September 20, 2011 | \$208,140.74             |
| October 20, 2011   | \$209,419.07             |
| November 20, 2011  | \$210,705.25             |
| December 20, 2011  | \$211,999.33             |
| January 20, 2012   | \$213,301.35             |
| February 20, 2012  | \$214,611.38             |
| March 20, 2012     | \$215,929.45             |
| April 20, 2012     | \$217,255.61             |
| May 20, 2012       | \$218,589.92             |
| June 20, 2012      | \$219,932.43             |
| July 20, 2012      | \$221,283.18             |
| August 20, 2012    | \$222,642.23             |
| September 20, 2012 | \$224,009.62             |
| October 20, 2012   | \$225,385.41             |
| November 20, 2012  | \$226,769.65             |
| December 20, 2012  | \$228,162.39             |
| January 20, 2013   | \$229,563.69             |
| February 20, 2013  | \$230,973.59             |
| March 20, 2013     | \$232,392.15             |
| April 20, 2013     | \$233,819.42             |
| May 20, 2013       | \$235,255.46             |
| June 20, 2013      | \$236,700.32             |
| July 20, 2013      | \$238,154.06             |
| August 20, 2013    | \$239,595.31             |

The outstanding principal balance of the Fixed Term Loan not sooner due and payable will become due and payable on the Fixed Term Loan Maturity Date.

(iv) Incremental Term Loans. Borrower shall repay the aggregate outstanding principal balance of any Incremental Term Loan as provided in the amendment or supplement to this Agreement documenting such Incremental Term Loan Facility.

All repayments of the Facilities pursuant to this Subsection 1.6(A) shall be applied in accordance with Subsection 1.8, and shall be accompanied by any applicable Breakage Fees and any other fees required pursuant to Subsection 1.4.

(B) Reductions Resulting From Mandatory Repayments. The Revolver Loan Commitment also will be permanently reduced to the extent and in the amount that Borrower is required, pursuant to Subsection 1.8, to apply mandatory repayments to be made pursuant to Subsections 1.7(B), (C), (D) and (E) to the Revolver Facility (whether or not any Revolver Loans are then outstanding and available to be repaid). All reductions provided for in this Subsection 1.6(B) shall be in addition to the voluntary reductions provided for in Subsection 1.6(C) and, accordingly, may result in the termination of the Revolver Loan Commitment prior to the date set forth in clause (B) of the definition of the Revolver Expiration Date.

(C) Voluntary Reduction of the Revolver Loan Commitment. Borrower shall have the right, upon at least three (3) Business Days' prior written notice to Administrative Agent, to terminate or permanently reduce the then unused portion of the Revolver Loan Commitment. Each partial reduction shall be in a minimum amount of at least \$250,000, or any whole multiple thereof in excess thereof, and shall be applied as to each Lender based upon its Pro Rata Share. Notwithstanding the foregoing, no reduction to the Revolver Loan Commitment shall be permitted if, after giving effect thereto and to any prepayment made in connection therewith, the aggregate principal balance of the Revolver Loans then outstanding under the Revolver Facility would exceed the Revolver Loan Commitment as so reduced. All reductions to the Revolver Loan Commitment elected under this Subsection 1.6(C) shall be in addition to the reductions in the Revolver Loan Commitment provided for in Subsections 1.6(A)(i) and 1.6(B) and, accordingly, may result in the termination of the Revolver Loan Commitment prior to the date set forth in clause (B) of the definition of the Revolver Expiration Date.

(D) Mandatory Repayments. If at any time the aggregate outstanding amount of Revolver Loans exceeds the Revolver Loan Commitment, Borrower shall repay promptly the Revolver Loans in an amount at least sufficient to reduce the aggregate principal balance of such Revolver Loans to the amount of the Revolver Loan Commitment, and until such repayment is made, Lenders shall not be obligated to make any additional Loans under any Facility. Any repayments pursuant to this Subsection 1.6(D) shall be paid and applied in accordance with Subsection 1.8 and must be accompanied by accrued interest on the amount repaid and any applicable Breakage Fees and any other fees required pursuant to Subsection 1.4.

1.7 Voluntary Prepayments and Other Mandatory Repayments.

(A) Voluntary Prepayment of Loans. Subject to the provisions of this Subsection 1.7(A) and Subsection 1.8, Borrower may prepay the Base Rate Loans, in whole or in part, without penalty. Subject to the provisions of Subsection 1.8, payment of the Breakage Fees and any other fees required pursuant to Subsection 1.4 and the notice requirement in the following sentence, at any time Borrower may prepay any LIBOR Loan or the Fixed Term Loan (while such Loan remains subject to the Fixed Interest Rate), in whole or in part. Notice of any prepayment of (i) a Base Rate Loan shall be given not later than 11:00 a.m. (Denver, Colorado time) on the Business Day that is the date of prepayment, and (ii) a LIBOR Loan or Fixed Rate Loan (while such Loan remains subject to the Fixed Interest Rate) shall be given not later than 11:00 a.m. (Denver, Colorado time) on the third Business Day immediately preceding the date of prepayment. All partial prepayments shall be in a minimum amount of at least \$250,000, or any whole multiple thereof in excess thereof (or the entire remaining balance of the applicable Loan), and shall be paid and applied in accordance with Subsection 1.8. All prepayment notices shall be irrevocable. All prepayments shall be accompanied by accrued interest on the amount prepaid and any applicable Breakage Fees and any other fees required pursuant to Subsection 1.4.

(B) Repayments from Insurance Proceeds. Immediately upon receipt thereof, Borrower shall be obligated to repay the Loans in an amount equal to all Net Proceeds received by any Loan Party or any Subsidiary of any Loan Party (other than any Excluded Subsidiary) that are insurance proceeds from any Asset Disposition (which Net Proceeds, together with all other such Net Proceeds covered by this Subsection 1.7(B) exceed \$1,000,000 in the aggregate over the term of this Agreement); provided, however, that if no Event of Default has occurred and is continuing, Borrower shall not be required to repay the Loans with such Net Proceeds if such Loan Party or Subsidiary reinvests or has contractually committed to reinvest such Net Proceeds in assets used or useful in the business of any Loan Party or such Subsidiary within 180 days of receipt by any Loan Party or any Subsidiary of such Net Proceeds, and if such Net Proceeds are actually reinvested within 18 months of such receipt; provided, however, that (i) any new assets purchased with such Net Proceeds must be subject to the Lien of Administrative Agent under the Security Documents, subject only to Permitted Encumbrances, and (ii) until so reinvested, such Net Proceeds shall be deposited and held in a deposit account of which Administrative Agent has "control" (as defined in Article 9 of the Uniform Commercial Code in effect in the State of Colorado). If upon the expiration of such 180-day period any of such Net Proceeds have not been so contractually committed or if upon the expiration of such 18-month period any of such Net Proceeds have not been so applied, Borrower immediately shall repay the Loans in an amount equal to such remaining Net Proceeds. All such prepayments shall be paid and applied in accordance with Subsection 1.8 and shall be accompanied by accrued interest on the amount prepaid and any applicable Breakage Fees and any other fees required pursuant to Subsection 1.4.

(C) Repayments from Sprint Nextel Proceeds. Immediately upon receipt thereof, Borrower shall be obligated to repay the Loans in an amount equal to all Sprint Nextel Proceeds received by any Loan Party or any Subsidiary of any Loan Party.

(D) Repayments from Certain Asset Dispositions. Immediately upon receipt thereof, Borrower shall be obligated to repay the Loans in an amount equal to all Net Proceeds received by any Loan Party or any Subsidiary of any Loan Party (other than any Excluded Subsidiary) that are from Asset Dispositions, other than insurance proceeds, Sprint Nextel Proceeds, or from Asset Dispositions permitted pursuant to Subsections 3.7(A) through (C), (E), (F) or (G); provided, however, that if no Event of Default has occurred and is continuing, Borrower shall not be required to repay the Loans with such Net Proceeds if such Loan Party or such Subsidiary reinvests such Net Proceeds in assets used or useful in the business of any Loan Party or such Subsidiary within 180 days of receipt by any Loan Party or any Subsidiary of such Net Proceeds; provided, however, that (i) any new assets purchased with such Net Proceeds must be subject to the Lien of Administrative Agent under the Security Documents, subject only to Permitted Encumbrances, and (ii) until so reinvested, such Net Proceeds shall be deposited and held in a deposit account of which Administrative Agent has "control" (as defined in Article 9 of the Uniform Commercial Code in effect in the State of Colorado). If upon the expiration of such 180-day period any of such Net Proceeds have not been so applied, Borrower immediately shall repay the Loans in an amount equal to such remaining Net Proceeds. All such prepayments shall be paid and applied in accordance with Subsection 1.8 and shall be accompanied by accrued interest on the amount prepaid and any applicable Breakage Fees and any other fees required pursuant to Subsection 1.4.



(E) Repayments from Debt Issuances. Immediately upon receipt by any Loan Party or any Subsidiary of any Loan Party (other than an Excluded Subsidiary) of Net Proceeds relating to the issuance by any Loan Party or any Subsidiary of any Loan Party of any public or private debt (other than Indebtedness permitted under Subsection 3.1), Borrower shall be obligated to repay the Loans in an amount equal to all such Net Proceeds. All such prepayments shall be paid and applied in accordance with Subsection 1.8 and shall be accompanied by accrued interest on the amount prepaid and any applicable Breakage Fees and any other fees required pursuant to Subsection 1.4.

1.8 Application of Prepayments and Repayments; Payment of Breakage Fees, Etc. Subject to the last sentence of this Subsection 1.8, all prepayments pursuant to Subsection 1.7(A) to be applied to the Loans shall be applied as Borrower shall direct. Each repayment made pursuant to Subsection 1.7(B) through (E) shall be applied first, pro rata to the outstanding principal balance of the Term Loan A Facility and any Incremental Term Loan Facility (if and when applicable), second, to the outstanding principal balance of the Fixed Term Loan Facility (provided however, that after the Fixed Term Loan Termination Date, the Fixed Term Loan Facility will be repaid pro rata with the Term Loan A Facility and any Incremental Term Loan Facility), and third, to repay the Revolver Loans. All repayments made pursuant to Subsections 1.6 and 1.7 shall first be applied to such Base Rate Loans and LIBOR Loans as Borrower shall direct in writing and, in the absence of such direction, shall first be applied to such Base Rate Loans and then, after payment in full of all Base Rate Loans, to such LIBOR Loans, in each case as Administrative Agent shall select. All prepayments and repayments required or permitted hereunder shall be accompanied by payment of all applicable Breakage Fees and accrued interest on the amount prepaid or repaid. All prepayments and repayments applied to the Term Loan A, the Fixed Term Loan or any Incremental Term Loan shall be applied to reduce the remaining principal installments under the Term Loan A, the Fixed Term Loan or any Incremental Term Loan in the inverse order of maturity.

1.9 Loan Accounts. Administrative Agent will maintain loan account records for (A) all Loans, interest charges and payments thereof, (B) the charging and payment of all fees, costs and expenses and (C) all other debits and credits pursuant to this Agreement. All entries in the loan account records shall be made in accordance with Administrative Agent's customary accounting practices as in effect from time to time. The balance in the loan accounts shall be presumptive evidence of the amounts due and owing to Lenders, absent manifest error, provided that any failure by Administrative Agent to maintain such records shall not limit or affect Borrower's obligation to pay. After the occurrence and during the continuance of an Event of Default, Borrower irrevocably waives the right to direct the application of any and all payments and Borrower hereby irrevocably agrees that Administrative Agent and Lenders shall have the continuing exclusive right to apply and reapply payments to any of the Obligations in any manner it or they deem appropriate.

1.10 Changes in LIBOR Rate Availability.

(A) If with respect to any proposed LIBOR Interest Period, Administrative Agent or any Lender (after consultation with Administrative Agent) determines that deposits in dollars (in the applicable amount) are not being offered in the relevant market for such LIBOR Interest Period, or Lenders having a Pro Rata Share of 50% or more under a Facility determine (and notify Administrative Agent) that the LIBOR rate applicable pursuant to Subsection 1.2(A)(ii) for any requested LIBOR Interest Period with respect to a proposed LIBOR Loan under such Facility does not adequately and fairly reflect the cost to such Lenders of funding such Loan, Administrative Agent shall forthwith give notice thereof to Borrower and Lenders, whereupon and until such affected Lender or Lenders notifies Administrative Agent, and Administrative Agent notifies Borrower and the other Lenders that the circumstances giving rise to such situation no longer exist, the obligations of any affected Lender to make its portion of such type of LIBOR Loan shall be suspended and such affected Lender shall make its Pro Rata Share of such type of LIBOR Loan as a Base Rate Loan or such other type of Loan as permitted by Administrative Agent. Any Lender may, in its sole discretion, waive the benefits and provisions of this Subsection with respect to any proposed LIBOR Interest Period.

(B) If the introduction of, or any change in, any Applicable Law or any change in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Lender with any request or directive (whether or not having the force of law) of any such Governmental Authority, central bank or comparable agency, in each case occurring after the Closing Date, shall make it unlawful or impossible for one or more Lenders to honor its obligations hereunder to make or maintain any LIBOR Loan, such Lender shall promptly give notice thereof to Administrative Agent, and Administrative Agent shall promptly give notice thereof to Borrower and all other Lenders. Thereafter, until such Lender or Lenders notify Administrative Agent, and Administrative Agent notifies Borrower and the other Lenders that such circumstances no longer exist, (i) the obligations of such Lender or Lenders to make LIBOR Loans and the right of Borrower to convert any Loan of such Lender or Lenders to a LIBOR Loan or continue any Loan of such Lender or Lenders as a LIBOR Loan shall be suspended and (ii) if any Lender may not lawfully continue to maintain a LIBOR Loan to the end of the then current LIBOR Interest Period applicable thereto, such Loan shall immediately be converted to the Base Rate Loan.

1.11 Capital Adequacy and Other Adjustments.

(A) If after the Closing Date there occurs the introduction, or change in the interpretation of, any Applicable Law the effect of which would increase the reserve requirement or otherwise increase the cost to any Lender of making or maintaining a LIBOR Loan, then Administrative Agent, on behalf of all affected Lenders, shall submit a certificate to Borrower setting forth the amount and demonstrating the calculation of such increased cost. Borrower shall be obligated to pay the amount of such increased cost to Administrative Agent for the benefit of the affected Lenders within 15 days after receipt of such certificate. Such certificate shall, absent manifest error, be final, conclusive and binding for all purposes. There is no limitation on the number of times such a certificate may be submitted.

(B) In the event that any Lender shall have determined that the adoption after the Closing Date of any law, treaty, governmental (or quasi-governmental) rule, regulation, guideline or order regarding capital adequacy, reserve requirements or similar requirements or compliance by any Lender or any corporation controlling such Lender with any request or directive regarding capital adequacy, reserve requirements or similar requirements (whether or not having the force of law and whether or not failure to comply therewith would be unlawful) from any central bank or governmental agency or body having jurisdiction does or shall have the effect of increasing the amount of capital, reserves or other funds required to be maintained by such Lender or any corporation controlling such Lender and thereby reducing the rate of return on such Lender's or such corporation's capital as a consequence of its obligations hereunder, then Borrower shall be obligated, from time to time within 15 days after notice and demand from such Lender (together with the certificate referred to in the next sentence and with a copy to Administrative Agent), to pay to Administrative Agent, for the account of such Lender, additional amounts sufficient to compensate such Lender for such reduction. A certificate as to the amount of such cost and showing the basis of the computation of such cost submitted by such Lender to Borrower and Administrative Agent shall, absent manifest error, be final, conclusive and binding for all purposes. There is no limitation on the number of times such a certificate may be submitted.

1.12 Optional Prepayment/Replacement of Lender in Respect of Increased Costs or Defaulted Lenders. Within 15 days after receipt by Borrower of written notice and demand from any Lender for payment of additional costs as provided in Subsections 1.11, 1.13 or 1.14 or if it becomes illegal or impossible for any Lender to continue to fund or to make LIBOR Loans pursuant to Subsection 1.10, as a result of any condition described in any of such Subsections, or if any Lender is a Defaulting Lender (any such Lender, an "**Affected Lender**") then, unless such Lender has theretofore removed or cured the conditions creating the cause for such obligation to pay such additional amounts or for such illegality or impossibility, or has ceased to be a Defaulting Lender, Borrower may, at its option, notify Administrative Agent and such Affected Lender of its intention to do one of the following:

(A) Borrower may obtain, at Borrower's expense, a replacement Lender ("**Replacement Lender**") for such Affected Lender, which Replacement Lender shall be reasonably satisfactory to Administrative Agent. In the event Borrower obtains a Replacement Lender within 90 days following notice of its intention to do so, the Affected Lender shall sell and assign its Loans and its obligations under the Loan Commitments to such Replacement Lender at a price (including accrued interest) that is reasonably acceptable to the Affected Lender and the Replacement Lender (it being agreed that an assignment at par (plus accrued interest) or a higher price is deemed to be acceptable), provided that Borrower has reimbursed such Affected Lender for its increased costs for which it is entitled to reimbursement under this Agreement through the date of such sale and assignment; or

(B) Borrower may prepay in full all outstanding Obligations owed to such Affected Lender and terminate such Affected Lender's Pro Rata Share of the Loan Commitments, in which case the Loan Commitments will be permanently reduced by the amount of such Pro Rata Share. Borrower shall, within 90 days following notice of its intention to do so, prepay in full all outstanding Obligations owed to such Affected Lender (including all applicable Breakage Fees and such Affected Lender's increased costs for which it is entitled to reimbursement under this Agreement through the date of such prepayment), and terminate such Affected Lender's obligations under the Loan Commitments. Any such prepayment pursuant to this Subsection 1.12(B) shall be applied in accordance with Subsection 1.8 (except that such prepayment shall be solely for the account of the Affected Lender and not for the account of all Lenders in accordance with their Pro Rata Shares) and shall be accompanied by payment of all applicable Breakage Fees and accrued interest on the amount repaid.

1.13 Taxes.

(A) No Deductions. Any and all payments or reimbursements made hereunder or under the Notes shall be made free and clear of and without deduction for any and all taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto (all such taxes, levies, imposts, deductions, charges or withholdings and all liabilities with respect thereto, excluding such taxes imposed on net income, herein "**Tax Liabilities**"), excluding, however, any Excluded Taxes. If Borrower shall be required by law to deduct any such Tax Liabilities (net of Excluded Taxes) from or in respect of any sum payable hereunder to any Lender or Administrative Agent, then, except as provided in Subsection 1.13(B) and the last sentence of this Subsection 1.13(A), the sum payable hereunder shall be increased as may be necessary so that, after making all required deductions, such Lender or Administrative Agent receives an amount equal to the sum it would have received had no such deductions been made. Notwithstanding the foregoing, any Lender that fails to provide Borrower and Administrative Agent a properly completed and executed IRS Form W-9 will be subject to backup withholding on payments to such Lender without any gross-up hereunder.

(B) Foreign Lenders. Each Lender which would not be considered a United States Person under the IRC ("**Foreign Lender**") as to which payments made under this Agreement or under the Notes is exempt for withholding tax under the IRC or is subject to withholding tax at a reduced rate under an applicable statute or tax treaty shall provide to Borrower and Administrative Agent (i) a properly completed and executed United States Internal Revenue Service Form W-8ECI or W-8BEN or other applicable form, certificate or document prescribed by the Internal Revenue Service of the United States certifying as to such Foreign Lender's entitlement to such exemption or reduced rate of withholding with respect to payments to be made to such Foreign Lender under this Agreement and under the Notes (a "**Certificate of Exemption**") and, in the case of a Foreign Lender claiming exemption under Sections 871(h) or 881(c) of the IRC, a certificate in form and substance acceptable to Borrower that such Foreign Lender is not (1) receiving interest under the Notes as a bank on an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the IRC, (2) a "10 percent shareholder" of Borrower within the meaning of Section 881(c)(3)(B) of the IRC and (3) a "controlled foreign corporation" described in Section 881(c)(3)(C) of the IRC (the "**Portfolio Interest Exemption Certificate**") or (ii) letter from any such Foreign Lender stating that it is not entitled to any such exemption or reduced rate of withholding (a "**Letter of Non-Exemption**"). Prior to becoming a Lender under this Agreement and within 15 days after a reasonable written request of Borrower or Administrative Agent from time to time thereafter, each Foreign Lender that becomes a Lender under this Agreement shall provide a Certificate of Exemption (and a Portfolio Interest Exemption Certificate, if applicable) or a Letter of Non-Exemption to Borrower and Administrative Agent.

If a Foreign Lender is entitled to an exemption with respect to payments to be made to such Foreign Lender under this Agreement (or to a reduced rate of withholding) and does not provide a Certificate of Exemption (and a Portfolio Interest Exemption Certificate, if applicable) to Borrower and Administrative Agent within the time periods set forth in the preceding paragraph, Borrower shall withhold taxes from payments to such Foreign Lender at the applicable statutory rates and Borrower shall not be required to pay any additional amounts as a result of such withholding, provided that all such withholding shall cease or be reduced, as appropriate, upon delivery by such Foreign Lender of a Certificate of Exemption (and a Portfolio Interest Exemption Certificate, if applicable) to Borrower and Administrative Agent.

(C) Tax Refund. If and to the extent that Administrative Agent or any Lender determines in its good faith discretion that it has received a refund for or a credit or deduction of any amounts which have been paid under this Subsection 1.13 or Subsection 1.14, it shall pay to Borrower the portion of such refund, credit or deduction that it determines in its reasonable discretion will leave it, after such payment, in no better or worse after-tax financial position (taking into account any out-of-pocket expenses of Administrative Agent or such Lender) than if the Tax Liability or cost giving rise to the payment had not been imposed in the first instance; provided, however, that Borrower, upon the request of Administrative Agent or such Lender, agrees to repay the amount paid over to Borrower to Administrative Agent or such Lender (along with any applicable interest or penalties) in the event Administrative Agent or such Lender is required to repay such amounts to such Governmental Authority. This Subsection 1.13(C) shall not be construed to require Administrative Agent or any Lender to make available its tax returns or other confidential tax information to Borrower or any other Person.

1.14 Changes in Tax Laws. In the event that, subsequent to the Closing Date, (A) any changes in any existing law, regulation, treaty or directive or in the interpretation or application thereof, (B) any new law, regulation, treaty or directive enacted or any interpretation or application thereof, or (C) compliance by Administrative Agent or any Lender with any request or directive (whether or not having the force of law) from any Governmental Authority:

(i) does or shall subject Administrative Agent or any Lender to any tax of any kind whatsoever with respect to this Agreement, the other Loan Documents or any Loans made hereunder, or change the basis of taxation of payments to Administrative Agent or such Lender of principal, fees, interest or any other amount payable hereunder (except for Excluded Taxes); or

(ii) does or shall impose on Administrative Agent or any Lender any other condition or increased cost in connection with the transactions contemplated hereby or participations herein;

and the result of any of the foregoing is to increase the cost to Administrative Agent or any such Lender of making or continuing any Loan hereunder, or to reduce any amount receivable hereunder, as the case may be, then, in any such case, Borrower shall be obligated to promptly pay to Administrative Agent or such Lender, upon its demand, any additional amounts necessary to compensate Administrative Agent or such Lender, on an after-tax basis, for such additional cost or reduced amount receivable, as reasonably determined by Administrative Agent or such Lender with respect to this Agreement or the other Loan Documents. If Administrative Agent or such Lender becomes entitled to claim any additional amounts pursuant to this Subsection 1.14, it shall promptly notify Borrower of the event by reason of which Administrative Agent or such Lender has become so entitled. A certificate as to any additional amounts payable pursuant to the foregoing sentence submitted by Administrative Agent or such Lender to Borrower and Administrative Agent shall, absent manifest error, be final, conclusive and binding for all purposes. There is no limitation on the number of times such a certificate may be submitted.

Notwithstanding the forgoing, Administrative Agent and any such Lender shall cooperate with Borrower to reduce or eliminate any additional amounts owed under this Subsection 1.14 and shall provide Borrower with such certificate or similar document(s) as may reasonably be requested by Borrower in order to relieve Borrower of any obligation to pay any portion of the payments owed pursuant to this Subsection 1.14.

1.15 Term of this Agreement. All of the Obligations shall become due and payable as otherwise set forth herein. This Agreement shall remain in effect through and including, and (except with respect to provisions hereof expressly stated herein to survive any such termination) shall terminate immediately after, the date on which all Obligations (other than contingent indemnity, expense reimbursement and tax gross-up payments for which no claim has been asserted) shall have been indefeasibly and irrevocably paid and satisfied in full in cash and no commitments of the Administrative Agent or any Lender which would give rise to any Obligations are outstanding.

## SECTION 2 AFFIRMATIVE COVENANTS

Each Loan Party hereby covenants and agrees that so long as this Agreement is in effect, unless Requisite Lenders shall otherwise give their prior written consent, it shall perform and comply, and shall cause each of its respective Subsidiaries to perform and comply, with all covenants in this Section 2.

2.1 Compliance With Laws. The Loan Parties will (A) comply with and will cause their respective Subsidiaries to comply with the requirements of all Applicable Laws (including laws, rules, regulations and orders relating to taxes, employer and employee contributions, securities, employee retirement and welfare benefits, environmental protection matters and employee health and safety) as now in effect and which may be imposed in the future in all jurisdictions in which the Loan Parties and their respective Subsidiaries are now doing or hereafter do business, (B) obtain and maintain and will cause their respective Subsidiaries to obtain and maintain all licenses, qualifications and permits (including the Licenses) now held or hereafter required for the Loan Parties or any of their respective Subsidiaries to operate, and (C) comply with and will cause their respective Subsidiaries to comply with all Material Contracts, other than, in all such cases, as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. This Subsection 2.1 shall not preclude the Loan Parties or any of their respective Subsidiaries from contesting any taxes or other payments, if they are being diligently contested in good faith and if adequate reserves therefor are maintained in conformity with GAAP.

2.2 Maintenance of Books and Records; Properties; Insurance. The Loan Parties will keep and will cause their respective Subsidiaries to keep adequate records and books of account, in which full, true and correct entries will be made in accordance with GAAP consistently applied, reflecting all financial transactions of such Persons. The Loan Parties will maintain or cause to be maintained and will cause their respective Subsidiaries to maintain or cause to be maintained in good repair, working order and condition (ordinary wear and tear and casualty events excepted) all Collateral used in the business of the Loan Parties and their respective Subsidiaries, and will make or cause to be made all appropriate repairs, renewals and replacements thereof, except for (A) dispositions of assets permitted hereunder or (B) as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The Loan Parties will and will cause each of their respective Subsidiaries to maintain complete, accurate and up-to-date books, records, accounts and other information relating to all Collateral in such form and in such detail as may be in accordance with sound business practice. The Loan Parties will and will cause their respective Subsidiaries to maintain or cause to be maintained, with financially sound and reputable insurers, insurance with respect to their business and properties and the business and properties of their respective Subsidiaries against loss and damage of the kinds and of such types, with such insurers, in such amounts, with such limits and deductibles and otherwise on such terms and conditions as customarily carried or maintained by companies of established reputation engaged in similar businesses, and will deliver evidence thereof to Administrative Agent on or prior to the Closing Date. Not less than 15 days (or such later date as the Administrative Agent shall agree to in writing in its sole discretion) prior to the expiration date of the insurance policies required to be maintained by any Loan Party or its Subsidiaries pursuant to the terms hereof, such Grantor will deliver to Administrative Agent one or more certificates of insurance evidencing renewal of the insurance coverage required hereunder plus such other evidence of payment of premiums therefor as the Administrative Agent may reasonably request. If any part of the Collateral lies within a "special flood hazard area" as defined and specified by the Federal Emergency Management Agency (or other appropriate Governmental Authority) pursuant to the Flood Disaster Protection Act of 1973, as amended (the "FDPA"), and Administrative Agent determines that flood insurance coverage is required to be obtained for such Collateral in order for Administrative Agent and Lenders to comply with the FDPA, the Loan Parties shall obtain and maintain such flood insurance policies as Administrative Agent reasonably requests so that Administrative Agent and Lenders shall be deemed in compliance with the FDPA and shall deliver evidence thereof to Administrative Agent. The Loan Parties will, and will cause their respective Subsidiaries (other than any Excluded Subsidiaries, Foreign Subsidiaries and Foreign Subsidiary Holding Companies), to name Administrative Agent, pursuant to endorsements and assignments in form and substance reasonably satisfactory to Administrative Agent, (i) as a lender loss payee and mortgagee, if applicable, in the case of casualty insurance with respect to the Collateral, (ii) as an additional insured in the case of all liability insurance, and (iii) as an additional insured in the case of all flood insurance. Unless Administrative Agent otherwise agrees, all insurance policies required hereunder shall include effective waivers by the insurer of subrogation. Unless Administrative Agent otherwise agrees, Borrower shall use commercially reasonable efforts to obtain for all insurance policies endorsements providing that each such insurance policy is non-cancelable and not subject to material change as to Administrative Agent except upon 30 days' (and 10 days' for non-payment of premiums) prior written notice given by the insurer to Administrative Agent.

Administrative Agent shall be entitled, upon reasonable advance notice, to review and/or receive copies of, the insurance policies of the Loan Parties and their respective Subsidiaries carried and maintained with respect to the Loan Parties' obligations under this Subsection 2.2. Notwithstanding anything to the contrary herein, no provision of this Subsection 2.2 or any provision of this Agreement shall impose on Administrative Agent and Lenders any duty or obligation to verify the existence or adequacy of the insurance coverage maintained by the Loan Parties and their respective Subsidiaries, nor shall Administrative Agent and Lenders be responsible for any representations or warranties made by or on behalf of the Loan Parties and their respective Subsidiaries to any insurance broker, company or underwriter. Administrative Agent, at its sole option, may obtain any insurance required hereunder if not provided by the Loan Parties and in such event, the Loan Parties shall reimburse Administrative Agent upon demand for the cost thereof.

2.3 Inspection. The Loan Parties will permit, and will cause each of their respective Subsidiaries to permit, at the expense of the Loan Parties, any authorized representatives of Administrative Agent (together with any authorized representatives of any Lender that desires to have its authorized representatives accompany Administrative Agent's authorized representatives) (A) to visit and inspect any of the properties of the Loan Parties and their respective Subsidiaries, including their financial and accounting records, and to make copies and take extracts therefrom, and (B) to discuss their affairs, finances and business with their officers, employees and certified public accountants, in each case upon reasonable prior notice at such reasonable times during normal business hours and as often as may be reasonably requested provided, that, that during the continuance of an Event of Default, the authorized representatives of Administrative Agent and any Lender may conduct such visits and inspections and engage in such discussions without notice and as frequently and at such times as they may specify.

2.4 Legal Existence, Etc. Except as otherwise permitted by Subsections 3.6 or 3.7, the Loan Parties will, and will cause their respective Subsidiaries to at all times preserve and keep in full force and effect, their legal existence and good standing and all rights and franchises (including the Licenses), except as permitted hereunder and as would not reasonably be expected to have a Material Adverse Effect.

2.5 Use of Proceeds. The Loan Parties will use the proceeds of the Loans, and will cause any of their respective Subsidiaries who receive (directly or indirectly) proceeds of the Loans to use such proceeds, solely for the purposes described in the recital paragraphs to this Agreement, provided, however, the proceeds of any Incremental Term Loan shall be used solely for the purposes described in the amendment or supplement to this Agreement evidencing such Incremental Term Loan Facility. No part of any Loan will be used (directly or indirectly) to purchase or carry any "margin stock" or to extend credit to others for the purpose of purchasing or carrying any "margin stock" as defined in, or otherwise in violation of, section 7 of the Securities Exchange Act of 1934 and Regulations T, U and X of the Board of Governors of the Federal Reserve System, 12 C.F.R. Parts 220, 221 and 224, respectively

2.6 Notices; Further Assurances. Pursuant to the terms of this Subsection 2.6 and of the Pledge and Security Agreement, Borrower will promptly (and in any event on or before the earlier of (x) if applicable, the time required by Subsection 2.12 or (y) Borrower's next submission of a Compliance Certificate) notify Administrative Agent of (i) any Equity Interest not excluded from the Collateral by Section 2.3(G) of the Pledge and Security Agreement, (ii) any Material Owned Property, (iii) any Material Leased Property, (iv) any Material (as such term is defined in the Pledge and Security Agreement) Copyrights, Patents, Trademarks and Domain Names, (v) any commercial tort claim known to any Loan Party (such that a senior officer of such Loan Party has actual knowledge of the existence of a tort cause of action and not merely of the existence of the facts giving rise to such cause of action) that such Loan Party knows to involve an amount in controversy in the aggregate with any other known commercial tort claim of any Loan Party in excess of \$1,000,000, (vi) any new deposit account, and (vii) any new or existing deposit, investment or other account which has become a Material Account, in each case, owned, acquired, leased or opened by any Loan Party of which notice has not previously been given to the Administrative Agent. Furthermore, Borrower will promptly (and no later than with Borrower's next submission of a Compliance Certificate) notify Administrative Agent of any material FCC, PUC, cable franchise or other License, in each case, owned, acquired, or leased by any Loan Party or any Subsidiary of any Loan Party of which notice has not previously been given to the Administrative Agent.



The Loan Parties will, and will cause each of their respective Subsidiaries to, from time to time, do, execute, authorize and deliver, as the case may be, all such additional and further acts, documents, instruments, filings and opinions as Administrative Agent reasonably requests to consummate the transactions contemplated hereby and to vest completely in and assure Administrative Agent and the other Secured Parties of their respective rights under this Agreement and the other Loan Documents, including such financing statements, regulatory filings or approvals, documents, security agreements and reports to evidence, perfect or otherwise implement the security for repayment of the Secured Obligations contemplated by the Loan Documents.

Administrative Agent may elect not to request any documents, instruments, filings or opinions as contemplated by this Subsection 2.6 or the Pledge and Security Agreement and the other Loan Documents if it determines in its sole discretion that the costs to the Loan Parties of perfecting a security interest or lien in such property exceed the relative benefit afforded the Secured Parties.

2.7 CoBank Equity. So long as CoBank is a Lender hereunder, Borrower will acquire equity in CoBank in such amounts and at such times as CoBank may require in accordance with CoBank's Bylaws and Capital Plan (as each may be amended from time to time), except that the maximum amount of equity that Borrower may be required to purchase in CoBank in connection with the Loans made by CoBank hereunder may not exceed the maximum amount permitted by CoBank's Bylaws as of the date this Agreement is entered into or at the time such Loans are renewed or refinanced by CoBank. The rights and obligations of the parties with respect to such equity and any patronage or other distributions made by CoBank on account thereof, as well as patronage distributions in the event of a sale of a participation interest in the Loans made by CoBank, shall be governed by CoBank's Bylaws and Capital Plan (as each may be amended from time to time). Borrower hereby consents and agrees that the amount of any distributions with respect to Borrower's patronage with CoBank that are made in qualified written notices of allocation (as defined in 26 U.S.C. Sec. 1388) and that are received by Borrower from CoBank will be taken into account by Borrower at the stated dollar amounts whether the distribution is evidenced by a stock certificate or other form of written notice that such distribution has been made and recorded in the name of Borrower on the records of CoBank. CoBank's Pro Rata Share of the Loans and other Secured Obligations due to CoBank shall be secured by a statutory first lien on all equity that Borrower may now own or hereafter acquire in CoBank. Such equity shall not, however, constitute security for the Secured Obligations due to any other Secured Party. CoBank shall not be obligated to set off or otherwise apply such equities to Borrower's obligations to CoBank.

2.8 Collateral Assignments of Material Contracts. The Loan Parties shall promptly execute and deliver to Administrative Agent, for the benefit of Administrative Agent and all other Secured Parties, all such Collateral Contract Assignments with respect to Material Contracts (excluding the NCTC Agreement and the Sprint Nextel Agreements and excluding for a period of up to 45 days after the date hereof (or such later date as Administrative Agent shall agree to in writing in its sole discretion) the IBBS Agreement) as Administrative Agent may reasonably request from time to time, such Collateral Contract Assignments to contain, to the extent obtainable through the use of commercially reasonable efforts, a consent to the collateral assignment of the applicable Material Contract satisfactory to Administrative Agent and containing such other reasonable terms and conditions in light of the nature of the applicable Material Contract and the parties thereto other than the Loan Parties and their respective Subsidiaries.

2.9 Investment Company Act. None of the Loan Parties or any of their respective Subsidiaries shall be or become an "investment company" as that term is defined in the Investment Company Act of 1940.

2.10 Payment of Obligations. Unless contested in good faith by appropriate proceedings and then only to the extent reserves required by GAAP have been set aside therefore, the Loan Parties will, and will cause each of their respective Subsidiaries to, (A) pay, discharge or otherwise satisfy at or before maturity all liabilities and obligations as and when due (subject to any applicable subordination provisions), and any additional costs that are imposed as a result of any failure to so pay, discharge or otherwise satisfy such obligations, except to the extent failure to do so would not be reasonably likely to have a Material Adverse Effect, and (B) pay and discharge all taxes, assessments, claims and governmental charges or levies imposed upon it, upon its income or profits or upon any of its properties, prior to the date on which penalties would attach thereto or a lien would attach to any of the properties of the Loan Parties or their respective Subsidiaries if unpaid unless, in each case, the same is being contested in good faith and by appropriate proceedings and then only if and to the extent reserves required by GAAP have been set aside therefor.

2.11 Environmental Laws.

(A) The Loan Parties will, and will at all times, cause each of their respective Subsidiaries to comply in all material respects with, and ensure compliance in all material respects by all tenants and subtenants, if any, with all applicable Environmental Laws and obtain and comply in all material respects with and maintain, and ensure that all tenants and subtenants obtain and comply in all material respects with and maintain, any and all licenses, approvals, notifications, registrations or permits required by applicable Environmental Laws except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect;

(B) The Loan Parties will, and will at all times, cause each of their respective Subsidiaries to conduct and complete all investigations, studies, sampling and testing, and all remedial, removal and other actions required under Environmental Laws and promptly comply in all material respects with all lawful orders and directives of all Governmental Authorities regarding Environmental Laws except to the extent that the same is being contested in good faith by appropriate proceedings and the pendency of such proceedings could not reasonably be expected to have a Material Adverse Effect; and

(C) The Loan Parties will, and will at all times, cause each of their respective Subsidiaries (other than any Excluded Subsidiary) to defend, indemnify and hold harmless Administrative Agent and Lenders, and their respective employees, agents, officers and directors, from and against any and all claims, demands, penalties, fines, liabilities, settlements, damages, costs and expenses of whatever kind or nature known or unknown, contingent or otherwise, arising out of, or in any way relating to the violation of, noncompliance with or liability under, any Environmental Law applicable to the operations of any Loan Party or any of its respective Subsidiaries or their respective properties, or any orders, requirements or demands of Governmental Authorities related thereto, including, reasonable attorney's and consultant's fees, investigation and laboratory fees, response costs, court costs and litigation expenses, except to the extent that any of the foregoing is determined by a final and nonappealable judgment of a court of competent jurisdiction to have resulted from the negligence or willful misconduct of the party seeking indemnification therefor. The agreements in this Subsection 2.11 shall survive repayment of the Obligations and the termination of this Agreement.

2.12 Creation or Acquisition of Subsidiaries. Promptly upon (and in any event within 10 days after (or such later date as Administrative Agent shall agree to in writing in its sole discretion) the creation or acquisition of any new Subsidiary (other than an Excluded Subsidiary) by any Loan Party or any Subsidiary of any Loan Party, each such new Subsidiary will execute and deliver to Administrative Agent a Joinder Agreement, pursuant to which such new Subsidiary (i) shall become a party hereto as a Guarantor and (ii) shall become a party to the Pledge and Security Agreement and shall deliver to Administrative Agent all such other Security Documents and such legal opinions as Administrative Agent shall reasonably request relating to such new Subsidiary, and shall grant to Administrative Agent a Lien upon and security interest in its Collateral, to the extent provided in the Security Documents, for the Secured Obligation (provided that no assets of an Excluded Subsidiary, a Foreign Subsidiary or a Foreign Subsidiary Holding Company shall be required to secure the Obligations by pledge or otherwise). Promptly upon (and in any event within 10 days after (or such later date as Administrative Agent shall agree to in writing in its sole discretion) the creation or acquisition of any new Excluded Subsidiary by any Loan Party or any Subsidiary of a Loan Party, unless otherwise determined by Administrative Agent in its sole discretion, such new Excluded Subsidiary will execute and deliver to Administrative Agent a Negative Pledge Agreement in form and substance satisfactory to Administrative Agent in its sole discretion.

Promptly upon (and in any event within 10 days after (or such later date as Administrative Agent shall agree to in writing in its sole discretion)) the creation or acquisition of a new Subsidiary by any Loan Party or any Subsidiary of any Loan Party, all capital stock or other equity interest in such Subsidiary owned by any Loan Party or any Subsidiary of any Loan Party will be pledged to Administrative Agent as follows (provided that any equity interests in any Foreign Subsidiary or Foreign Subsidiary Holding Company owned by a Loan Party or another Subsidiary (other than a Foreign Subsidiary or Foreign Subsidiary Holding Company) which, when aggregated with all of the other shares of equity interests in such Subsidiary pledged to Administrative Agent, would result in more than 65% of the total equity interests entitled to vote of such Subsidiary being pledged to Administrative Agent, shall not be pledged; provided further that no assets of a Foreign Subsidiary or Foreign Subsidiary Holding Company, or any Subsidiary of either thereof or any Equity Interest issued by any such Subsidiary of either thereof, shall be required to secure the Obligations by pledge or otherwise): (i) if a Loan Party directly owns any of the capital stock of or other equity interest in such new Subsidiary, such Loan Party will execute and deliver to Administrative Agent an amendment or supplement to the Pledge and Security Agreement pursuant to which all such capital stock or other equity interest shall be pledged to Administrative Agent, together with the certificates evidencing such capital stock or other equity interest and undated stock or transfer powers duly executed in blank and such legal opinions as Administrative Agent may reasonably request; and (ii) if any of the capital stock of or other equity interest in such new Subsidiary is owned by another Subsidiary (other than a Foreign Subsidiary or Foreign Subsidiary Holding Company), to the extent not already covered by the Pledge and Security Agreement, such other Subsidiary will execute and deliver to Administrative Agent an appropriate joinder, amendment or supplement to the Pledge and Security Agreement, pursuant to which all of the capital stock of or other equity interest in such new Subsidiary owned by such other Subsidiary shall be pledged to Administrative Agent, together with the certificates evidencing such capital stock or other equity interest and undated stock or transfer powers duly executed in blank and such legal opinions as Administrative Agent may reasonably request.

As promptly as reasonably possible, the Loan Parties and their respective Subsidiaries will deliver any such other documents, certificates and opinions (including opinions of local counsel in the jurisdiction of organization of each such new Subsidiary) regarding such new Subsidiary, in form and substance reasonably satisfactory to Administrative Agent, as Administrative Agent may reasonably request in connection therewith and will take such other action as Administrative Agent may reasonably request to create in favor of Administrative Agent a perfected security interest on a first-priority basis in the Collateral being pledged pursuant to the documents described above.

2.13 Interest Rate Protection. Within 90 days of the Closing Date, Borrower shall have entered into or obtained, and Borrower will thereafter maintain in full force and effect, Hedge Agreements in form and substance reasonably satisfactory to Administrative Agent, the effect of which shall be to fix or limit interest rates payable by Borrower as to at least 33% of the aggregate principal balance of the Term Loan A outstanding on such date for a period of not less than three (3) years after such date (adjusted to take into account amortization of the Term Loan A). Borrower will deliver to Administrative Agent, promptly upon receipt thereof, copies of such Hedge Agreements (and any supplements or amendments thereto), and promptly upon request therefor, any other information reasonably requested by Administrative Agent to evidence its compliance with the provisions of this Subsection 2.13.

2.14 ERISA. With respect to any Plan, other than a Multi-employer Plan, that is intended to qualify under Section 401(a) of the IRC, the Loan Parties will apply for and obtain a favorable determination letter within the period provided by Applicable Law, unless the Plan was adopted by means of a master or prototype plan that has received a favorable opinion letter from the Internal Revenue Service upon which the Loan Parties are entitled to rely.

2.15 Post-Closing Searches. Borrower will deliver, or cause to be delivered, to Administrative Agent, within 30 days from the date hereof (or such later date as Administrative Agent may in its sole discretion agree to in writing) central index lien searches against each of the Loan Parties in the jurisdiction of such Loan Party's formation showing the UCC financing statement of Administrative Agent against such Loan Party to be of record.

SECTION 3  
NEGATIVE COVENANTS

Each of the Loan Parties hereby covenants and agrees that so long as this Agreement is in effect, unless Requisite Lenders shall otherwise give their prior written consent, such Loan Party shall perform and comply, and shall cause each of its respective Subsidiaries to perform and comply, with all covenants in this Section 3.

3.1 Indebtedness. The Loan Parties will not, and will not permit any of their respective Subsidiaries to, directly or indirectly, create, incur, assume, guaranty or otherwise become or remain liable with respect to any Indebtedness except for:

- (A) the Loans and the other Obligations;
- (B) the Contingent Obligations permitted by Subsection 3.4;
- (C) Indebtedness incurred in connection with any Hedge Agreement permitted pursuant to Subsection 3.14;
- (D) Indebtedness in respect of Investments permitted by Subsection 3.3;
- (E) Indebtedness to depository institutions with respect to cash management and similar arrangements in the ordinary course of business;
- (F) Indebtedness representing deferred compensation to employees of the Loan Parties and their Subsidiaries incurred in the ordinary course of business;
- (G) Indebtedness under purchase money security agreements, Capital Leases, and other Indebtedness, the aggregate principal amount of which shall not exceed \$10,000,000 for all of the Loan Parties and their Subsidiaries at any time;
- (H) Indebtedness of Shenandoah Telephone Company to RUS in an aggregate outstanding amount not to exceed \$200,000 at any one time;
- (I) Indebtedness among the Loan Parties; provided that, any such intercompany Indebtedness owed by Borrower to another Loan Party which is a wholly-owned, direct Subsidiary of Borrower shall be paid down in full at least once per fiscal quarter by means of a dividend to Borrower in the amount of such outstanding Indebtedness to the extent such dividend is permitted by Applicable Law;

(J) Indebtedness of Borrower to Shenandoah Telephone Company pursuant to intercompany loans with respect to the cash management system of Borrower and its Subsidiaries; provided that, such Indebtedness (i) shall be paid down in full at least once per fiscal quarter by means of a dividend in the amount of the outstanding Indebtedness from Shenandoah Telephone Company to Borrower, to the extent such dividend is permitted by Applicable Law, and (ii) shall not exceed \$2,500,000 at any one time;

(K) In addition to the Indebtedness to Shenandoah Telephone Company permitted pursuant to Subsection 3.1(J), other Indebtedness of the Loan Parties to the Excluded Subsidiaries which shall not exceed \$500,000 in the aggregate principal amount outstanding at any time; or

(L) Indebtedness of a Person or Indebtedness attaching to the assets of a Person that, in either case, becomes a Subsidiary of any Loan Party (or is a Subsidiary that survives a merger with such Person) or Indebtedness attaching to assets that are acquired by any Loan Party or any Subsidiary of a Loan Party, in each case, after the Closing Date as the result of a Permitted Investment; provided that

(i) such Indebtedness existed at the time such Person became a Subsidiary of a Loan Party or at the time such assets were acquired and, in each case, was not created in anticipation thereof, and

(ii) such Indebtedness is not guaranteed in any respect by any Loan Party or any Subsidiary of a Loan Party (other than by any such Person that so becomes a Subsidiary or is the survivor of a merger with such Person, or any of its Subsidiaries), and

(iii) (1) the equity interests of such Person are pledged to secure the Secured Obligations to the extent required hereunder and in the other Loan Documents, (2) such Person otherwise complies with Subsection 2.12, and (3) the assets are subject to the Lien of Administrative Agent under the Security Agreements subject only to Permitted Encumbrances, and

(iv) (1) after giving pro forma effect to the incurrence of such Indebtedness and the application of proceeds thereof, Borrower is in compliance with the covenants set forth in Subsections 4.1 through 4.5 for the most recently ended test period and (2) except for Indebtedness consisting of capital lease obligations, purchase money Indebtedness or mortgages or other Liens on specific assets (a) no portion of such Indebtedness matures prior to the latest maturity date of any of the Loans, and (b) no portion of such Indebtedness is issued or guaranteed by a Person that is, or as a result of such acquisition becomes, a Subsidiary that is not a Guarantor, and

(v) The aggregate principal amount of such assumed Indebtedness outstanding at any one time shall not exceed \$10,000,000.

3.2 Liens and Related Matters.

(A) No Liens. The Loan Parties will not, and will not permit any of their respective Subsidiaries to, directly or indirectly, create, incur, assume or permit to exist any Lien on or with respect to any property or asset (including any document or instrument with respect to goods or accounts receivable) of the Loan Parties or their respective Subsidiaries, whether now owned or hereafter acquired, or any income or profits therefrom, except for Permitted Encumbrances.

(B) No Negative Pledges. The Loan Parties will not and will not permit their respective Subsidiaries directly or indirectly to enter into or assume any agreement (other than the Loan Documents) prohibiting the creation or assumption of any Lien upon its or their properties or assets, whether now owned or hereafter acquired, except for (i) operating leases, Licenses and Capital Leases and agreements evidencing purchase money Indebtedness permitted pursuant to Subsection 3.1(G) which only prohibit Liens upon the assets that are subject thereto and proceeds thereof, (ii) customary non-assignment clauses in leases, licenses, agreements regarding Equity Interests excluded from the Collateral by Section 2.3(G) of the Pledge and Security Agreement, and other agreements entered into in the ordinary course of business, or (iii) restrictions imposed by Applicable Law.

3.3 Investments. The Loan Parties will not, and will not permit any of their respective Subsidiaries to, directly or indirectly, make or own any Investment in any Person and employees of the Loan Parties and their Subsidiaries incurred in the ordinary course of business;

(A) Investments in Cash Equivalents;

(B) obligations of or equities in CoBank, as set forth in Subsection 2.7;

(C) existing Investments set forth on Schedule 3.3(C);

(D) Hedge Agreements permitted pursuant to Subsection 3.14;

(E) Investments among Loan Parties;

(F) reasonable and customary loan and advances made to officers, directors and employees of the Loan Parties and their Subsidiaries incurred in the ordinary course of business;

(G) the JetBroadband Acquisition; or

(H) Permitted Investments.

3.4 Contingent Obligations. The Loan Parties will not, and will not permit any of their respective Subsidiaries to, directly or indirectly, create or become or be liable with respect to any Contingent Obligation except for those:

(A) resulting from endorsement of negotiable instruments for collection in the ordinary course of business;

(B) arising under indemnity agreements to title insurers in connection with mortgagee title insurance policies in favor of Administrative Agent for the benefit of itself and the other Lenders;

(C) arising in the ordinary course of business with respect to customary indemnification obligations incurred in the ordinary course of business;

(D) incurred in the ordinary course of business with respect to surety and appeal bonds, performance and return-of-money bonds and other similar obligations;

(E) incurred as a guaranty of Indebtedness permitted by Subsection 3.1 (provided that such guaranty obligation shall in no event exceed the amount of such Indebtedness plus other related costs and expenses of collection as set forth in such guaranty);

(F) constituting Investments permitted pursuant to Subsection 3.3;

(G) arising under the Loan Documents and under Hedge Agreements;

(H) arising with respect to customary indemnification, adjustment of purchase price or similar obligations incurred in connection with the JetBroadband Acquisition or a Permitted Investment; or

(I) that are guarantees by any Loan Party of its respective Subsidiaries' obligations which are otherwise permitted by this Agreement.

3.5 Restricted Junior Payments. The Loan Parties will not, and will not permit their respective Subsidiaries to, directly or indirectly, declare, order, pay, make or set apart any sum for any Restricted Junior Payment except for:

(A) any Loan Party and any Subsidiary of any Loan Party may make, declare or pay lawful cash dividends or distributions to, or redeem capital stock or other equity interest held by, any other Loan Party;

(B) any Loan Party and any Subsidiary of any Loan Party may make, declare or pay lawful cash dividends or distributions to, or redeem capital stock or other equity interest held by, any Excluded Subsidiary, provided that, the aggregate amount of such dividends, distributions or redemptions made, declared or paid to any Excluded Subsidiary by any Loan Party may not exceed \$1,000,000 over the term of this Agreement;

(C) any Subsidiary of Borrower that is not directly or indirectly wholly-owned by Borrower may make, declare or pay lawful, pro rata cash dividends, distributions or redemptions;

(D) so long as no Default or Event of Default exists before or will result after giving effect to such dividends, distributions or redemptions on a pro forma basis, Borrower may declare or pay a lawful dividend or other distribution of assets, or retire, redeem, purchase or otherwise acquire capital stock in an aggregate amount which when added to any such dividends, distributions or redemptions of capital stock or other equity interest made, declared or paid from and after January 1, 2010 does not exceed 50% of Borrower's consolidated net income (excluding non-cash extraordinary items such as write-downs or write-ups of assets, other than current assets) from October 1, 2009 to the date of declaration of any such dividends, distributions or redemptions; or



(E) Borrower may make, declare or pay lawful dividends or distributions to the extent payable in capital stock or other equity interest in the Borrower that is not Disqualified Stock.

3.6 Restriction on Fundamental Changes. The Loan Parties will not, and will not permit their respective Subsidiaries to, directly or indirectly: (A) unless and only to the extent required by Applicable Law or as would not be reasonably expected to be adverse to the interests of the Lenders in any respect other than an immaterial respect, amend, modify or waive any term or provision of their respective articles of organization, operating agreements, management agreements, articles of incorporation, certificates of designations pertaining to preferred stock, by-laws, articles of formation or partnership agreement (provided that 30 days prior (or such later date as specified by Administrative Agent in writing in its sole discretion) written notice will be delivered to Administrative Agent of any modification subject to Section 4.2 of the Pledge and Security Agreement or that results in a Loan Party, any Subsidiary of a Loan Party or any entity whose equity interest is pledged by a Loan Party pursuant to the Pledge and Security Agreement opting into Article 8 of the Uniform Commercial Code); (B) enter into any transaction of merger or consolidation, except that, (i) any Guarantor may be merged with or into Borrower (provided that Borrower is the surviving entity), (ii) any Guarantor may merge or consolidate with any other Guarantor, (iii) any Excluded Subsidiary may merge or consolidate with any other Excluded Subsidiary, and (iv) any Asset Disposition permitted under Subsection 3.7 may be structured as mergers, consolidations or amalgamations; (C) liquidate, wind-up or dissolve itself (or suffer any liquidation or dissolution), except in connection with another transaction permitted under clause (B) above or any Asset Disposition permitted under Subsection 3.7; or (D) acquire by purchase or otherwise all or any substantial part of the business, assets or equity interests of or in any Person (whether by stock purchase or otherwise) other than pursuant to any Investment permitted hereunder including, without limitation the JetBroadband Acquisition; provided that, 30 days prior (or such later date as specified by Administrative Agent in writing in its sole discretion) to the effective date of such merger, consolidation, dissolution, liquidation, or amalgamation in the case of clause (B) or clause (C), or such acquisition in the case of clause (D), and promptly following such amendment, modification or waiver in the case of clause (A), Borrower shall provide written notice and, if requested by Administrative Agent, a copy thereof or the documentation relating thereto to Administrative Agent.

3.7 Disposal of Assets or Subsidiary Stock. The Loan Parties will not, and will not permit their respective Subsidiaries to, directly or indirectly, convey, sell (including, pursuant to a sale and leaseback transaction), lease (including, pursuant to a lease or sale and leaseback transaction), sublease, transfer or otherwise dispose of, or grant any Person an option to acquire (including in the case of any Subsidiary, the issuance by such Subsidiary of its capital stock or other equity interest), in one transaction or a series of transactions, any of their respective property, business, Licenses or assets, or the capital stock of or other equity interests in any such Subsidiary, whether now owned or hereafter acquired, except for (A) bona fide sales or leases of inventory to customers in the ordinary course of business, dispositions of surplus, worn out or obsolete equipment and any conveyance, lease, sublease, transfer or other disposition of assets of any Subsidiary of any Loan Party that is not a Guarantor or an Excluded Subsidiary to another Loan Party that is not a Guarantor or an Excluded Subsidiary; (B) fair market value sales of Cash Equivalents; (C) leasing or subleasing of their respective property in the ordinary course of business; (D) to the extent required by Applicable Law; (E) the sale of the stock or assets of Shentel Converged Services, Inc.; (F) any conveyance, lease, sublease, transfer or other disposition of assets of any Loan Party to another Loan Party, provided, that the aggregate market value of any assets conveyed, leased, subleased, or otherwise transferred to any Excluded Subsidiary by a Loan Party may not exceed \$1,000,000 over the term of this Agreement; or (G) any other Asset Dispositions if all of the following conditions are met: (i) the aggregate market value of such assets sold does not exceed \$3,000,000 in any fiscal year or \$15,000,000 over the term of this Agreement in the aggregate for the Loan Parties and their respective Subsidiaries; (ii) the consideration received by the Loan Party or such Subsidiary is at least equal to the fair market value of such assets; (iii) the sole consideration received is cash or assets of comparable value to that disposed of and that is to be used in the business of the Loan Party or such Subsidiary; (iv) after giving effect to the Asset Disposition, Borrower, on a combined and consolidated basis with its Subsidiaries as set forth in Section 4, is in compliance on a Pro forma Basis with the covenants set forth in Section 4 recomputed for the most recently ended fiscal quarter for which information is available; and (v) no Default or Event of Default then exists or shall result from the Asset Disposition.

3.8 Transactions with Affiliates. The Loan Parties will not, and will not permit their respective Subsidiaries to, directly or indirectly, enter into or permit to exist any transaction (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate or with any director or officer of the Loan Parties or their respective Subsidiaries or any Affiliate, except for (A) as set forth on Schedule 3.8; (B) as expressly permitted pursuant to other provisions of this Section 3; (C) transactions among the Loan Parties and the Excluded Subsidiaries, provided, that any transactions in which an Excluded Subsidiary receives payment or otherwise incurs a receivable from a Loan Party must be related to the provision by the Excluded Subsidiary of facilities, goods or services (including, by way of example and without limitation, the provision of telecommunications circuits, switching services and access to network facilities) to such Loan Party in the ordinary course of business pursuant to the reasonable requirements of the business of such Loan Party and upon fair and reasonable terms that are no less favorable to such Loan Party than would be obtained in a comparable arm's length transaction with a Person that is not an Affiliate; (D) payment of compensation to directors, officers and employees in the ordinary course of business for services actually rendered in their capacities as directors, officers and employees, provided such compensation is reasonable and comparable with compensation paid by companies of like nature and similarly situated; or (E) Restricted Junior Payments permitted by Subsection 3.5.

3.9 Management Fees. The Loan Parties will not, and will not permit their respective Subsidiaries to, directly or indirectly, pay any management or other similar fees to any Person; except for management fees paid (A) to any Loan Party or any Excluded Subsidiary, provided, that the aggregate amount of any such fees paid to any Excluded Subsidiary by any Loan Party may not exceed \$1,000,000 over the term of this Agreement, or (B) other management or similar fees reasonably satisfactory to Requisite Lenders.

3.10 Conduct of Business. Other than Equity Interests excluded from the Collateral by Section 2.3(G) of the Pledge and Security Agreement, the Loan Parties will not, and will not permit their respective Subsidiaries to, directly or indirectly, engage in any business other than businesses of owning, constructing, managing, operating and investing (subject to Subsection 3.3) in Communications Systems or other businesses related or incidental thereto.

3.11 Fiscal Year. The Loan Parties will not, and will not permit their respective Subsidiaries to, change their fiscal year from a fiscal year ending on December 31 of each year.

3.12 Modification of Agreements. The Loan Parties will not, and will not permit their respective Subsidiaries to, amend, modify or change, or consent or agree to any amendment, modification, change or consent to or regarding, any of the terms of any Material Contracts, except to the extent such change, amendment, modification or consent would not have a Material Adverse Effect.

3.13 Inconsistent Agreements. The Loan Parties will not, and will not permit their respective Subsidiaries to, enter into any agreement containing any provision which would (A) be violated or breached by any borrowing by Borrower hereunder or by the performance by the Loan Parties or their respective Subsidiaries of any of their obligations hereunder or under any other Loan Document (other than permitted Capital Leases and purchase money security agreements); (B) create or permit to exist or become effective any consensual encumbrance or restriction on the ability of such Loan Party or Subsidiary to (i) pay dividends or make other distributions to its parent or any other applicable Subsidiary of its parent, or pay any Indebtedness owed to its parent or any Subsidiary of its parent, (ii) make loans or advances to its parent or (iii) transfer any of its assets or properties to its parent; in each case, other than (a) restrictions affecting non-wholly-owned Subsidiaries, (b) customary non-assignment clauses in leases, licenses, documents regarding Equity Interests excluded from the Collateral by Section 2.3(G) of the Pledge and Security Agreement, and other agreements entered into in the ordinary course of business or (c) restrictions imposed by Applicable Law.

3.14 Hedge Agreements. The Loan Parties will not, and will not permit their respective Subsidiaries to, engage in any speculative transactions or in any transaction involving a Hedge Agreement except as required by Subsection 2.13 or for the sole purpose of hedging in the normal course of business.

3.15 Ownership of Licenses. Except as noted on Schedule 5.13(A) or pursuant to a permitted Asset Disposition, the Loan Parties will not permit any License issued by the United States of America, or state or any political subdivision thereof, including any agency or commission of any thereof, and utilized in the business of such Loan Party or any of its respective Subsidiaries to be issued to, assigned to, transferred to or acquired by any Subsidiary or Affiliate of a Loan Party who is not a Loan Party or a Subsidiary of a Loan Party whose ownership interests are subject to a valid and perfected first priority Lien in favor of the Secured Parties pursuant to the Pledge and Security Agreement.

SECTION 4  
FINANCIAL COVENANTS AND REPORTING

The Loan Parties hereby covenant and agree that so long as this Agreement is in effect, unless Requisite Lenders shall otherwise give their prior written consent, the Loan Parties shall perform and comply with, and shall cause each of their respective Subsidiaries to perform and comply with, all covenants in this Section 4. For the purposes of this Section 4, all covenants calculated for Borrower shall be calculated on a consolidated basis for Borrower and its Subsidiaries.

4.1 Total Leverage Ratio. Commencing on the Closing Date, Borrower shall maintain at all times, measured at each fiscal quarter end, a Total Leverage Ratio of less than or equal to the ratio set forth below opposite such date:

| Date                                    | Covenant  |
|---|-----------|
| Closing Date through March 31, 2011     | 3.00:1.00 |
| April 1, 2011 through December 31, 2012 | 2.50:1.00 |
| January 1, 2013 and thereafter          | 2.00:1.00 |

4.2 Debt Service Coverage Ratio. Commencing on the Closing Date, Borrower shall maintain at all times, measured at each fiscal quarter end, a Debt Service Coverage Ratio greater than the ratio set forth below opposite such date:

| Date                                   | Covenant  |
|--|-----------|
| Closing Date through December 31, 2012 | 2.25:1.00 |
| January 1, 2013 and thereafter         | 2.50:1.00 |

4.3 Equity to Assets Ratio. Commencing on the Closing Date, Borrower shall maintain at all times, measured at each fiscal quarter end, an Equity to Assets Ratio greater than 0.35:1.0.

4.4 Fixed Charge Coverage Ratio. Commencing on the Closing Date, Borrower shall maintain at all times, measured at each fiscal quarter end, a Fixed Charge Coverage Ratio greater than the ratio set forth below opposite such date:

| <b>Date</b>                               | <b>Covenant</b> |
|---|-----------------|
| Closing Date through December 31, 2012    | 0.80:1.00       |
| January 1, 2013 through December 31, 2013 | 0.90:1.00       |
| January 1, 2014 and thereafter            | 1.00:1.00       |

4.5 Minimum Liquidity Balance. Commencing on the Closing Date, Borrower shall maintain at all times a Minimum Liquidity Balance greater than \$15,000,000.

4.6 Financial Statements and Other Reports. The Loan Parties will maintain, and will cause their respective Subsidiaries to maintain, a system of accounting established and administered in accordance with sound business practices to permit preparation of financial statements in conformity with GAAP consistently applied (it being understood that quarterly financial statements are not required to have footnote disclosures or reflect year end adjustments). Borrower will deliver or cause to be delivered each of the financial statements and other reports described below to Administrative Agent.

(A) Quarterly Financials; Other Quarterly Reports. As soon as available and in any event no later than the earlier to occur of (i) 10 days after the date that Borrower is or would be required to file Borrower's quarterly report with the Securities and Exchange Commission (the "SEC") as part of Borrower's periodic reporting (whether or not Borrower is subject to such reporting requirements) and (ii) 55 days after the end of the first three (3) fiscal quarters of each fiscal year of Borrower, Borrower will deliver (1) consolidated balance sheets of Borrower and its Subsidiaries, as at the end of such fiscal quarter and the then elapsed portion of the applicable fiscal year, and the related consolidated statements of income, shareholders' equity and cash flows for such fiscal quarter and for the period from the beginning of the then current fiscal year of Borrower to the end of such quarter (which requirement shall be deemed satisfied by the delivery of Borrower's quarterly report on Form 10-Q (or any successor form) for such quarter) and (2) consolidating balance sheets of Borrower and its Subsidiaries, as at the end of such fiscal quarter and the then elapsed portion of the applicable fiscal year, and the related consolidating statements of income for such fiscal quarter and for the period from the beginning of the then current fiscal year of Borrower to the end of such quarter.

(B) Year-End Financials. As soon as available and in any event no later than the earlier to occur of (i) 10 days after the date that Borrower is or would be required to file Borrower's annual report with the SEC as part of Borrower's periodic reporting (whether or not Borrower is subject to such reporting requirements), and (ii) 100 days after the end of each fiscal year of Borrower, Borrower will deliver (1) consolidated balance sheets of Borrower and its Subsidiaries, as at the end of such year, and the related consolidated statements of income, shareholders' equity and cash flows for such fiscal year (which requirement shall be deemed satisfied by the delivery of Borrower's Annual Report on Form 10-K (or any successor form) for such year), (2) consolidating balance sheets of Borrower and its Subsidiaries, as at the end of such year, and the related consolidating statements of income for such fiscal year and (3) a report with respect to the financial statements received pursuant to this Subsection 4.6(B) from KPMG LLP or another firm of independent certified public accountants of recognized national standing selected by Borrower and reasonably acceptable to Administrative Agent, which report shall be prepared in accordance with Statement of Auditing Standards No. 58 (the "Statement"), as amended, entitled "Reports on Audited Financial Statements" and such report shall be without any material qualification or exception as to the scope of such audit or any "going concern" qualification.

(C) Compliance Certificates. Together with each delivery of financial statements of Borrower and its Subsidiaries pursuant to Subsections 4.6(A) and (B), Borrower will deliver or cause to be delivered a fully and properly completed compliance certificate in substantially the same form as Exhibit 4.6(C) (each, a "**Compliance Certificate**") signed by either the chief executive officer or the chief financial officer of Borrower.

(D) Annual Officer's Certificate. Together with each delivery of financial statements of Borrower and its Subsidiaries pursuant to Subsection 4.6(B), Borrower will deliver to Administrative Agent an annual officer's certificate in substantially the same form as Exhibit 4.6(D) (each, an "**Annual Officer's Certificate**") signed by either the chief executive officer or the chief financial officer (i) either confirming the Annexes to the Pledge and Security Agreement and Schedules 5.3(A), 5.3(C), 5.13(A), and 5.19 of the Credit Agreement delivered on the Closing Date or the date of the most recent certificate delivered pursuant to this Subsection 4.6(D) are true, complete and correct in all material respects as of such date or attaching thereto Annexes to the Pledge and Security Agreement and Schedules 5.3(A), 5.3(C), 5.13(A), and 5.19 of the Credit Agreement (including any changes of which Borrower has provided notice to Administrative Agent pursuant to the terms of the Pledge and Security Agreement but which have not been identified in a certificate delivered pursuant to this Subsection 4.6(D)) that are true, correct and complete as of such date, (ii) certifying that Borrower has provided or caused to be provided or will provide or cause to be provided promptly (and no later than thirty 30 days from such request by the Administrative Agent or such later date as the Administrative Agent specifies in writing in its reasonable discretion) to the Administrative Agent, for the benefit of the Secured Parties, executed account control agreements with respect to any Material Account specified by the Administrative Agent, all in form and substance reasonably satisfactory to Administrative Agent, from the appropriate depository institutions, securities intermediaries or other entities holding such deposit, investment or other accounts; and such account control agreements are in full force and effect as of the date hereof, and (iii) certifying that Borrower has provided or caused to be provided or will provide or cause to be provided promptly (and no later than thirty 30 days from such request by the Administrative Agent or such later date as the Administrative Agent specifies in writing in its reasonable discretion) to the Administrative Agent, for the benefit of the Secured Parties, executed mortgages or equivalent under Applicable Law, title commitments, environmental questionnaires, further Phase I or Phase II reports, fixture filings, legal opinions, landlord consents and flood insurance, and such other documents or instruments specified by the Administrative Agent with respect to any of the Material Owned Property and Material Leased Property of any Grantor, as specified by Administrative Agent, all in form and substance reasonably satisfactory to Administrative Agent; and the same are in full force and effect as of the date hereof.

(E) Accountants' Reports. Promptly upon receipt thereof, Borrower will deliver or cause to be delivered copies of all significant reports submitted by Borrower's firm of certified public accountants in connection with each annual, interim or special audit or review of any type of financial statements or related internal control systems of Borrower made by such accountants, including any comment letter submitted by such accountants to management in connection with their services.

(F) Management Report. If Borrower is no longer subject to reporting requirements of the Act, together with each delivery of financial statements of Borrower and its Subsidiaries pursuant to Subsections 4.6(A) and 4.6(B), Borrower will deliver or cause to be delivered reports in scope and content substantively similar to its present SEC reporting. The information above shall be presented in reasonable detail and shall be certified by the chief financial officer or chief operating officer of Borrower, respectively, to the effect that, to his or her knowledge after reasonable diligence, such information fairly presents the results of operations and financial condition of Borrower and its Subsidiaries as at the dates and for the periods indicated.

(G) Budget. (i) As soon as reasonably available, but in any event within 30 days after the first day of each fiscal year of Borrower occurring during the term hereof, Borrower shall deliver or cause to be delivered operating and capital spending budgets (the "**Budgets**") of Borrower and its Subsidiaries for such fiscal year, quarter by quarter and (ii) promptly after becoming aware thereof, Borrower will deliver or cause to be delivered any material amendment to or deviation from such Budgets.

(H) Events of Default, Etc. Promptly upon any officer of any Loan Party obtaining knowledge of any of the following events or conditions, Borrower shall deliver copies of all notices given or received by any Loan Party or any of their respective Subsidiaries with respect to any such event or condition and a certificate of Borrower's chief executive officer or chief financial officer specifying the nature and period of existence of such event or condition and what action, if any, such Loan Party or such Subsidiary has taken, is taking and proposes to take with respect thereto: (i) any Event of Default or Default; or (ii) any notice that any Person has given to any Loan Party or any of their respective Subsidiaries or any other action taken with respect to a claimed default or event or condition of the type referred to in Subsection 6.1(B).

(I) Litigation. Promptly upon any officer of any Loan Party obtaining knowledge of (i) the institution of any action, suit, proceeding, governmental investigation or arbitration against or affecting any Loan Party or any of its respective Subsidiaries not previously disclosed by Borrower to Administrative Agent or (ii) any development in any action, suit, proceeding, governmental investigation or arbitration at any time pending against or affecting any Loan Party or any of its respective Subsidiaries which, in each case, could reasonably be expected to have a Material Adverse Effect, Borrower will promptly give notice thereof to Administrative Agent and provide such other information as may be requested by Administrative Agent and reasonably available to any Loan Party or its respective Subsidiaries to enable Administrative Agent and its counsel to evaluate such matter.

(J) Regulatory and Other Notices. Promptly after filing, receipt or becoming aware thereof, Borrower will deliver or cause to be delivered copies of any filings or communications sent to, or notices and other communications received by, any Loan Party or any of its respective Subsidiaries from any Governmental Authority, including the FCC, any applicable PUC (including any cable franchising authority) and the SEC, relating to any noncompliance by any Loan Party or any of its respective Subsidiaries with any law or with respect to any matter or proceeding the effect of which could reasonably be expected to have a Material Adverse Effect.

(K) Material Adverse Effect. Promptly after becoming aware thereof, Borrower will give written notice to Administrative Agent and Lenders of any change in events or changes in facts or circumstances affecting any Loan Party or any of their respective Subsidiaries which individually or in the aggregate have had or could reasonably be expected to have a Material Adverse Effect.

(L) Environmental Notices. Promptly after becoming aware of any material violation by any Loan Party or any of its respective Subsidiaries of Environmental Laws or promptly upon receipt of any notice that a Governmental Authority has asserted that any Loan Party or any of its respective Subsidiaries is not in compliance with Environmental Laws or that its compliance is being investigated, and, in either case, the same could reasonably be expected to have a Material Adverse Effect, Borrower will give notice to Administrative Agent and Lenders thereof and provide such other information as may be reasonably available to any Loan Party or any of its respective Subsidiaries to enable Administrative Agent and Lenders to reasonably evaluate such matter.

(M) ERISA Events. Immediately after becoming aware of any ERISA Event, accompanied by any materials required to be filed with the PBGC with respect thereto; immediately after any Loan Party's or any of its respective Subsidiaries' receipt of any notice concerning the institution of proceedings by the PBGC pursuant to Section 4042 of ERISA to involuntarily terminate any Pension Plan or to appoint a trustee to administer any Pension Plan; immediately upon the establishment of any Pension Plan not existing at the Closing Date or the commencement of contributions by any Loan Party or any of its respective Subsidiaries to any Pension Plan to which any Loan Party or any of its respective Subsidiaries was not contributing at the Closing Date; and immediately upon becoming aware of any other event or condition regarding a Plan or any Loan Party's or any of its respective Subsidiaries' or an ERISA Affiliate's compliance with ERISA which could reasonably be expected to have a Material Adverse Effect, Borrower will give notice to Administrative Agent and Lenders thereof and provide such other information as may be reasonably available to any Loan Party or any such Subsidiary to enable Administrative Agent and Lenders to reasonably evaluate such matter.

(N) Other Information. With reasonable promptness, Borrower will deliver such other information and data with respect to any Loan Party or any of its respective Subsidiaries as from time to time may be reasonably requested by Administrative Agent or any Lender.



4.7 Accounting Terms; Utilization of GAAP for Purposes of Calculations Under Agreement. For purposes of this Agreement, all accounting terms not otherwise defined herein shall have the meanings assigned to such terms in conformity with GAAP. Except as otherwise expressly provided, financial statements and other information furnished to Administrative Agent pursuant to this Agreement shall be prepared in accordance with GAAP as in effect at the time of such preparation. In the event of an Accounting Change (as defined below) that results in a change in any calculations required by Section 4 of this Agreement that would not have resulted had such Accounting Change not occurred, the parties hereto agree to enter into negotiations in good faith in order to amend such provisions so as to equitably reflect such Accounting Change such that the criteria for evaluating compliance with such covenants shall be the same after such Accounting Change as if such Accounting Change had not been made; provided, however, that no change in GAAP that would affect a calculation that measures compliance with Subsections 3.1 and 3.4 and Section 4 of this Agreement shall be given effect until such provisions are amended to reflect such change in GAAP. "**Accounting Change**" means any change in accounting principles that is required or permitted hereafter by the rules, regulations, pronouncements and opinions of the Financial Accounting Standards Board or the American Institute of Certified Public Accountants (or successors thereto) and such change is adopted by Borrower and the other Loan Parties and their respective Subsidiaries with the agreement of their accountants.

SECTION 5  
REPRESENTATIONS AND WARRANTIES

In order to induce Administrative Agent and Lenders to enter into this Agreement and to make Loans, each of the Loan Parties hereby represents and warrants to Administrative Agent and each Lender on the date hereof, on the Closing Date (taking into account the consummation of the JetBroadband Acquisition on the Closing Date), on the date of each request for a Loan, and on each Funding Date, that the following statements are true, correct and complete:

5.1 Disclosure. The written information furnished by or on behalf of the Loan Parties or any of their respective Subsidiaries contained in this Agreement, the financial statements referred to in Subsection 5.8 and any other document, certificate or written statement furnished to Administrative Agent or any Lender pursuant to this Agreement or any other Loan Document (other than projections or information regarding general industry or economic conditions), taken as a whole, does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained herein or therein not materially misleading in light of the circumstances in which the same was made. Any projections and any information regarding general industry or economic conditions provided by or on behalf of the Loan Parties or any of their respective Subsidiaries have been prepared by management in good faith and based upon assumptions believed by management to be reasonable at the time the projections were prepared.

5.2 No Material Adverse Effect. Since December 31, 2009, there has been no event or change in facts or circumstances affecting the Loan Parties or any of their respective Subsidiaries which individually or in the aggregate have had or could reasonably be expected to have a Material Adverse Effect and that have not been disclosed herein or in the attached Schedules.

5.3 Organization, Powers, Authorization and Good Standing.

(A) Organization and Powers. Each of the Loan Parties and their respective Subsidiaries is a limited liability company, corporation or partnership duly organized, validly existing and in good standing under the laws of its jurisdiction of organization or incorporation (which jurisdiction is set forth on Schedule 5.3(A) as of the date hereof or as of the most recent Annual Officer's Certificate). Except as disclosed on Schedule 5.3(A), each of the Loan Parties and their respective Subsidiaries has all requisite legal power and authority to own and operate its properties, to carry on its business as now conducted and proposed to be conducted, to enter into each Loan Document to which it is a party and to carry out its respective obligations with respect thereto.

(B) Authorization; Binding Obligation. Each of the Loan Parties and their respective Subsidiaries has taken all necessary limited liability company, partnership, corporate and other action to authorize the execution, delivery and performance of this Agreement and each of the other Loan Documents to which it is a party. This Agreement is, and the other Loan Documents when executed and delivered will be, the legally valid and binding obligations of the applicable parties thereto (other than Administrative Agent and Lenders), each enforceable against each of such parties, as applicable, in accordance with their respective terms, except as such enforcement may be limited by (i) bankruptcy, insolvency, reorganization, moratorium or similar state or federal debt or relief laws from time to time in effect which affect the enforcement of creditors' rights in general and (ii) general principles of equity.

(C) Qualification. Each of the Loan Parties and their respective Subsidiaries is duly qualified and authorized to do business and in good standing in each jurisdiction where the nature of its business and operations requires such qualification and authorization, except where the failure to be so qualified, authorized and in good standing could not reasonably be expected to have a Material Adverse Effect. As of the date hereof or as of the most recent Annual Officer's Certificate, all jurisdictions in which each Loan Party and its respective Subsidiaries is qualified and authorized to do business are set forth on Schedule 5.3(C).

5.4 Compliance of Loan Documents and Borrowings. Except as set forth on Schedule 5.4(A), the consummation of the JetBroadband Acquisition, the execution, delivery and performance by the Loan Parties and their respective Subsidiaries of the Loan Documents to which each such Person is a party, the borrowings hereunder and the transactions contemplated hereby and thereby do not and will not, by the passage of time, the giving of notice or otherwise, (A) require any Governmental Approval or violate any Applicable Law relating to the Loan Parties or any of their respective Subsidiaries, (B) conflict with, result in a breach of or constitute a default under the articles of incorporation, bylaws or other organizational documents of the Loan Parties or any of their respective Subsidiaries or any Material Contract to which such Person is a party or by which any of its properties may be bound or any Governmental Approval relating to such Person or (C) except as required or permitted under the Loan Documents, result in or require the creation or imposition of any Lien upon or with respect to any property now owned or hereafter acquired by such Person.

5.5 Compliance with Applicable Law; Governmental Approvals. Each of the Loan Parties and their respective Subsidiaries (A) has, or has the right to use, all material Governmental Approvals, including the Licenses, required by any Applicable Law for it to conduct its business, to execute, deliver and perform each of the Loan Documents and to consummate the Jet Broadband Acquisition, and (B) is in material compliance with each Governmental Approval, including the Licenses, applicable to it and in compliance with all other Applicable Laws relating to it or any of its respective properties the violation of which could reasonably be expected to have a Material Adverse Effect. Except as set forth in Schedule 5.4(A), each such Governmental Approval is in full force and effect, is final and not subject to review on appeal and is not the subject of any pending or threatened attack by direct or collateral proceeding.

5.6 Tax Returns and Payments. Each of the Loan Parties and their respective Subsidiaries have duly filed or caused to be filed all federal and all material state, local and other tax returns required by Applicable Law to be filed, and has paid, or made adequate provision for the payment of, all federal and all material state, local and other taxes, assessments and governmental charges or levies upon it and its property, income, profits and assets which are due and payable, except where the payment of such tax is being diligently contested in good faith and adequate reserves therefor have been established in compliance with GAAP. The charges, accruals and reserves on the books of the Loan Parties and their respective Subsidiaries in respect of federal, state, local and other taxes for all fiscal years and portions thereof are, in the judgment of the Loan Parties, adequate, and neither the Loan Parties nor any of their respective Subsidiaries anticipate any additional material taxes or assessments for any of such years.

5.7 Environmental Matters. Each of the Loan Parties and their respective Subsidiaries is in compliance in all material respects with all applicable Environmental Laws, and there is no contamination or material violation of applicable Environmental Laws at, under or about such properties or such operations of the Loan Parties and their respective Subsidiaries which would interfere in any material respect with the continued operation of such properties or impair in any material respect the fair saleable value thereof or with such operations, except for any such violations or contamination as could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

5.8 Financial Statements.

(A) All financial statements concerning the Loan Parties and their respective Subsidiaries which have been furnished to Administrative Agent and Lenders pursuant to this Agreement have been prepared in accordance with GAAP consistently applied (except as disclosed therein and, in the case of unaudited financial statements, except for the absence of notes and for year-end adjustments) and present fairly in all material respects the financial condition of the Persons covered thereby as of the date thereof and the results of their operations for the periods covered thereby and do and will disclose all material liabilities and Contingent Obligations of any of the Loan Parties or their respective Subsidiaries as at the dates thereof.

(B) All Budgets concerning the Loan Parties and their respective Subsidiaries which have been furnished to Administrative Agent or Lenders were prepared in good faith by or on behalf of such Loan Party and such Subsidiaries.

5.9 Intellectual Property. Each of the Loan Parties and their respective Subsidiaries owns, or possesses through valid licensing arrangements, the right to use all patents, copyrights, trademarks, trade names, service marks, technology know-how and processes necessary for the conduct of its business as currently or anticipated to be conducted (collectively, the "**Intellectual Property Rights**") without infringing upon any validly asserted rights of others, except for any Intellectual Property Rights the absence of which could not reasonably be expected to have a Material Adverse Effect. No event has occurred which permits, or after notice or lapse of time or both would permit, the revocation or termination of any such rights except to the extent the same would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect. Neither the Loan Parties nor any of their respective Subsidiaries has been threatened in writing with any litigation regarding Intellectual Property Rights that would present a material impediment to the business of any such Person.

5.10 Litigation, Investigations, Audits, Etc. There is no action, suit, proceeding or investigation pending against, or, to the knowledge of the Loan Parties, threatened against the Loan Parties or any of their respective Subsidiaries or any of their respective properties, including the Licenses, in any court or before any arbitrator of any kind or before or by any Governmental Authority (including the FCC or any PUC), except such as (A) affect the telecommunications industry generally, (B) do not call into question the validity or enforceability of this Agreement or any other Loan Document or any lien or security interest created hereunder, or (C) individually or collectively would not reasonably be expected to have a Material Adverse Effect. To the Loan Parties' knowledge, none of the Loan Parties or any of their respective Subsidiaries are the subject of any review or audit by the Internal Revenue Service or any investigation by any Governmental Authority concerning the violation or possible violation of any law (other than routine audits by the Internal Revenue Service or other Governmental Authority).

5.11 Employee Labor Matters. (A) None of the Loan Parties, their respective Subsidiaries or their respective employees are subject to any collective bargaining agreement, (B) no petition for certification or union election is pending with respect to the employees of any such Person and no union or collective bargaining unit has sought such certification or recognition with respect to the employees of any such Person and (C) there are no strikes, slowdowns, unfair labor practice complaints, work stoppages or controversies pending or, to the knowledge of the Loan Parties after due inquiry, threatened between any such Person and its respective employees, other than employee grievances arising in the ordinary course of business that would not (in the case of each of clauses (A), (B) or (C) above) reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect.

5.12 ERISA Compliance.

(A) Each Plan is in compliance in all material respects with the applicable provisions of ERISA, the IRC and other federal or state law except for any noncompliance that would not reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect. Each Plan, other than a Multi-employer Plan, which is intended to qualify under Section 401(a) of the IRC has received a favorable determination letter from the Internal Revenue Service or is adopted by means of a master or prototype plan that has received a favorable opinion letter upon which the Loan Parties and any ERISA Affiliates are entitled to rely and to the best knowledge of the Loan Parties, nothing has occurred that would cause the loss of such qualification. The Loan Parties and each ERISA Affiliate have made all required contributions to any Plan subject to Section 412 of the IRC, and no application for a funding waiver or an extension of any amortization period pursuant to Section 412 of the IRC has been made with respect to any Plan.

(B) There are no pending or, to the knowledge of the Loan Parties, threatened claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan which has resulted or could reasonably be expected to have a Material Adverse Effect. There has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan which has resulted or could reasonably be expected to have a Material Adverse Effect.

(C) (i) No ERISA Event has occurred or is reasonably expected to occur; (ii) no Pension Plan has any unfunded liability; (iii) neither the Loan Parties nor any ERISA Affiliate has incurred, or reasonably expects to incur, any liability under Title IV of ERISA with respect to any Pension Plan (other than premiums due and not delinquent under Section 4007 of ERISA); (iv) neither the Loan Parties nor any ERISA Affiliate has incurred, or reasonably expects to incur, any liability (and no event has occurred which, with the giving of notice under Section 4219 of ERISA, would result in such liability) under Section 4201 or 4243 of ERISA with respect to a Multi-employer Plan; and (v) neither the Loan Parties nor any ERISA Affiliate has engaged in a transaction that could subject any Person to Section 4069 or 4212(c) of ERISA.

5.13 Communications Regulatory Matters.

(A) As of the date hereof or as of the most recent Annual Officer's Certificate, Schedule 5.13(A) sets forth a true, correct and complete list of the following information for each License issued to, assigned or transferred to, or utilized by any Loan Party or its respective Subsidiaries: the name of the licensee or franchisee, the type of service, the expiration date and the geographic area covered by such License. Other than as set forth in Schedule 5.13(A), each License is held by a Loan Party or a wholly-owned Subsidiary of a Loan Party whose equity interests are subject to a valid and perfected first priority Lien in favor of the Secured Parties pursuant to the Pledge and Security Agreement.

(B) The Licenses are valid and in full force and effect without conditions except for such conditions as are generally applicable to holders of such Licenses. Each Loan Party or Subsidiary of a Loan Party holding a License has all requisite power and authority required under any Applicable Law (including, without limitation, the Communications Act and PUC Laws) to hold the Licenses and to own and operate the Communications Systems. The Licenses constitute in all material respects all of the Licenses necessary for the operation of the Communications Systems in the same manner as they are presently operated. No event has occurred and is continuing which could reasonably be expected to (i) result in the imposition of a material forfeiture or the suspension, revocation, termination or adverse modification of any such License or (ii) materially and adversely affect any rights of the Loan Parties or their respective Subsidiaries thereunder. Neither the Loan Parties nor any of their Subsidiaries have reason to believe or have knowledge that any License will not be renewed in the ordinary course. Neither the Loan Parties nor any of their respective Subsidiaries are a party to any investigation, notice of apparent liability, notice of violation, order or complaint issued by or before the FCC, PUC or any applicable Governmental Authority, and there are no proceedings pending by or before the FCC, PUC or any applicable Governmental Authority which could in any manner threaten or adversely affect the validity of any License, other than, in each case, such matters as individually or collectively would not reasonably be expected to have a Material Adverse Effect.

(C) All of the material properties, equipment and systems owned, leased, subleased or managed by the Loan Parties or their respective Subsidiaries are, and all such property, equipment and systems to be acquired or added in connection with any contemplated system expansion or construction will be, in good repair, working order and condition (reasonable wear and tear and casualty events excepted) and are and will be in compliance with all terms and conditions of the Licenses and all standards or rules imposed by any Governmental Authority or as imposed under any agreements with telecommunications companies and customers.

(D) Each of the Loan Parties and their respective Subsidiaries has made all material filings which are required to be filed by it, paid all material franchise, license or other fees and charges related to the Licenses or which have become due pursuant to any Governmental Approval in respect of its business and has made appropriate provision as is required by GAAP for any such fees and charges which have accrued.

(E) The consummation of the JetBroadband Acquisition will not result in a violation of the FCC's "Cable-Telco Buyout" Rule (47 CFR Section 76.505).

5.14 Perfection. Each of the Security Documents is effective to create in favor of Administrative Agent for the benefit of the Secured Parties, a legal, valid and enforceable security interest in and Lien on the Collateral covered thereby (the "**Security Agreement Collateral**") and, when (A) financing statements and other filings in appropriate form are filed in the appropriate offices and (B) upon the taking of possession or control by Administrative Agent of the Security Agreement Collateral with respect to which a security interest may be perfected only by possession or control (which possession or control shall be given to Administrative Agent to the extent possession or control by Administrative Agent is required by each Security Document), the Lien created by such Security Document shall constitute a fully perfected Lien on, and security interest in, all right, title and interest of the grantors thereunder in the Security Agreement Collateral (other than such Security Agreement Collateral in which a security interest cannot be perfected under the Uniform Commercial Code as in effect at the relevant time in the relevant jurisdiction or as to which the steps to effect such perfection are not required to be taken under the Security Documents), in each case subject to no Liens other than Liens permitted hereunder.

5.15 Solvency. Each of the Loan Parties, the Excluded Subsidiaries, and their respective Subsidiaries: (A) owns and will own assets the present fair saleable value of which are (i) greater than the total amount of liabilities (including contingent liabilities) of such Loan Party or Excluded Subsidiary and, in each case, its respective Subsidiaries, and (ii) greater than the amount that will be required to pay the probable liabilities of its then existing debts and liabilities as they become absolute and matured considering all financing alternatives and potential asset sales reasonably available to such Loan Party, such Excluded Subsidiary, or such Subsidiary of a Loan Party or an Excluded Subsidiary; (B) has capital that is not unreasonably small in relation to its business as presently conducted or after giving effect to any contemplated transaction; and (C) does not intend to incur and does not believe that it will incur debts and liabilities beyond its ability to pay such debts and liabilities as they become due.

5.16 Investment Company Act. None of the Loan Parties or any of their respective Subsidiaries is an "investment company" as that term is defined in the Investment Company Act of 1940, as amended.

5.17 Certain Agreements and Material Contracts. Borrower has performed all of its material obligations under the Material Contracts required to be performed by it as of the date of this Agreement. Each Material Contract is in full force and effect in accordance with the terms thereof and to the extent provided therein, except for such defaults under any Material Contract that would not reasonably be expected to result in a Material Adverse Effect. Other than the Loan Documents and any documents executed in connection with Indebtedness permitted under Subsection 3.1, Borrower is not a party to any loan agreement, indenture, guaranty, Capital Lease or other similar credit or reimbursement agreement.

5.18 Title to Properties. The Loan Parties and their respective Subsidiaries have such title or leasehold interest in and to the real property or interests therein, and easements, licenses and similar rights in real estate, owned or leased by them as is necessary to the conduct of their business and valid and legal title or leasehold interest in and to all of their personal property, including those reflected on the balance sheets of the Loan Parties and their respective Subsidiaries delivered as described in Subsection 5.8, except those which have been disposed of by the Loan Parties and their respective Subsidiaries subsequent to such date pursuant to transactions permitted hereunder.

5.19 Subsidiaries. Schedule 5.19 sets forth a complete and accurate list of all direct or indirect Subsidiaries of the Loan Parties as of the Closing Date or as of the most recent Annual Officer's Certificate, including for each such Subsidiary whether such Subsidiary is wholly owned by the applicable Loan Party, and if not, the percentage ownership of such Loan Party or its Subsidiary in such Subsidiary.

5.20 Transactions with Affiliates. No Affiliate of any Loan Party or any Subsidiary of any Loan Party is a party to any agreement, contract, commitment or transaction with such Loan Party or Subsidiary or has any material interest in any material property used by such Loan Party or Subsidiary, except as permitted by Subsections 3.8 and 3.9.

5.21 Patriot Act. Each of the Loan Parties and their respective Subsidiaries is in compliance, in all material respects, with the (A) Trading with the Enemy Act, as amended, and each of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) and any other enabling legislation or executive order relating thereto, and (B) Uniting And Strengthening America By Providing Appropriate Tools Required To Intercept And Obstruct Terrorism (USA Patriot Act of 2001). No part of the proceeds of the Loans will be used, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended.

SECTION 6  
EVENTS OF DEFAULT AND RIGHTS AND REMEDIES

6.1 Event of Default. "Event of Default" shall mean the occurrence or existence of any one or more of the following:

(A) Payment. Failure to repay any outstanding principal amount of the Loans at the time required pursuant to this Agreement, or failure of any Loan Party to pay when due any interest on any Loan, any other amount due under this Agreement or any of the other Loan Documents, or any other Secured Obligation; or

(B) Default in Other Agreements. (i) Failure of any Loan Party or any of its respective Subsidiaries to pay when due or within any applicable grace period any principal or interest on Indebtedness (other than the Loans) or any Contingent Obligation; (ii) any other breach or default of any Loan Party or any of its respective Subsidiaries with respect to any Indebtedness (other than the Loans), the effect of such breach or default (either individually or in the aggregate with any other breaches or defaults under this clause (ii)) is to cause or to permit the holder or holders then to cause any Indebtedness having a principal amount in excess of \$500,000 individually or \$1,000,000 in the aggregate to become or be declared due prior to its stated maturity; or (iii) an Event of Termination (as such term is defined in the Sprint Nextel Agreements) under the Sprint Nextel Agreements; or

(C) Breach of Certain Provisions. Failure of any Loan Party or any of its respective Subsidiaries to perform or comply with any term or condition contained in that portion of Subsection 2.2 relating to such Loan Party's or its respective Subsidiaries' obligation to maintain insurance, Subsections 2.4 or 2.5, Section 3, or Subsections 4.1, 4.2, 4.3, 4.4, 4.5, 4.6(A), 4.6(B), 4.6(C), or 4.6(H); or

(D) Breach of Warranty. Any representation, warranty, certification or other statement made by any Loan Party or any of its respective Subsidiaries in any Loan Document or in any statement or certificate at any time given by any Loan Party or any of its respective Subsidiaries in writing pursuant to any Loan Document is false on the date made or deemed made (i) as stated if such representation or warranty contains an express material qualification or (ii) in any material respect if such representation or warranty does not contain such qualification; or

(E) Other Defaults Under Loan Documents. (i) Failure of any Loan Party or any of its respective Subsidiaries to perform or comply with any term or condition contained in Subsection 4.6 other than those portions of Subsection 4.6 addressed in Subsection 6.1(C) and such failure is not remedied or waived within 15 days; or (ii) any Loan Party or any of its respective Subsidiaries breaches or defaults in the performance of or compliance with any term contained in this Agreement or the other Loan Documents not specifically covered in Subsections 6.1(A), (B), (C), (D) or (E)(i) and such default is not remedied or waived within 30 days after the earlier of (i) the date any Loan Party or any such Subsidiary knows or reasonably should have known of such breach or default or (ii) the date of receipt by any Loan Party or such other party of notice from Administrative Agent or Requisite Lenders of such breach or default (other than occurrences described in other provisions of this Subsection 6.1 for which a different grace or cure period is specified or which constitute immediate Events of Default); or



(F) Involuntary Bankruptcy; Appointment of Receiver; Etc. (i) A court enters a decree or order for relief with respect to any Loan Party or any of its respective Subsidiaries in an involuntary case under the Bankruptcy Code, which decree or order is not stayed or other similar relief is not granted under any applicable federal or state law within 60 days; or (ii) the continuance of any of the following events for 60 days unless dismissed, bonded or discharged: (1) an involuntary case is commenced against any Loan Party or any of its respective Subsidiaries under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect; or (2) a decree or order of a court for the appointment of a receiver, liquidator, sequestrator, trustee, custodian or other officer having similar powers over any Loan Party or any of its respective Subsidiaries or over all or a substantial part of its property, is entered; or (3) an interim receiver, trustee or other custodian is appointed without the consent of any Loan Party or any of its respective Subsidiaries, for all or a substantial part of the property of any Loan Party or any of its respective Subsidiaries; or

(G) Voluntary Bankruptcy; Appointment of Receiver; Etc. Any Loan Party or any of its respective Subsidiaries (i) commences a voluntary case under the Bankruptcy Code, files a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding up or composition for adjustment of debts of any Loan Party or any of its respective Subsidiaries, or consents to, or fails to contest in a timely and appropriate manner, the entry of an order for relief in an involuntary case, the conversion of an involuntary case to a voluntary case under any such law, or the appointment of or taking possession by a receiver, trustee or other custodian of all or a substantial part of the property; or (ii) makes any assignment for the benefit of creditors; or (iii) the Board of Directors of any Loan Party or any of its respective Subsidiaries adopts any resolution or otherwise authorizes action to approve any of the actions referred to in this Subsection 6.1(G); or

(H) Governmental Liens. Any Lien, levy or assessment (other than Permitted Encumbrances) is filed or recorded with respect to or otherwise imposed upon all or any part of the Collateral or the other assets of any Loan Party or any of its respective Subsidiaries by the United States or any other country or any department or instrumentality thereof or by any state, county, municipality or other Governmental Authority and remains undischarged, unvacated, unbonded or unstayed for a period of 30 days or in any event later than five (5) Business Days prior to the date of any proposed sale thereunder; or

(I) Judgment and Attachments. Any money judgment, writ or warrant of attachment or similar process (other than those described in Subsection 6.1(H)) involving an amount in any individual case or in the aggregate for or against one or more of the Loan Parties or their respective Subsidiaries in excess of \$500,000 (not adequately covered by insurance as to which the insurance company has not denied coverage) is entered or filed against any Loan Party or any of its respective Subsidiaries and/or any of its respective assets and remains undischarged, unvacated, unbonded or unstayed for a period of 60 days or in any event later than five (5) Business Days prior to the date of any proposed sale thereunder; or

(J) Dissolution. Any order, judgment or decree is entered against any Loan Party or any of its respective Subsidiaries decreeing the dissolution or split up of any Loan Party or any of its respective Subsidiaries and such order remains undischarged or unstayed for a period in excess of 30 days; or

(K) Solvency. Any Loan Party, any Excluded Subsidiary, or, in each case, any of its respective Subsidiaries ceases to be solvent or any Loan Party, any Excluded Subsidiary, or any of its respective Subsidiaries admits in writing its present or prospective inability to pay its debts as they become due; or

(L) Injunction. Any Loan Party or any of its respective Subsidiaries are enjoined, restrained or in any way prevented by the order of any court or any Governmental Authority from conducting all or any substantial part of the business of the Loan Parties and their Subsidiaries, taken as a whole, and such order continues for more than 15 days; or

(M) ERISA; Pension Plans. (i) Any Loan Party or any of its respective Subsidiaries fails to make full payment when due of all amounts which, under the provisions of any Plans or any applicable provisions of the IRC, any such Person is required to pay as contributions thereto and such failure results in or could reasonably be expected to have a Material Adverse Effect; or (ii) an accumulated funding deficiency occurs or exists, whether or not waived, with respect to any such Plans; or (iii) any Plan of any Loan Party or any of its respective Subsidiaries loses its status as a qualified plan under the IRC and such loss results in or could reasonably be expected to have a Material Adverse Effect; or

(N) Environmental Matters. Any Loan Party or any of its respective Subsidiaries fails to: (i) obtain or maintain any operating licenses or permits required by environmental authorities; (ii) begin, continue or complete any remediation activities as required by any environmental authorities; (iii) store or dispose of any hazardous materials in accordance with applicable Environmental Laws; or (iv) comply with any other Environmental Laws, if in any such case such failure could reasonably be expected to have a Material Adverse Effect; or

(O) Invalidity of Loan Documents. Any of the Loan Documents for any reason, other than a partial or full release in accordance with the terms thereof, ceases to be in full force and effect or is declared to be null and void, or any Loan Party or any of its respective Subsidiaries denies that it has any further liability under any Loan Documents to which it is party, or gives notice to such effect; or

(P) Failure of Security. Administrative Agent, for the benefit of itself, and Lenders, does not have or ceases to have a valid and perfected first priority security interest (subject to Permitted Encumbrances) in the Collateral to the extent required by the Pledge and Security Agreement or by any other Loan Documents or any substantial portion thereof, or any Loan Party denies the validity, perfection or first priority of such security interest or gives notice to such effect; or

(Q) Change in Control. A Change of Control occurs; or

(R) Expropriation. Any federal, state or local Governmental Authority takes any action to expropriate or condemn all or any material portion of the assets of Borrower, any Loan Party, or any Subsidiary; or

(S) FCC, PUC Cable Matters. Any License necessary for the ownership or operation of the Communications Systems shall be cancelled, expired, revoked, terminated, rescinded, annulled, suspended, or modified or shall no longer be in full force and effect and the result of such action has, or would reasonably be expected to have, a Material Adverse Effect; or

(T) Material Adverse Change. Any event, change or condition not referred to elsewhere in this Section 6 should occur that results in a Material Adverse Effect on the Loan Parties or any of their respective Subsidiaries.

6.2 Termination of Loan Commitments. Upon the occurrence and during the continuation of any Event of Default, and without limiting any other right or remedy hereunder, Administrative Agent, upon the request of the Requisite Lenders (subject to the first sentence of Subsection 6.3 below), shall declare that all or any portion of the Loan Commitments be terminated, whereupon the obligations of each Lender to make any Loan shall immediately terminate.

6.3 Acceleration. Upon the occurrence of any Event of Default described in the foregoing Subsections 6.1(F) or 6.1(G), the unpaid principal amount of and all Breakage Fees, if any, and accrued interest and fees on the Loans and all other Obligations shall automatically become immediately due and payable, without presentment, demand, protest, notice of intent to accelerate, notice of acceleration or other requirements of any kind, all of which are hereby expressly waived by Borrower, and the obligations of Lenders to make Loans shall thereupon terminate. Upon the occurrence and during the continuance of any other Event of Default, Administrative Agent may, with the consent of Requisite Lenders, and, upon written demand by Requisite Lenders, shall, by written notice to Borrower, declare all or any portion of the Loans and all or some of the other Obligations to be, and the same shall forthwith become, immediately due and payable together with any Breakage fees applicable thereto, if any, and all accrued interest thereon, and upon such acceleration the obligations of Administrative Agent and Lenders to make Loans shall thereupon terminate.

6.4 Rights of Collection. Upon the occurrence and during the continuation of any Event of Default and at any time thereafter, unless and until such Event of Default is cured, or waived or removed in writing by Requisite Lenders, Administrative Agent may exercise on behalf of the Secured Parties all of their other rights and remedies under this Agreement, the other Loan Documents and Applicable Law, in order to satisfy all of the Secured Obligations.

6.5 Consents. Borrower acknowledges that certain transactions contemplated by this Agreement and the other Loan Documents and certain actions which may be taken by Administrative Agent or Lenders in the exercise of their respective rights under this Agreement and the other Loan Documents may require the consent of a Governmental Authority. If Administrative Agent reasonably determines that the consent of a Governmental Authority is required in connection with the execution, delivery and performance of any of the aforesaid Loan Documents or any Loan Documents delivered to Administrative Agent or Lenders in connection therewith or as a result of any action which may be taken pursuant thereto, then Borrower, at Borrower's cost and expense, agrees to use reasonable best efforts, and to cause its Subsidiaries to use their best efforts, to secure such consent and to cooperate with Administrative Agent and Lenders in any action commenced by Administrative Agent or any Lender to secure such consent.

6.6 Performance by Administrative Agent. If any Loan Party or any Subsidiary of a Loan Party shall fail to perform any covenant, duty or agreement contained in any of the Loan Documents, Administrative Agent may perform or attempt to perform such covenant, duty or agreement on behalf of such Loan Party or Subsidiary after the expiration of any cure or grace periods set forth herein. In such event, Borrower shall be obligated, promptly upon the request of Administrative Agent, to pay to Administrative Agent any amount reasonably expended by Administrative Agent in such performance or attempted performance, together with interest thereon at the highest rate of interest in effect upon the occurrence of an Event of Default as specified in Subsection 1.2(E) from the date of such expenditure until paid. Notwithstanding the foregoing, it is expressly agreed that neither Administrative Agent nor any Lender shall have any liability or duty for the performance of any obligation of any Loan Party or any Subsidiary of a Loan Party under this Agreement or any other Loan Document.

6.7 Set Off and Sharing of Payments. In addition to any rights now or hereafter granted under Applicable Law and not by way of limitation of any such rights, during the continuance of any Event of Default, each Lender is hereby authorized by each Loan Party at any time or from time to time, with reasonably prompt subsequent notice to such Loan Party (any prior or contemporaneous notice being hereby expressly waived) to set off and to appropriate and to apply any and all (A) balances held by such Lender at any of its offices for the account of such Loan Party or any of its Subsidiaries (regardless of whether such balances are then due to such Loan Party), and (B) except as provided in Subsection 8.2(J), other property at any time held or owing by such Lender to or for the credit or for the account of such Loan Party or any of its Subsidiaries, against and on account of any of the Obligations; provided, that no Lender shall exercise any such right without the prior written consent of Administrative Agent. Any Lender exercising a right to set off shall, to the extent the amount of any such set off exceeds its Pro Rata Share of the amount set off, purchase for cash (and the other Lenders shall sell) interests in each such other Lender's Pro Rata Share of the Obligations as would be necessary to cause such Lender to share such excess with each other Lender in accordance with their respective Pro Rata Shares. Each Loan Party agrees, to the fullest extent permitted by law, that any Lender may exercise its right to set off with respect to amounts in excess of its Pro Rata Share of the Obligations and upon doing so shall deliver such excess to Administrative Agent for the benefit of all Lenders in accordance with their Pro Rata Shares; provided, that CoBank may exercise its rights against any equity of CoBank held by Borrower without complying with this Subsection 6.7.

6.8 Application of Payments. Subsequent to the acceleration of the Loans pursuant to Subsection 6.3, all payments received by the Secured Parties on the Secured Obligations and on the proceeds from the enforcement of the Secured Obligations shall be applied among Administrative Agent and the other Secured Parties as follows: first, pro rata to all Administrative Agent's, and the other Secured Parties' fees and expenses then due and payable; second, pro rata to all other expenses then due and payable by the Loan Parties under the Loan Documents; third, pro rata to all indemnitee obligations then due and payable by the Loan Parties under the Loan Documents; fourth, to all commitment and other fees and commissions then due and payable by the Loan Parties under the Loan Documents; fifth, pro rata to (A) accrued and unpaid interest on the Loans (pro rata) in accordance with all such amounts due on the Loans and (B) any scheduled payments (excluding termination, unwind and similar payments) due to a Secured Party on any Related Secured Hedge Agreement (pro rata with all such amounts due); sixth pro rata to (i) the principal amount of the Loans (pro rata among all Loans) and (ii) any termination, unwind and similar payments due to a Secured Party under a Related Secured Hedge Agreement (pro rata with all such amounts due); seventh pro rata to any scheduled payments (excluding termination, unwind and similar payments) due to a Secured Party on any Secured Hedge Agreement other than a Related Secured Hedge Agreement (pro rata with all such amounts due); eighth pro rata to any termination, unwind and similar payments due to a Secured Party under a Secured Hedge Agreement other than a Related Secured Hedge Agreement (pro rata with all such amounts due); and ninth to any remaining amounts due under the Secured Obligations, in that order. Any remaining monies not applied as provided in this Subsection 6.8 shall be paid to Borrower or any Person lawfully entitled thereto.

6.9 Adjustments. If any Lender (a "**Benefited Lender**") shall at any time receive any payment of all or part of its Loans, or interest thereon in a greater proportion than any such payment received by any other Lender (other than pursuant to Subsection 1.12(B)), if any, in respect of such other Lender's Loans, or interest thereon, such Benefited Lender shall, to the extent permitted by Applicable Law, purchase for cash from the other Lenders such portion of each such other Lender's Loans as shall be necessary to cause such Benefited Lender to share the excess payment or benefits ratably with each Lender; provided, that if all or any portion of such excess payment or benefits is thereafter recovered from such Benefited Lender, such purchase shall be rescinded, and the purchase price and benefits returned to the extent of such recovery, but without interest. Each Loan Party agrees that each Lender so purchasing a portion of another Lender's Loans may exercise all rights of payment (including rights of set-off) with respect to such portion as fully as if such Lender were the direct holder of such portion. This Subsection 6.9 shall not apply to any action taken by CoBank with respect to equity in it held by Borrower.

SECTION 7  
CONDITIONS TO LOANS

The effectiveness of this Agreement and the obligations of Lenders to make Loans are subject to satisfaction of all of the applicable conditions set forth below.

7.1 Conditions to Initial Loans. The effectiveness hereof is subject to the satisfaction of each of the following conditions:

(A) Executed Loan Documents. (i) This Agreement, (ii) the Notes, (iii) the Pledge and Security Agreement, (iv) the Negative Pledge Agreements, and (v) all other documents, financing statements and instruments required by such agreements to be executed and delivered by the Loan Parties or any other Person on the Closing Date shall have been duly authorized and executed by the Loan Parties or other Persons party thereto, as applicable, in form and substance satisfactory to Administrative Agent, and the Loan Parties or such other Persons, as applicable, shall have delivered sufficient original counterparts thereof to Administrative Agent for delivery to Lenders.

(B) Control Agreements. Administrative Agent shall have received executed account control agreements with respect to the Material Accounts as Administrative Agent has specified, in form and substance satisfactory to Administrative Agent, from the appropriate depository institutions or other entities holding such Material Accounts.

(C) Closing Certificates; Opinions.

(i) Officer's Certificate. Administrative Agent shall have received a certificate from the president, the chief executive officer or chief financial officer of Borrower on behalf of Borrower and in form and substance reasonably satisfactory to Administrative Agent, certifying, as of the Closing Date, that (u) all representations and warranties of the Loan Parties and their respective Subsidiaries contained in this Agreement and the other Loan Documents are true, correct and complete in all material respects; (v) there has not occurred since December 31, 2009 any event, change, circumstance, effect or state of facts that is materially adverse to the business, financial condition, operations, assets, liabilities or results of operations of any of the Loan Parties or any of their Subsidiaries, individually or in the aggregate; (w) no Loan Party nor any Subsidiary of any Loan Party is in violation of any of the covenants contained in this Agreement or in any of the other Loan Documents; (x) the JetBroadband Acquisition has been fully consummated on the terms and conditions set forth in the JetBroadband Asset Purchase Agreement, as originally executed, other than as modified or waived as consented to by the Lenders; (y) after giving effect to the JetBroadband Acquisition and the transactions contemplated by this Agreement, no Default or Event of Default has occurred and is continuing; and (z) the Loan Parties and their respective Subsidiaries have satisfied each of the closing conditions to be satisfied by them hereby.

(ii) Certificates of Secretaries of the Loan Parties and the Excluded Subsidiaries. Administrative Agent shall have received a certificate of the secretary or assistant secretary of each Loan Party and each Excluded Subsidiary, dated as of the Closing Date, on behalf of such Loan Party or Excluded Subsidiary and in form and substance reasonably satisfactory to Administrative Agent, certifying (w) that attached thereto is a true and complete copy of the articles of incorporation or organization, as the case may be, of such Person and all amendments thereto, certified as of a recent date by the appropriate Governmental Authority in its jurisdiction of incorporation or organization; (x) that attached thereto is a true and complete copy of the bylaws, partnership agreement or operating agreement, as the case may be, of such Person as in effect on the date of such certification; (y) that attached thereto is a true and complete copy of resolutions or consents duly adopted by the board of directors, members or managers of such Person, as applicable, authorizing the borrowings, pledges or guarantees contemplated hereunder, the execution, delivery and performance of this Agreement, the Pledge and Security Agreement and the other Loan Documents, the granting of the Security Interest, and the consummation of the JetBroadband Acquisition, as applicable; and (z) as to the incumbency and genuineness of the signature of each officer of such Person executing Loan Documents.

(iii) Certificates of Good Standing. Administrative Agent shall have received certificates as of a recent date of the good standing of each Loan Party and each Excluded Subsidiary under the laws of its respective jurisdiction of incorporation or organization, and such other jurisdictions as are requested by Administrative Agent.

(iv) Opinions of Counsel. Administrative Agent shall have received favorable opinions of counsel to the Loan Parties and the Excluded Subsidiaries addressed to Administrative Agent and Lenders, dated as of the Closing Date, with respect to the Loan Parties and the Excluded Subsidiaries, covering such matters as may be reasonably requested by Administrative Agent, including, the Loan Documents, the Security Interest, the JetBroadband Acquisition due authorization and other corporate matters and regulatory matters (including the Licenses) and which are reasonably satisfactory in form and substance to Administrative Agent.

(v) Solvency Certificates. Administrative Agent shall have received a certificate from the chief executive officer or the chief financial officer of each Loan Party and Excluded Subsidiary and in form and substance reasonably satisfactory to Administrative Agent, certifying, as of the Closing Date, that such Loan Parties, Excluded Subsidiaries, and their respective Subsidiaries: (A) owns and will own assets the present fair saleable value of which are (i) greater than the total amount of liabilities (including contingent liabilities) of such Loan Party, such Excluded Subsidiary, and, in each case, its respective Subsidiaries, and (ii) greater than the amount that will be required to pay the probable liabilities of its then existing debts and liabilities as they become absolute and matured considering all financing alternatives and potential asset sales reasonably available to such Loan Party, such Excluded Subsidiary, or such Subsidiary of a Loan Party or an Excluded Subsidiary; (B) has capital that is not unreasonably small in relation to its business as presently conducted or after giving effect to any contemplated transaction; and (C) does not intend to incur and does not believe that it will incur debts and liabilities beyond its ability to pay such debts and liabilities as they become due.

(D) Collateral.

(i) Collateral Pledge. The Loan Parties shall have effectively and validly pledged and perfected the Collateral contemplated by the Security Documents.

(ii) Filings and Recordings. All filings and recordings (including, all mortgages, fixture filings and transmitting utility filings) that are necessary to perfect the Security Interest in the Collateral described in the Security Documents shall have been filed or recorded in all appropriate locations and Administrative Agent shall have received evidence satisfactory to Administrative Agent that such Security Interest constitutes a valid and perfected first priority Lien therein.

(iii) Lien Searches Against Loan Parties. The Loan Parties shall have delivered to Administrative Agent the results of a Lien search of all filings made against each of the Loan Parties and the excluded Subsidiaries under the applicable Uniform Commercial Code (and local tax, fixture and judgment filing offices) (1) for each Loan Party and each Excluded Subsidiary, in the state in which it is organized, (2) for each Loan Party and each Excluded Subsidiary, in each county (or independent city or town) in which it has a central office, (3) for Shenandoah Personal Communications Company and Shenandoah Mobile Company, in each county (or independent city or town) in which business is conducted by either party under the Sprint Nextel Agreements, (4) for Shenandoah Cable Television Company and Shentel Cable Company, in each county (or independent city or town) in which it regularly has gross cable billings in excess of \$65,000 per month, (5) for each Loan Party and each Excluded Subsidiary that is a transmitting utility (as defined in the applicable Uniform Commercial Code), in each state in which real or personal property of such Loan Party or Excluded Subsidiary is located, and (6) for each Loan Party and each Excluded Subsidiary, in any county (or independent city or town) in which the loss of such Loan Party's or such Excluded Subsidiary's assets located in such county could reasonably be expected to have a Material Adverse Effect on the Loan Parties and their respective Subsidiaries taken as a whole after giving effect to the JetBroadband Acquisition, such Lien search to indicate, among other things, that the Loan Parties' and the Excluded Subsidiaries' assets and the ownership interests of the Loan Parties and the Excluded Subsidiaries are free and clear of any Lien, except for Permitted Encumbrances.

(iv) Lien Searches Against Targets. The Loan Parties shall have delivered to Administrative Agent the results of a Lien search of all filings made against the Targets under the applicable Uniform Commercial Code (and local tax, fixture and judgment filing offices) (1) in the state in which such Target is organized, (2) in each county (or independent city or town) in which such Target has a central office, (3) in each county (or independent city or town) in which such Target has more than 4,000 revenue generating units, (4) if such Target is a transmitting utility (as defined in the applicable Uniform Commercial Code), in each state in which real or personal property of such Target is located, and (5) in any county (or independent city or town) in which the loss of such Target's assets located in such county could reasonably be expected to have a Material Adverse Effect on the Loan Parties and their respective Subsidiaries taken as a whole after giving effect to the JetBroadband Acquisition, such Lien search to indicate, among other things, that after giving effect to the JetBroadband Acquisition, the Loan Parties' and the Excluded Subsidiaries' assets and the ownership interests of the Loan Parties and the Excluded Subsidiaries are free and clear of any Lien, except for Permitted Encumbrances.

(v) Insurance. Administrative Agent shall have received certificates of insurance in the form required under Subsection 2.2 and the Security Documents and otherwise in form and substance reasonably satisfactory to Administrative Agent.



(E) Consents.

(i) Governmental and Third Party Approvals. Other than as provided in Schedule 5.4(A), the Loan Parties shall have delivered to Administrative Agent all necessary approvals, authorizations and consents, if any, of all Persons, Governmental Authorities (including the FCC and all applicable PUCs (including all applicable cable franchise authorities)) and courts having jurisdiction with respect to the execution and delivery of this Agreement and the other Loan Documents, the granting of the Security Interest and the consummation of the JetBroadband Acquisition, and all such approvals shall be in form and substance reasonably satisfactory to Administrative Agent.

(ii) Permits and Licenses. Administrative Agent shall have received copies of all material permits and licenses, including the Licenses required under Applicable Laws, for the conduct of the Loan Parties' and their respective Subsidiaries' businesses as conducted on such date.

(iii) No Injunction, Etc. No action, proceeding, investigation, regulation or legislation shall have been instituted, threatened or proposed before, nor any adverse ruling received from, any Governmental Authority to enjoin, restrain or prohibit, or to obtain substantial damages in respect of, or which is related to or arises out of this Agreement or the other Loan Documents or the consummation of the transactions contemplated hereby or thereby or of the JetBroadband Acquisition, or which, as determined by Administrative Agent in its reasonable discretion, would make it inadvisable to consummate the transactions contemplated by this Agreement and such other Loan Documents or the JetBroadband Acquisition.

(F) Fees, Expenses, Taxes, Etc. There shall have been paid by Borrower to Administrative Agent the fees set forth or referenced in Subsection 1.4 and any other invoiced and unpaid fees or commissions due hereunder (including legal fees and expenses), and to any other Person such amount as may be due thereto in connection with the transactions contemplated hereby, including all taxes, fees and other charges in connection with the execution, delivery, recording, filing and registration of any of the Loan Documents to the extent effected on or prior to such date.

(G) Miscellaneous.

(i) Proceedings and Documents. All opinions, certificates and other instruments and all proceedings in connection with the transactions contemplated by this Agreement shall be reasonably satisfactory in form and substance to Administrative Agent. Administrative Agent shall have received copies of all other instruments and other evidence as Administrative Agent may request, in form and substance reasonably satisfactory to Administrative Agent, with respect to the transactions contemplated by this Agreement and the taking of all actions in connection therewith.

(ii) Litigation, Investigations, Audits, Etc. There shall be no action, suit, proceeding or investigation pending against, or, to the knowledge of any Loan Party, threatened against any Loan Party, any of its respective Subsidiaries or any of its respective properties, including the Licenses, in any court or before any arbitrator of any kind or before or by any Governmental Authority (including the FCC and any applicable PUC), except such as affect the telecommunications industry generally, that could reasonably be expected to have a Material Adverse Effect.

(iii) Consummation of JetBroadband Acquisition. Administrative Agent shall have received evidence, in form and substance reasonably satisfactory to Administrative Agent, that the JetBroadband Acquisition has been consummated on the terms and conditions of the JetBroadband Asset Purchase Agreement, as originally executed, other than as modified or waived as consented to by the Lenders.

(iv) No Material Adverse Effect. Since December 31, 2009, there shall not have occurred any event or condition affecting the Loan Parties or any of their respective Subsidiaries, which individually or in the aggregate has had or could reasonably be expected to have a Material Adverse Effect. Since December 31, 2009, there shall not have occurred any event or condition materially adversely affecting the assets, taken as a whole, to be acquired pursuant to the JetBroadband Acquisition.

7.2 Conditions to All Loans. The several obligations of Lenders to make Loans, including the initial Loan, on any date (each such date, a "**Funding Date**") are subject to the further conditions precedent set forth below:

(A) Administrative Agent shall have received, in accordance with the provisions of Subsection 1.3, a Notice of Borrowing requesting an advance of a Loan.

(B) The representations and warranties contained in Section 5 of this Agreement and elsewhere herein and in the Loan Documents shall be (and each request by Borrower for a Loan shall constitute a representation and warranty by the Loan Parties that such representations and warranties are) true, correct and complete in all material respects (other than any representations or warranties qualified pursuant to their terms by materiality qualifiers, which representations and warranties shall be true, correct and complete in all respects as written) on and as of such Funding Date to the same extent as though made on and as of that date, except for any representation or warranty limited by its terms to a specific date.

(C) No event shall have occurred and be continuing or would result from the consummation of the borrowing contemplated that would constitute an Event of Default or a Default.

(D) No order, judgment or decree of any court, arbitrator or Governmental Authority shall purport to enjoin or restrain any Lender from making any Loan.

(E) All Loan Documents shall be in full force and effect.

(F) Since the Closing Date, there shall not have occurred any event or condition that has had or could reasonably be expected to have a Material Adverse Effect.

SECTION 8  
ASSIGNMENT AND PARTICIPATION

8.1 Assignments and Participations in Loans and Notes.

(A) General. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that neither Borrower nor any other Loan Party may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of Administrative Agent and each Lender and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an assignee in accordance with the provisions of Subsection 8.1(B), (ii) by way of participation in accordance with the provisions of Subsection 8.1(D), or (iii) by way of pledge or assignment of a security interest subject to the restrictions of Subsection 8.1(E) (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in Subsection 8.1(D) and, to the extent expressly contemplated hereby, the Related Parties of each of Administrative Agent and Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement. In the event of an assignment pursuant to this Subsection 8.1, if a new Note is requested by the Person to which interests are to be assigned, Borrower shall, upon surrender of the assigning Lender's Note, issue a new Note to reflect the interests of the assigning Lender and the Person to which interests are to be assigned. Notwithstanding anything contained in this Agreement to the contrary, so long as the Requisite Lenders shall remain capable of making LIBOR Loans, no Person shall become a "Lender" hereunder unless such Person shall also be capable of making LIBOR Loans.

(B) Assignments by Lenders. Any Lender may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Loan Commitments and the Loans at the time owing to it); provided that any such assignment shall be subject to the following conditions:

(i) Minimum Amounts.

(1) in the case of an assignment of the entire remaining amount of the assigning Lender's Loan Commitment and the Loans at the time owing to it or in the case of an assignment to another Lender, an Affiliate of a Lender or an Approved Fund, no minimum amount need be assigned, and

(2) in any case not described in Subsection 8.1(B)(i)(1), the aggregate amount of the Loan Commitment (which for this purpose includes Loans outstanding thereunder) or, if the applicable Loan Commitment is not then in effect, the principal outstanding balance of the Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to Administrative Agent or, if an "Effective Date" is specified in the Assignment and Assumption, as of the Effective Date) shall not be less than \$3,000,000.

(ii) Proportionate Amounts. Each partial assignment shall be made as an assignment of a proportionate part of all of the assigning Lender's rights and obligations under this Agreement with respect to the Loan or the Loan Commitment assigned, except that this clause (ii) shall not prohibit any Lender from assigning all or a portion of its rights and obligations among separate Facilities on a non-pro rata basis.

(iii) Required Consents. No consent shall be required for any assignment except to the extent required by Subsection 8.1(B) (i)(2) and, in addition:

(1) the consent of Borrower (such consent not to be unreasonably withheld or delayed) shall be required unless (a) an Event of Default has occurred and is continuing at the time of such assignment or (b) such assignment is to a Lender, an Affiliate of a Lender or an Approved Fund; and

(2) the consent of Administrative Agent (such consent not to be unreasonably withheld or delayed) shall be required for assignments in respect of a Facility if such assignment is to a Person that is not a Lender with a Loan Commitment or a Loan in respect of such Facility, an Affiliate of such Lender or an Approved Fund with respect to such Lender.

(iv) Assignment and Assumption. The parties to each assignment shall execute and deliver to Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of \$3,500, and the assignee, if it is not a Lender, shall deliver to Administrative Agent an Administrative Questionnaire.

(v) No Assignment to Borrower. No such assignment shall be made to Borrower or any of Borrower's Affiliates or Subsidiaries.

(vi) No Assignment to Natural Persons. No such assignment shall be made to a natural person.

Subject to acceptance and recording thereof by Administrative Agent pursuant to Subsection 8.1(C), from and after the effective date specified in each Assignment and Assumption, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Subsections 1.4(D), 1.11, 1.13, 1.14, 9.1, 9.14 and 9.15 with respect to facts and circumstances occurring prior to the effective date of such assignment. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Subsection 8.1(B) shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with Subsection 8.1(D).

(C) **Register.** Administrative Agent, acting solely for this purpose as an agent of Borrower, shall maintain at one of its offices in Denver, Colorado a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of Lenders, and the Loan Commitments of, and principal amounts of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "**Register**"). The entries in the Register shall be conclusive absent manifest error, and Borrower, Administrative Agent and Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement absent manifest error, notwithstanding notice to the contrary. The Register shall be available for inspection by Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(D) **Participations.** Any Lender may at any time, without the consent of, or notice to, Borrower or Administrative Agent, sell participations to any Person (other than a natural person or Borrower or any of Borrower's Affiliates or Subsidiaries) (each, a "**Participant**") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Loan Commitment and/or the Loans owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) Borrower, Administrative Agent and Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. CoBank reserves the right to assign or sell participations in all or any part of its Pro Rata Share of each Loan Commitment and/or Loans on a non-patronage basis.

Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in Subsection 9.2 relating to amendments requiring unanimous consent of Lenders that affects such Participant. Borrower agrees that each Participant shall be entitled to the benefits of Subsections 1.11 and 1.13 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to Subsection 8.1(B). To the extent permitted by law, each Participant also shall be entitled to the benefits of Subsection 6.7 as though it were a Lender, provided such Participant agrees to be subject to Subsection 6.7 as though it were a Lender.

Notwithstanding the preceding paragraph, any Participant that is a Farm Credit Lender that (i) has purchased a participation in a minimum amount of \$3,000,000, (ii) has been designated as a voting Participant (a "**Voting Participant**") in a notice (a "**Voting Participant Notice**") sent by the relevant Lender (including any existing Voting Participant) to Administrative Agent and (iii) receives, prior to becoming a Voting Participant, the consent of Administrative Agent and Borrower (each such consent to be required only to the extent and under the circumstances it would be required if such Voting Participant were to become a Lender pursuant to an assignment in accordance with Subsection 8.1(B) and such consent is not required for an assignment to an existing Voting Participant), shall be entitled to vote as if such Voting Participant were a Lender on all matters subject to a vote by Lenders and the voting rights of the selling Lender (including any existing Voting Participant) shall be correspondingly reduced, on a dollar-for-dollar basis. Each Voting Participant Notice shall include, with respect to each Voting Participant, the information that would be included by a prospective Lender in an Assignment and Assumption. Notwithstanding the foregoing, each Farm Credit Lender designated as a Voting Participant in Schedule 8.1(D) shall be a Voting Participant without delivery of a Voting Participation Notification and without the prior written consent of Borrower and Administrative Agent. The selling Lender (including any existing Voting Participant) and the purchasing Voting Participant shall notify Administrative Agent and Borrower within three (3) Business Days of any termination, reduction or increase of the amount of, such participation. Borrower and Administrative Agent shall be entitled to conclusively rely on information contained in Voting Participant Notices and all other notices delivered pursuant hereto. The voting rights of each Voting Participant are solely for the benefit of such Voting Participant and shall not inure to any assignee or participant of such Voting Participant that is not a Farm Credit Lender.

(E) Certain Pledges. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

8.2 Administrative Agent.

(A) Appointment. Each Lender hereby irrevocably appoints and authorizes CoBank, as Administrative Agent and as Lead Arranger; to act as Administrative Agent or Lead Arranger hereunder and under any other Loan Document with such powers as are specifically delegated to such Person by the terms of this Agreement and any other Loan Document, together with such other powers as are reasonably incidental thereto. Administrative Agent is authorized and empowered to amend, modify or waive any provisions of this Agreement or the other Loan Documents on behalf of Lenders, subject to the requirement that the consent of certain Lenders or all Lenders, as appropriate, be obtained in certain instances as provided in Subsections 8.3 and 9.2. CoBank hereby agrees to act as Administrative Agent on the express conditions contained in this Subsection 8.2. Other than the applicable provisions of Subsections 8.2(E), 8.2(H) and 8.2(I)(i), the provisions of this Subsection 8.2 are solely for the benefit of Administrative Agent and Lenders, and neither the Loan Parties nor any other Person shall have rights as a third party beneficiary of any of the provisions hereof. In performing its functions and duties under this Agreement, Administrative Agent shall act solely as Administrative Agent or Lead Arranger, as applicable, of Lenders and Administrative Agent shall assume or be deemed to have assumed no obligation toward or relationship of agency or trust with or for any Loan Party or its respective Affiliates or any other Person. Administrative Agent may execute any of its duties under this Agreement or any other Loan Document by or through agents or attorneys-in-fact and shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact that it selects with reasonable care.

(B) Nature of Duties. The duties of Administrative Agent shall be mechanical and administrative in nature. Administrative Agent shall not have by reason of this Agreement a fiduciary relationship in respect of any Lender. Nothing in this Agreement or any of the Loan Documents, express or implied, is intended to or shall be construed to impose upon Administrative Agent any obligations in respect of this Agreement or any of the Loan Documents except as expressly set forth herein or therein. Each Lender expressly acknowledges that none of Administrative Agent, its Affiliates, or Administrative Agent's or its Affiliates' respective officers, directors, employees, agents or attorneys-in-fac t have made any representation or warranty to it and that no act by Administrative Agent or any such Person hereafter taken, including any review of the affairs of the Loan Parties or any other Person, shall be deemed to constitute any representation or warranty by Administrative Agent to any Lender. Each Lender represents to Administrative Agent that (i) it has, independently and without reliance upon Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, prospects, operations, properties, financial and other conditions and creditworthiness of the Loan Parties and the Targets and made its own decision to enter into this Agreement and extend credit to Borrower hereunder, and (ii) it will, independently and without reliance upon Administrative Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit ana lysis, appraisals and decisions in taking or not taking action hereunder and under the other Loan Documents and to make such investigation as it deems necessary to inform itself as to the business, prospects, operations, properties, financial and other conditions and creditworthiness of the Loan Parties and the Targets. Administrative Agent shall have no duty or responsibility, either initially or on a continuing basis, to provide any Lender with any credit or other information with respect thereto (other than as expressly required herein). If Administrative Agent seeks the consent or approval of any Lenders to the taking or refraining from taking of any action hereunder, then Administrative Agent shall send notice thereof to each Lender. Administrative Agent shall promptly notify each Lender any time that Requisite Lenders have instructed Administrative Agent to act or refrain from acting pursuant hereto.

(C) Rights, Exculpation, Etc. Each of Administrative Agent, its respective Affiliates and any of its or its Affiliates' respective officers, directors, employees, agents or attorneys-in-fact shall not be liable to any Lender for any action taken or omitted by them hereunder or under any of the Loan Documents, or in connection herewith or therewith, except that each such entity shall be liable with respect to its own gross negligence or willful misconduct, as determined by a final, nonappealable judgment by a court of competent jurisdiction. Administrative Agent shall not be liable for any apportionment or distribution of payments made by it in good faith and if any such apportionment or distribution is subs equently determined to have been made in error, the sole recourse of any Lender to whom payment was due but not made shall be to recover from other Lenders any payment in excess of the amount to which they are determined to be entitled (and such other Lenders hereby agree to return to such Lender any such erroneous payments received by them). Administrative Agent shall not be responsible to any Lender for any recitals, statements, representations or warranties herein or for the execution, effectiveness, genuineness, validity, enforceability, collectability or sufficiency of this Agreement or any of the Loan Documents or the transactions contemplated thereby, or for the financial condition of the Loan Parties or any other Person. Administrative Agent may at any time request instructions from Lenders with respect to any actions or approvals which by the terms of this Agreement or of any of the Loan Documents Administrative Agent is permitted or required to take or to grant, and if such in structions are promptly requested, Administrative Agent shall be absolutely entitled to refrain from taking any action or to withhold any approval and shall not be under any liability whatsoever to any Person for refraining from any action or withholding any approval under any of the Loan Documents (i) if such action or omission would, in the reasonable opinion of Administrative Agent, violate any Applicable Law or any provision of this Agreement or any other Loan Document, or (ii) until it shall have received such instructions from Requisite Lenders or all of Lenders, as applicable. Without limiting the foregoing, no Lender shall have any right of action whatsoever against Administrative Agent as a result of Administrative Agent acting or refraining from acting under this Agreement, the Notes, or any of the other Loan Documents in accordance with the instructions of Requisite Lenders, except in connection with its own gross negligence or willful misconduct, as determined by a final, nonappealable judgment by a court of competent jurisdiction.

(D) Reliance. Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any written or oral notices, statements, certificates, orders or other documents or any telephone message or other communication (including any writing, electronic mail, telex, telecopy or telegram) believed by it in good faith to be genuine and correct and to have been signed, sent or made by the proper Person, and with respect to all matters pertaining to this Agreement or any of the Loan Documents and its duties hereunder or thereunder, upon advice of counsel selected by it in connection with the preparation, negotiation, execution, delivery, administration, amendment, modification, waiver or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice with respect to rights or responsibilities under, this Agreement or any of the other Loan Documents.

(E) Indemnification. Lenders will reimburse and indemnify Administrative Agent and its Affiliates and its and its Affiliates' officers, directors, employees, agents, and attorneys-in-fact (collectively, "**Representatives**"), on demand (to the extent not actually reimbursed by the Loan Parties, but without limiting the obligations of the Loan Parties under this Agreement) for and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses (including, reasonable attorneys' fees and expenses), advances or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against Administrative Agent or its Representatives (i) in any way relating to or arising out of this Agreement or any of the Loan Documents or any action taken or omitted by Administrative Agent or its Representatives under this Agreement or any of the Loan Documents, and (ii) in connection with the preparation, negotiation, execution, delivery, administration, amendment, modification, waiver or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement or any of the other Loan Documents in proportion to each Lender's Pro Rata Share; provided, that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses, advances or disbursements resulting from Administrative Agent's or its Representatives' gross negligence or willful misconduct, as determined by a final, nonappealable judgment by a court of competent jurisdiction. If any indemnity furnished to Administrative Agent or its Representatives for any purpose shall, in the opinion of Administrative Agent, be insufficient or become impaired, Administrative Agent may call for additional indemnity and cease, or not commence, to do the acts indemnified against until such additional indemnity is furnished. The obligations of Lenders under this Subsection 8.2(E) shall survive the payment in full of the Obligations and the termination of this Agreement.



(F) Administrative Agent, Syndication Agent and Documentation Agent Individually. With respect to its obligations under the Loan Commitments, the Loans made by it, and the Notes issued to it, each of Administrative Agent, any syndication agent, and any documentation agent shall have and may exercise the same rights and powers hereunder and is subject to the same obligations and liabilities as and to the extent set forth herein for any other Lender. The terms "**Lenders**" or "**Requisite Lenders**" or any similar terms shall, unless the context clearly otherwise indicates, include each of Administrative Agent, any syndication agent and any documentation agent in its individual capacity as a Lender or as one of the Requisite Lenders. Each of Administrative Agent, any syndication agent and any documentation agent may lend money to, and generally engage in any kind of banking, trust or other business with, Loan Parties or any other Person as if it were not acting as Administrative Agent, syndication agent or documentation agent pursuant hereto.

(G) Notice of Default. Administrative Agent shall not be required to make any inquiry concerning either the performance or observance of any of the terms, provisions or conditions of this Agreement or any of the Loan Documents or the financial condition of the Loan Parties or any of their respective Subsidiaries or any other Person, or the existence or possible existence of any Default or Event of Default. Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default unless Administrative Agent shall have received written notice from a Loan Party or a Lender referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default." In the event that Administrative Agent receives such a notice, Administrative Agent will give prompt notice thereof to Lenders; provided, that if any such notice has also been furnished to Lenders, Administrative Agent shall have no obligation to notify Lenders with respect thereto. Administrative Agent shall (subject to this Subsection 8.2) take such action with respect to such Default or Event of Default as shall reasonably be directed by Requisite Lenders; provided, further, that, unless and until Administrative Agent shall have received such directions, Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable and in the best interests of Lenders.

(H) Successor Administrative Agent.

(i) Resignation. Administrative Agent may resign from the performance of all of its agency functions and duties hereunder at any time by giving at least 30 Business Days' prior written notice to Borrower and Lenders. Such resignation shall take effect upon the acceptance by a successor Administrative Agent of appointment pursuant to clause (ii) below or as otherwise provided below.

(ii) Appointment of Successor. Upon any such notice of resignation pursuant to clause (i) above, Requisite Lenders shall (and if no Event of Default shall have occurred and be continuing, upon receipt of Borrower's prior consent, which shall not be unreasonably withheld), appoint a successor Administrative Agent from among Lenders or another financial institution. If a successor Administrative Agent shall not have been so appointed within the 30 Business Day period referred to in Subsection 8.2(H)(i) above, the retiring Administrative Agent, upon notice to (and, so long as no Event of Default then exists and is continuing, the consent of) Borrower, shall then appoint a successor Administrative Agent from among Lenders who shall serve as Administrative Agent until such time, if any, as Requisite Lenders, upon receipt of Borrower's prior written consent (if required under the first sentence of this paragraph), which shall not be unreasonably withheld, appoint a successor Administrative Agent as provided above.

(iii) Successor Administrative Agent. Upon the acceptance of any appointment as Administrative Agent under the Loan Documents by a successor Administrative Agent, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations under the Loan Documents. After any retiring Administrative Agent's resignation as Administrative Agent under the Loan Documents, the provisions of this Subsection 8.2 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under the Loan Documents.

(I) Collateral Matters.

(i) Release of Collateral. Lenders hereby irrevocably authorize Administrative Agent, at its option and in its discretion, and Administrative Agent shall, upon the request of Borrower which request shall be written and reasonable, release any Lien granted to or held by Administrative Agent upon any property covered by the Security Documents (1) upon termination of the Loan Commitments and indefeasible payment in cash and satisfaction of all Obligations (other than indemnification or expense reimbursement Obligations not then due and payable); (2) constituting property being sold or disposed of in compliance with the provisions of this Agreement if Borrower certifies to Administrative Agent in writing that the sale or disposition is made in compliance with the provisions of this Agreement and the other Loan Documents (and Administrative Agent may rely in good faith conclusively on any such certificate, without further inquiry); (3) constituting property leased to a Loan Party under a lease which has expired or been terminated in a transaction permitted under this Agreement or is about to expire and which has not been, and is not intended by such Loan Party to be, renewed or extended; or (4) owned by a Guarantor upon release of such Guarantor from its obligations under any Loan Document if such Person ceases to be a Guarantor as a result of a transaction permitted hereunder. In addition, Administrative Agent, with the consent of Requisite Lenders, may release or compromise any Collateral and the proceeds thereof constituting less than all or substantially all of the Collateral.

(ii) Confirmation of Authority; Execution of Releases. Without in any manner limiting Administrative Agent's authority to act without any specific or further authorization or consent by Lenders (as set forth in Subsection 8.2(I)(i)), each Lender agrees to confirm in writing, upon request by Administrative Agent or Borrower, the authority to release any property covered by the Security Documents conferred upon Administrative Agent under clauses (2) through (4) of the first sentence of Subsection 8.2(I)(i). Upon receipt by Administrative Agent of confirmation from each Lender of its authority to release or compromise any particular item or types of property covered by the Security Documents under Subsection 8.2(I)(i), and upon at least 10 Business Days' prior written request by Borrower, Administrative Agent shall (and is hereby irrevocably authorized by Lenders to) execute such documents as may be necessary to evidence the release or compromise of the Liens granted to Administrative Agent, for the benefit of Administrative Agent and Lenders, upon such Collateral, provided that (1) Administrative Agent shall not be required to execute any such document on terms which, in Administrative Agent's opinion, would expose Administrative Agent to liability or create any obligation or entail any consequence other than the release or compromise of such Liens without recourse or warranty, (2) such release or compromise shall not in any manner discharge, affect or impair the Secured Obligations or any Liens upon (or obligations of the Loan Parties, in respect of) all interests retained by the Loan Parties in the Collateral, including proceeds of any sale or other disposition of any Collateral, all of which shall continue to constitute part of the property covered by the Security Documents, and (3) nothing in this Subsection 8.2(I)(ii) shall limit Administrative Agent's authorization to release Liens in accordance with Subsection 8.2(I)(i).

(iii) Absence of Duty. Administrative Agent shall have no obligation whatsoever to any Lender or any other Person to assure that the property covered by the Security Documents exists or is owned by the Loan Parties, or is cared for, protected or insured or has been encumbered or that the Liens granted to Administrative Agent have been properly or sufficiently or lawfully created, perfected, protected or enforced or are entitled to any particular priority, or to exercise at all or in any particular manner or under any duty of care, disclosure or fidelity, or to continue exercising, any of the rights, authorities and powers granted or available to Administrative Agent in this Agreement or in any other Loan Document, it being understood and agreed that with respect to the property covered by the Security Documents or any act, omission or event related thereto, Administrative Agent may act in any manner it may deem appropriate, in its discretion, given Administrative Agent's own interest in property covered by the Security Documents, as one of Lenders and as Administrative Agent, provided that Administrative Agent shall act in conformance with Subsection 8.2 and shall be liable for its and its Representatives' gross negligence or willful misconduct, as determined by a final, nonappealable judgment by a court of competent jurisdiction.

(J) Agency for Perfection; Enforcement of Security by Administrative Agent. Administrative Agent and each Lender hereby appoint the Administrative Agent and each other Lender as agent for the purpose of perfecting Administrative Agent's security interest in assets which, in accordance with Article 9 of the Uniform Commercial Code in any applicable jurisdiction, can be perfected only by possession or control. Should any Lender (other than Administrative Agent) obtain possession of any such Collateral, such Lender shall notify Administrative Agent thereof, and, promptly upon Administrative Agent's request therefor, shall deliver such Collateral (or control thereof) to Administrative Agent or in accordance with Administrative Agent's instructions without affecting any Lender's rights of set-off. Each Lender agrees that it will not have any right individually to enforce or seek to enforce any Security Document or to realize upon any collateral security for the Loans, it being understood and agreed that such rights and remedies may be exercised only by Administrative Agent.

(K) Dissemination of Information. Administrative Agent will use its best efforts (except where otherwise provided herein) to provide Lenders with any information received by Administrative Agent from the Loan Parties which is required to be provided to a Lender hereunder or which is otherwise requested by any Lender, provided that Administrative Agent shall not be liable to Lenders for any failure to do so, except to the extent that such failure is attributable to Administrative Agent's or its Representatives' gross negligence or willful misconduct, as determined by a final, nonappealable judgment by a court of competent jurisdiction.

8.3 Amendments, Consents and Waivers for Certain Actions. Except as otherwise provided in this Agreement (including this Subsection 8.3 and Subsection 9.2), any Assignment and Assumption or any other Loan Document, the consent of Requisite Lenders and Borrower will be required to amend, modify, terminate, or waive any provision of this Agreement or any of the other Loan Documents (other than any Secured Hedge Agreement, which may only be amended, modified or terminated, or any provision thereof waived, in accordance with the terms thereof).

8.4 Disbursement of Funds. Administrative Agent shall advise each Lender by telephone or teletype of the amount of such Lender's Pro Rata Share of any Loan requested by Borrower no later than 11:00 a.m. (Denver, Colorado time) at least two (2) Business Days immediately preceding the Funding Date applicable thereto (in the case of LIBOR Loans), otherwise no later than 4:00 p.m. (Denver, Colorado time) on the Business Day immediately preceding the Funding Date applicable thereto, and each such Lender shall pay Administrative Agent such Lender's Pro Rata Share of such requested Loan, in same day funds, by wire transfer to Administrative Agent's account by no later than 11:00 a.m. (Denver, Colorado time) on such Funding Date. If any Lender fails to pay the amount of its Pro Rata Share forthwith upon Administrative Agent's demand, Administrative Agent shall promptly notify Borrower, and Administrative Agent shall disburse to Borrower, by wire transfer of immediately available funds, that portion of such Loan as to which Administrative Agent has received funds. In such event, Administrative Agent may, on behalf of any Lender not timely paying Administrative Agent, disburse funds to Borrower for Loans requested, subject to the provisions of Subsection 8.5(B). Each such Lender shall reimburse Administrative Agent on demand for all funds disbursed on its behalf by Administrative Agent. Nothing in this Subsection 8.4 or elsewhere in this Agreement or the other Loan Documents, including the provisions of Subsection 8.5, shall be deemed to require Administrative Agent (or any other Lender) to advance funds on behalf of any Lender or to relieve any Lender from its obligation to fulfill its commitments hereunder or to prejudice any rights that Administrative Agent or Borrower may have against any Lender as a result of any default by such Lender hereunder.

8.5 Disbursements of Advances; Payments.

(A) Pro Rata Treatment; Application. Upon receipt by Administrative Agent of each payment from Borrower hereunder, other than as described in the succeeding sentence, Administrative Agent shall promptly credit each Lender's account with its Pro Rata Share of such payment in accordance with such Lender's Pro Rata Share and shall promptly wire advice of the amount of such credit to each Lender. Each payment to any Person (including Administrative Agent) of fees under or in connection with any Loan Document shall be made in like manner, but for the account of such Person (including Administrative Agent).

Notwithstanding anything in this Agreement to the contrary, in the event that any Lender fails to fund its Pro Rata Share of any Loan in accordance with this Agreement (each such failing Lender, a "**Non-Funding Lender**"; the portion of such Loan funded by other Lenders, a "**Non Pro Rata Loan**"), until such Non-Funding Lender's cure of such failure the proceeds of all amounts thereafter repaid or prepaid to Administrative Agent by or on behalf of Borrower and otherwise required to be applied to such Non-Funding Lender's share of any of the Obligations pursuant to the terms of this Agreement shall be advanced to Borrower by Administrative Agent on behalf of such Non-Funding Lender to cure, in full or in part, such failure by such Non-Funding Lender, but shall nevertheless be deemed to have been paid to such Non-Funding Lender in satisfaction of such other Obligations; provided, however, that (i) the foregoing shall apply only with respect to the proceeds of payments of Obligations and shall not affect the conversion or continuation of Loans pursuant to Subsections 1.2(G) and 1.3; (ii) any such Non-Funding Lender shall be deemed to have cured its failure to fund its Pro Rata Share of any Loan at such time as an amount equal to such Non-Funding Lender's original Pro Rata Share of the requested principal portion of such Loan is fully funded to Borrower, whether made by such Non-Funding Lender itself or by operation of the terms of the foregoing, and whether or not the Non Pro Rata Loan with respect thereto has been repaid; (iii) amounts advanced to Borrower to cure, in full or in part, any such Non-Funding Lender's failure to fund its Pro Rata Share of any Loan ("**Cure Loans**") shall bear interest at the rate applicable to Base Rate Loans in effect from time to time, and for all other purposes of this Agreement shall be treated as if they were Base Rate Loans; and (iv) regardless of whether or not a Default has occurred or is continuing, and notwithstanding the instructions of Borrower as to its desired application, all repayments or prepayments of principal which, in accordance with the other terms of this Agreement, would be applied to the outstanding Base Rate Loans shall be applied first, ratably to all Base Rate Loans constituting Non Pro Rata Loans, second, ratably to Base Rate Loans other than those constituting Non Pro Rata Loans or Cure Loans and, third, ratably to Base Rate Loans constituting Cure Loans.

(B) Availability of Lender's Pro Rata Share.

(i) Unless Administrative Agent has been notified by a Lender prior to a Funding Date of such Lender's intention not to fund its Pro Rata Share of the Loan amount requested by Borrower, and Administrative Agent has given notice pursuant to Subsection 8.4, Administrative Agent may assume that such Lender will make such amount available to Administrative Agent on the Funding Date. If such amount is not, in fact, made available to Administrative Agent by such Lender when due, and Administrative Agent disburses funds to Borrower on behalf of such Lender, Administrative Agent will be entitled to recover such amount on demand from Borrower, without set-off, counterclaim or deduction of any kind, with interest thereon at the rate per annum then applicable to such Loan.

(ii) Nothing contained in this Subsection 8.5(B) will be deemed to relieve a Lender of its obligation to fulfill its commitments or to prejudice any rights Administrative Agent or Borrower may have against such Lender as a result of a default by such Lender under this Agreement.

(C) Return of Payments.

(i) If Administrative Agent pays an amount to a Lender under this Agreement in the belief or expectation that a related payment has been or will be received by Administrative Agent from Borrower and such related payment is not received by Administrative Agent, then Administrative Agent will be entitled to recover such amount from such Lender without set-off, counterclaim or deduction of any kind.

(ii) If Administrative Agent determines at any time that any amount received by Administrative Agent under this Agreement must be returned to Borrower or paid to any other Person pursuant to any solvency law or otherwise, then, notwithstanding any other term or condition of this Agreement, Administrative Agent will not be required to distribute any portion thereof to any Lender. In addition, each Lender will repay to Administrative Agent on demand any portion of such amount that Administrative Agent has distributed to such Lender, together with interest at such rate, if any, as Administrative Agent is required to pay to Borrower or such other Person, without set-off, counterclaim or deduction of any kind.

SECTION 9  
MISCELLANEOUS

9.1 Indemnities. Each Loan Party agrees to indemnify, pay, and hold Administrative Agent and each Lender and their respective Affiliates and the respective partners, officers, directors, employees, agents, and attorneys of Administrative Agent, each Lender and their respective Affiliates (the "**Indemnitees**") harmless from and against any and all liabilities, obligations, losses (including reasonable fees of attorneys and consultants), damages, penalties, actions, judgments, suits and claims of any kind or nature whatsoever that may be imposed on, incurred by, or asserted against the Indemnitee as a result of Administrative Agent and each Lender being a party to this Agreement or otherwise in connection with this Agreement, any of the other Loan Documents or any of the transactions contemplated hereby or thereby; provided, that the Loan Parties shall have no obligation to an Indemnitee hereunder with respect to liabilities arising from the gross negligence, willful misconduct of, or breach of any Loan Document by, that Indemnitee, in each such case as determined by a final non appealable judgment of a court of competent jurisdiction. This Subsection 9.1 and all indemnification provisions contained within any other Loan Document shall survive the termination of this Agreement.

9.2 Amendments and Waivers. Except as otherwise provided herein or therein, no amendment, modification, termination or waiver of any provision of this Agreement, the Notes or any of the other Loan Documents, or consent to any departure by Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by Borrower and Requisite Lenders (or Administrative Agent, if expressly set forth herein, in any Note or in any other Loan Document); provided that, Borrower shall provide the Administrative Agent with updated Schedules 5.3(A), 5.3(C), 5.13(A) and 5.19 from time to time as required by Subsection 4.6(D) of this Agreement, which shall upon delivery by Borrower be deemed to replace such then existing Schedules, and each such delivery shall constitute a representation by Borrower of the accuracy and completeness of such updated Schedules, but provided, however, that delivery of such updated Schedules shall not be deemed to waive any Default or Event of Default relating thereto (if any); provided further, that, notwithstanding any other provision of this Agreement to the contrary and except, with respect to an assignee or assignor hereunder, to the extent permitted by any applicable Assignment and Assumption, no amendment, modification, termination or waiver shall, unless in writing and signed by all Lenders (including Voting Participants) affected thereby (which in the cases of clauses (D), (E), (F), (G) and (H) shall be all Lenders), do any of the following: (A) increase any Loan Commitment of any Lender, increase any Lender's Pro Rata Share of any Loan Commitment, change a pro rata payment of any Lender; (B) reduce the principal of, rate of interest on or fees payable with respect to any Loan (other than indirectly by reason of an amendment to a defined term); (C) extend the Revolver Expiration Date or the Term Loan Maturity Date or extend any other scheduled date on which any Obligation is to be paid (other than the date of any prepayment, voluntary or mandatory); (D) change the definition of "Requisite Lenders" or change the percentage of Lenders which shall be required for Lenders or any of them to take any action hereunder; (E) release Administrative Agent's Lien on all or substantially all of the Collateral (except if the release of such Collateral is permitted under and effected in accordance with this Agreement or any other Loan Document) or any material guaranty of the Obligations (except to the extent expressly contemplated thereby); (F) amend or waive this Subsection 9.2 or the definitions of the terms used in this Subsection 9.2 insofar as the definitions affect the substance of this Subsection 9.2; (G) amend or waive Subsection 6.2 or the priority of payments set forth in Subsection 6.8; (H) consent to the assignment, delegation or other transfer by any Loan Party or any Subsidiary of a Loan Party of any of its rights and obligations under any Loan Document; or (I) amend or waive Subsection 1.1(A)(iii) or the definition of "Consent Condition"; and provided, further, that no amendment, modification, termination or waiver affecting the rights or duties of Administrative Agent under any Loan Document shall in any event be effective, unless in writing and signed by Administrative Agent, in addition to Lenders required hereinabove to take such action. Each amendment, modification, termination or waiver shall be effective only in the specific instance and for the specific purpose for which it was given. ;No amendment, modification, termination or waiver shall be required for Administrative Agent to take additional Collateral pursuant to any Loan Document. No notice to or demand on any Loan Party or any other Person in any case shall entitle such Loan Party or such Person to any other or further notice or demand in similar or other circumstances. Any amendment, modification, termination, waiver or consent effected in accordance with this Subsection 9.2 shall be binding upon each holder of the Notes at the time outstanding, each future holder of the Notes, and, if signed by Borrower, upon all the Loan Parties and their respective Subsidiaries.

In connection with any proposed amendment, modification, waiver or termination (a "**Proposed Change**") requiring the consent of all Lenders (including Voting Participant) or each affected Lender (including each affected Voting Participant), if the consent of Requisite Lenders is obtained, but the consent of other Lenders (including other Voting Participants) whose consent is required is not obtained (any such Lender (but not any such Voting Participants) whose consent is required but not obtained being referred to as a "**Non-Consenting Lender**"), then so long as Administrative Agent is not a Non-Consenting Lender, at Borrower's request (and at Borrower's sole cost and expense) Administrative Agent, or a Person reasonably acceptable to Administrative Agent (the "**Substitute Lender**"), shall have the right with Administrative Agent's consent and in Administrative Agent's sole discretion (but shall have no obligation) to purchase from such Non-Consenting Lenders, and such Non-Consenting Lenders agree that they shall, upon Administrative Agent's request, sell and assign to Administrative Agent or such Person, all of the Loan Commitments and/or Loans of such Non-Consenting Lenders for an amount equal to the principal balance of all Loans held by the Non-Consenting Lenders, together with the Breakage Fee, if any, and all accrued interest and fees and other amounts due or outstanding to such Non-Consenting Lender through the date of sale, such purchase and sale to be consummated pursuant to an executed Assignment and Assumption; provided, that, such Substitute Lender must agree in writing to consent to the proposed amendment, modification, waiver or termination to which the Non-Consenting Lender did not consent. Upon execution of any Assignment and Assumption Agreement pursuant to this Subsection 9.2, the Substitute Lender shall be entitled to vote on any pending waiver, amendment or consent in lieu of the Non-Consenting Lender replaced by such Substitute Lender.

Notwithstanding anything to the contrary herein, no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder, except that the Loan Commitment of such Lender may not be increased or extended without the consent of such Lender (it being understood that any Loan Commitments or Loans held or deemed held by any Defaulting Lender shall be excluded from a vote of Lenders hereunder requiring any consent of Lenders).

9.3 Notices. Any required notice or other communication shall be in writing addressed to the respective party as set forth below and may be personally delivered, telecopied, or sent by overnight courier service and shall be deemed to have been given: (A) if delivered in person, when delivered; (B) if delivered by telecopy, on the date of transmission if transmitted on a Business Day before 2:00 p.m. (Denver, Colorado time) and otherwise on the Business Day next succeeding the date of transmission; (C) if delivered by overnight courier, two (2) Business Days after delivery to the courier properly addressed.

Notices shall be addressed as follows or to such other address as a party shall designate in a written notice in accordance with this Subsection 9.3:



If to Borrower,  
any other Loan Party or  
any Subsidiary of a Loan Party:

Shenandoah Telecommunications Company  
500 Shentel Way  
P.O. Box 459  
Edinburg, VA 22824  
Attn: Vice President Finance and Chief Financial Officer  
Fax No.: 540.984.8192

If to a Lender or Administrative Agent: To the address set forth on Schedule 9.3 or in the applicable Assignment and Assumption.

9.4 Failure or Indulgence Not Waiver; Remedies Cumulative. No failure or delay on the part of Administrative Agent or any Lender to exercise, nor any partial exercise of, any power, right or privilege hereunder or under any other Loan Documents shall impair such power, right, or privilege or be construed to be a waiver of any Default or Event of Default. All rights and remedies existing hereunder or under any other Loan Document are cumulative to and not exclusive of any rights or remedies otherwise available.

9.5 Marshaling; Payments Set Aside. Neither Administrative Agent nor any Lender shall be under any obligation to marshal any assets in payment of any or all of the Secured Obligations. To the extent that Borrower or any other Person makes payment(s) or Administrative Agent enforces its Liens or Administrative Agent or any Lender exercises its right of set-off, and such payment(s) or the proceeds of such enforcement or set-off is subsequently invalidated, declared to be fraudulent or preferential, set aside, or required to be repaid by anyone (whether by demand, litigation, settlement or otherwise), then to the extent of such recovery, the Secured Obligations or part thereof originally intended to be satisfied, and all Liens, rights and remedies therefor, shall be revived and continued in full force and effect as if such payment had not been made or such enforcement or set-off had not occurred.

9.6 Severability. The invalidity, illegality, or unenforceability of any provision under the Loan Documents in any jurisdiction shall not affect or impair the remaining provisions in the Loan Documents or any such invalid, unenforceable or illegal provision in any jurisdiction in which it is not invalid, unenforceable or illegal.

9.7 Lenders' Obligations Several; Independent Nature of Lenders' Rights. The obligation of each Lender hereunder is several and not joint and no Lender shall be responsible for the obligation or commitment of any other Lender hereunder. In the event that any Lender at any time should fail to make a Loan as herein provided, Lenders, or any of them, at their sole option, may make the Loan that was to have been made by Lender so failing to make such Loan. Nothing contained in any Loan Document and no action taken by Administrative Agent or any Lender pursuant hereto or thereto shall be deemed to constitute Lenders to be a partnership, an association, a joint venture or any other kind of entity. The amounts payable at any time hereunder to each Lender shall be a separate and independent debt.

9.8 Headings. Section and Subsection headings are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purposes or be given substantive effect.

9.9 Applicable Law. THIS AGREEMENT SHALL BE GOVERNED BY AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF COLORADO, WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES THAT REQUIRE OR PERMIT APPLICATION OF THE LAWS OF ANY OTHER STATE OR JURISDICTION.

9.10 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, except that none of the Loan Parties may assign their respective rights or obligations hereunder without the written consent of all Lenders.

9.11 No Fiduciary Relationship. No provision in the Loan Documents and no course of dealing between the parties shall be deemed to create any fiduciary duty owing to the Loan Parties or their respective Subsidiaries or Affiliates by Administrative Agent or any Lender.

9.12 Construction. Administrative Agent, each Lender and Borrower acknowledge that each of them has had the benefit of legal counsel of its own choice and has been afforded an opportunity to review the Loan Documents with its legal counsel and that the Loan Documents shall be constructed as if jointly drafted by Administrative Agent, each Lender and Borrower.

9.13 Confidentiality. Administrative Agent and Lenders agree to hold any confidential information sufficiently identified as being confidential or proprietary that they may receive from or on behalf of the Loan Parties or any of their respective Subsidiaries pursuant to this Agreement in confidence, except for disclosure: (A) on a confidential basis to directors, officers, employees, Administrative Agent or legal counsel, independent public accountants and other professional advisors of Administrative Agent or Lenders or their respective Affiliates; (B) to regulatory officials having jurisdiction over Administrative Agent or Lenders or their Affiliates; (C) as required by Applicable Law or legal process; or (D) in connection with any legal proceeding between or among Administrative Agent or Lenders or their Affiliates and the Loan Parties, their respective Subsidiaries or their respective Affiliates (provided that, in the event Administrative Agent or Lenders or their Affiliates are so required to disclose such confidential information pursuant to clause (C) of this Subsection 9.13, Administrative Agent or Lenders shall promptly notify Borrower (unless legally prohibited from so doing), so that Borrower or any of its Subsidiaries may seek, at its sole cost and expense, a protective order or other appropriate remedy); and (E) to another Person in connection with a disposition or proposed disposition to that Person of all or part of that Lender's interests hereunder or a participation interest in its Pro Rata Share, provided that such disclosure is made subject to an appropriate confidentiality agreement on terms substantially similar to this Subsection 9.13. For purposes of the foregoing, "confidential information" shall mean all information respecting the Loan Parties, their respective Subsidiaries or their respective Affiliates, other than (i) information previously filed by Borrower or its Affiliates or Subsidiaries with any Governmental Authority and available to the public or otherwise made available to third parties on a non-confidential basis, (ii) information previously published in any public medium from a source other than, directly or indirectly, Administrative Agent or Lenders in violation of this Subsection 9.13 and (iii) information obtained by Administrative Agent or Lenders from a source independent of Borrower or its Subsidiaries.

9.14 Consent to Jurisdiction and Service of Process. EACH OF THE LOAN PARTIES, ADMINISTRATIVE AGENT AND LENDERS HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY UNITED STATES FEDERAL COURT OR STATE COURT IN THE STATE OF COLORADO, HAVING SUBJECT MATTER JURISDICTION OVER ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO ANY LOAN DOCUMENTS. EACH OF THE LOAN PARTIES, ADMINISTRATIVE AGENT AND LENDERS HEREBY IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVES ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT, PERSONAL JURISDICTION OF ANY SUCH COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM. NOTHING HEREIN SHALL LIMIT THE RIGHT OF ANY PARTY HERETO TO BRING PROCEEDINGS AGAINST ANY OTHER PARTY HERETO IN THE COURTS OF ANY OTHER JURISDICTION.

(A) EACH OF THE LOAN PARTIES, ADMINISTRATIVE AGENT AND LENDERS HEREBY AGREES THAT SERVICE OF THE SUMMONS AND COMPLAINT AND ALL OTHER PROCESS WHICH MAY BE SERVED IN ANY SUCH SUIT, ACTION OR PROCEEDING MAY BE EFFECTED BY MAILING BY REGISTERED MAIL, RETURN RECEIPT REQUESTED, A COPY OF SUCH PROCESS TO A LOAN PARTY, ADMINISTRATIVE AGENT OR A LENDER AT THE ADDRESS TO WHICH NOTICES TO SUCH LOAN PARTY, ADMINISTRATIVE AGENT OR SUCH LENDERS ARE THEN TO BE SENT PURSUANT TO SUBSECTION 9.3 AND THAT PERSONAL SERVICE OF PROCESS SHALL NOT BE REQUIRED. NOTHING HEREIN SHALL BE CONSTRUED TO PROHIBIT SERVICE OF PROCESS BY ANY OTHER METHOD PERMITTED BY LAW.

9.15 Waiver of Jury Trial. EACH OF THE LOAN PARTIES, ADMINISTRATIVE AGENT AND LENDERS HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT, ANY OF THE OTHER LOAN DOCUMENTS, OR ANY DEALINGS BETWEEN OR AMONG THEM RELATING TO THE SUBJECT MATTER OF THIS LOAN TRANSACTION AND ANY RELATIONSHIP THAT IS BEING ESTABLISHED AMONG ANY OF THEM. THE SCOPE OF THIS WAIVER IS INTENDED TO BE ALLENCOMPASSING OF ANY AND ALL DISPUTES THAT MAY BE FILED IN ANY COURT AND THAT RELATE TO THE SUBJECT MATTER OF THIS TRANSACTION, INCLUDING, CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW AND STATUTORY CLAIMS. EACH OF THE LOAN PARTIES, ADMINISTRATIVE AGENT AND LENDERS ACKNOWLEDGE THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO A BUSINESS RELATIONSHIP, THAT EACH HAS ALREADY RELIED ON THE WAIVER IN ENTERING INTO THIS AGREEMENT AND THAT EACH WILL CONTINUE TO RELY ON THE WAIVER IN THEIR RELATED FUTURE DEALINGS. EACH OF THE LOAN PARTIES, ADMINISTRATIVE AGENT AND LENDERS FURTHER WARRANT AND REPRESENT THAT EACH HAS REVIEWED THIS WAIVER WITH ITS LEGAL COUNSEL, AND THAT EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. THIS WAIVER IS IRREVOCABLE, MEANING THAT IT MAY NOT BE MODIFIED EITHER ORALLY OR IN WRITING, AND THE WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THE LOAN DOCUMENTS, OR TO ANY OTHER DOCUMENTS OR AGREEMENTS RELATING TO THE LOANS. IN THE EVENT OF LITIGATION, THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT. EACH OF THE LOAN PARTIES, ADMINISTRATIVE AGENT AND LENDERS ALSO WAIVE ANY BOND OR SURETY OR SECURITY UPON SUCH BOND WHICH MIGHT, BUT FOR THIS WAIVER, BE REQUIRED OF ADMINISTRATIVE AGENT AND EACH LENDER.

9.16 Survival of Warranties and Certain Agreements. All agreements, representations and warranties made herein shall survive the execution and delivery of this Agreement, the making of the Loans and the execution and delivery of the Notes. Notwithstanding anything in this Agreement or implied by law to the contrary, the agreements of the Loan Parties set forth in Subsections 1.4(D), 1.11, 1.14, 9.1, 9.9, 9.14 and 9.15 and the agreements of Lenders set forth in Subsection 8.2(E) (together with any other Sections and Subsections stated herein to so survive) shall survive the payment of the Loans and the termination of this Agreement.

9.17 Entire Agreement. This Agreement, the Notes and the other Loan Documents referred to herein embody the final, entire agreement among the parties hereto and supersede any and all prior commitments, agreements, representations, understandings, whether oral or written, relating to the subject matter hereof and may not be contradicted or varied by evidence of prior, contemporaneous or subsequent oral agreements or discussions of the parties hereto.

9.18 Counterparts; Effectiveness. This Agreement and any amendments, waivers, consents or supplements may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all of which counterparts together shall constitute but one and the same instrument. This Agreement shall become effective upon the execution of a counterpart hereof by each of the parties hereto.

9.19 Patriot Act. Lenders notify the Loan Parties and their respective Subsidiaries that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "**Patriot Act**"), they are required to obtain, verify and record information that identifies each of Borrower and its Subsidiaries, which information includes the name and address of such entity and other information that will allow Lenders to identify such in accordance with the Patriot Act. Each of the Loan Parties and their respective Subsidiaries shall provide to the extent commercially reasonable, such information and take such other actions as are reasonably requested by Lenders in order to assist Lenders in maintaining compliance with the Patriot Act.

9.20 Guaranty of Secured Obligations by Guarantors.

(A) The Guaranty. In order to induce the Lenders to enter into this Agreement and to extend credit hereunder and in recognition of the direct benefits to be received by the Guarantors from the extensions of credit hereunder, subject to the provisions of this Subsection 9.20, each Guarantor hereby agrees with Administrative Agent and the Secured Parties as follows: each Guarantor jointly and severally hereby irrevocably and unconditionally guarantees to Administrative Agent for the ratable benefit of the Secured Parties the due and punctual payment in full of all Secured Obligations when the same shall become due, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise (collectively, the "**Guaranteed Obligations**").

(B) Limitation of Guaranty. Notwithstanding any term or provision hereof or of any other Loan Document to the contrary, the maximum aggregate amount for which any Guarantor shall be liable hereunder shall not exceed the maximum amount for which such Guarantor can be liable without rendering the provisions hereof or of any other Loan Document, as such provisions relate to such Guarantor, subject to avoidance under applicable requirements of law relating to fraudulent conveyance or fraudulent transfer. Any analysis of the provisions hereof for purposes of laws relating to fraudulent conveyance or fraudulent transfer shall take into account the contribution agreement established in Subsection 9.20(C).

(C) Contribution by Guarantors. To the extent that any Guarantor shall be required hereunder to pay any portion of any Guaranteed Obligation exceeding the greater of (i) the amount of the value actually received by such Guarantor and its Subsidiaries from the Loans and other Guaranteed Obligations and (ii) the amount such Guarantor would otherwise have paid if such Guarantor had paid the aggregate amount of the Guaranteed Obligations (excluding the amount thereof repaid by Borrower) in the same proportion as such Guarantor's net worth on the date enforcement is sought hereunder bears to the aggregate net worth of all the Guarantors on such date, then such Guarantor shall be reimbursed by such other Guarantors for the amount of such excess, pro rata, based on the respective net worth of such other Guarantors on such date of enforcement. The contribution agreement in this Subsection 9.20(C) is intended only to define the relative rights of the Guarantors and nothing set forth in this Subsection 9.20(C) is intended to or shall impair the obligations of the Guarantors, jointly and severally, to pay any amounts as and when the same shall become due and payable in accordance with the terms hereof.

(D) Payment by Guarantors. The Guarantors hereby jointly and severally agree, in furtherance of the foregoing and not in limitation of any other right which any Secured Party may have at law or in equity against any Guarantor by virtue hereof, that upon the failure of Borrower to pay any of the Guaranteed Obligations when and as the same shall become due, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise, the Guarantors will upon demand pay, or cause to be paid, in cash, to Administrative Agent for the ratable benefit of the Secured Parties, an amount equal to the sum of the unpaid principal amount of all Guaranteed Obligations then due as aforesaid, accrued and unpaid interest on such Guaranteed Obligations (including interest which, but for Borrower's becoming the subject of a case under the Bankruptcy Code, would have accrued on such Guaranteed Obligations, whether or not a claim is allowed against Borrower for such interest in the related bankruptcy case) and all other Guaranteed Obligations then owed to the Secured Parties as aforesaid.

(E) Liability of Guarantors Absolute. Each Guarantor agrees that except as expressly provided in Subsection 9.20(B), its obligations hereunder are irrevocable, absolute, independent and unconditional and shall not be affected by any circumstance which constitutes a legal or equitable discharge of a guarantor or surety other than payment in full of the Guaranteed Obligations. In furtherance of the foregoing and without limiting the generality thereof and subject to Subsection 9.20(B), each Guarantor agrees as follows:

(i) this Guaranty is a guaranty of payment when due and not of collectability. This Guaranty is a primary obligation of each Guarantor and not merely a contract of surety;

(ii) Administrative Agent may enforce this Guaranty upon the occurrence of an Event of Default notwithstanding the existence of any dispute between Borrower and any Secured Party with respect to the existence of such Event of Default;

(iii) the obligations of each Guarantor hereunder are independent of the obligations of Borrower and the obligations of any other guarantor (including any other Guarantor) of the obligations of Borrower, and a separate action or actions may be brought and prosecuted against such Guarantor whether or not any action is brought against Borrower or any of such other guarantors and whether or not Borrower is joined in any such action or actions;

(iv) payment by any Guarantor of a portion, but not all, of the Guaranteed Obligations shall in no way limit, affect, modify or abridge any Guarantor's liability for any portion of the Guaranteed Obligations which has not been paid. Without limiting the generality of the foregoing, if Administrative Agent is awarded a judgment in any suit brought to enforce any Guarantor's covenant to pay a portion of the Guaranteed Obligations, such judgment shall not be deemed to release such Guarantor from its covenant to pay the portion of the Guaranteed Obligations that is not the subject of such suit, and such judgment shall not, except to the extent satisfied by such Guarantor, limit, affect, modify or abridge any other Guarantor's liability hereunder in respect of the Guaranteed Obligations;

(v) any Secured Party, upon such terms as it deems appropriate, without notice or demand and without affecting the validity or enforceability hereof or giving rise to any reduction, limitation, impairment, discharge or termination of any Guarantor's liability hereunder, from time to time may (1) renew, extend, accelerate, increase the rate of interest on, or otherwise change the time, place, manner or terms of payment of the Guaranteed Obligations; (2) settle, compromise, release or discharge, or accept or refuse any offer of performance with respect to, or substitutions for, the Guaranteed Obligations or any agreement relating thereto and/or subordinate the payment of the same to the payment of any other obligations; (3) request and accept other guaranties of the Guaranteed Obligations and take and hold security for the payment hereof or the Guaranteed Obligations; (4) release, surrender, exchange, substitute, compromise, settle, rescind, waive, alter, subordinate or modify, with or without consideration, any security for payment of the Guaranteed Obligations, any other guaranties of the Guaranteed Obligations, or any other obligation of any Person (including any other Guarantor) with respect to the Guaranteed Obligations; (5) enforce and apply any security now or hereafter held by or for the benefit of such Secured Party in respect hereof or the Guaranteed Obligations and direct the order or manner of sale thereof, or exercise any other right or remedy that such Secured Party may have against any such security, in each case as such Secured Party in its discretion may determine consistent herewith or the applicable Secured Hedge Agreement and any applicable security agreement, including foreclosure on any such security pursuant to one or more judicial or nonjudicial sales, whether or not every aspect of any such sale is commercially reasonable, and even though such action operates to impair or extinguish any right of reimbursement or subrogation or other right or remedy of any Guarantor against Borrower or any security for the Guaranteed Obligations; and (6) exercise any other rights available to it under the Loan Documents or Secured Hedge Agreements; and

(vi) this Guaranty and the obligations of the Guarantors hereunder shall be valid and enforceable and shall not be subject to any reduction, limitation, impairment, discharge or termination for any reason (other than payment in full of the Guaranteed Obligations), including the occurrence of any of the following, whether or not any Guarantor shall have had notice or knowledge of any of them: (1) any failure or omission to assert or enforce, or agreement or election not to assert or enforce, or the stay or enjoining, by order of court, by operation of law or otherwise, of the exercise or enforcement of, any claim or demand or any right, power or remedy (whether arising under the Loan Documents or any Secured Hedge Agreement, at law, in equity or otherwise) with respect to the Guaranteed Obligations or any agreement relating thereto, or with respect to any other guaranty of or security for the payment of the Guaranteed Obligations; (2) any rescission, waiver, amendment or modification of, or any consent to departure from, any of the terms or provisions (including provisions relating to events of default) hereof, any of the other Loan Documents, any of the Secured Hedge Agreements or any agreement or instrument executed pursuant thereto, or of any other guaranty or security for the Guaranteed Obligations, in each case whether or not in accordance with the terms hereof or such Loan Document, such Secured Hedge Agreement or any agreement relating to such other guaranty or security; (3) the Guaranteed Obligations, or any agreement relating thereto, at any time being found to be illegal, invalid or unenforceable in any respect; (4) the application of payments received from any source (other than payments received pursuant to the other Loan Documents or any of the Secured Hedge Agreements or from the proceeds of any security for the Guaranteed Obligations, except to the extent such security also serves as collateral for Indebtedness other than the Guaranteed Obligations) to the payment of Indebtedness other than the Guaranteed Obligations, even though any Secured Party might have elected to apply such payment to any part or all of the Guaranteed Obligations; (5) any Secured Party's consent to the change, reorganization or termination of the corporate structure or existence of Borrower or any of its Subsidiaries and to any corresponding restructuring of the Guaranteed Obligations; (6) any failure to perfect or continue perfection of a security interest in any collateral which secures any of the Guaranteed Obligations; (7) any defenses, set-offs or counterclaims which Borrower may allege or assert against any Secured Party in respect of the Guaranteed Obligations, including failure of consideration, breach of warranty, payment, statute of frauds, statute of limitations, accord and satisfaction and usury; and (8) any other act or thing or omission, or delay to do any other act or thing, which may or might in any manner or to any extent vary the risk of any Guarantor as an obligor in respect of the Guaranteed Obligations.

(F) Waivers by Guarantors. Each Guarantor hereby waives, for the benefit of Secured Parties: (i) any right to require any Secured Party, as a condition of payment or performance by such Guarantor, to (1) proceed against Borrower, (2) proceed against or exhaust any security held from Borrower, (3) proceed against or have resort to any balance of any deposit, investment or other account or credit on the books of any Secured Party in favor of Borrower or any other Person, or (4) pursue any other remedy in the power of any Secured Party whatsoever; (ii) any defense arising by reason of the incapacity, lack of authority or any disability or other defense of Borrower or any other Guarantor including any defense based on or arising out of the lack of validity or the unenforceability of the Guaranteed Obligations or any agreement or instrument relating thereto or by reason of the cessation of the liability of Borrower or any other Guarantor from any cause other than payment in full of the Guaranteed Obligations; (iii) any defense based upon any statute or rule of law which provides that the obligation of a surety must be neither larger in amount nor in other respects more burdensome than that of the principal; (iv) any defense based upon any Secured Party's errors or omissions in the administration of the Guaranteed Obligations, except behavior which amounts to gross negligence or willful misconduct, as determined by a final, nonappealable judgment by a court of competent jurisdiction; (v) (1) other than as expressly set forth in Subsection 9.20(B), any principles or provisions of law, statutory or otherwise, which are or might be in conflict with the terms hereof and any legal or equitable discharge of such Guarantor's obligations hereunder, (2) the benefit of any statute of limitations affecting such Guarantor's liability hereunder or the enforcement hereof, (3) any rights to set-offs, recoupments and counterclaims, and (4) promptness, diligence and any requirement that any Secured Party protect, secure, perfect or insure any security interest or lien or any property subject thereto; (vi) notices, demands, presentments, protests, notices of protest, notices of dishonor and notices of any action or inaction, including acceptance hereof, notices of default hereunder, the Secured Hedge Agreements or any agreement or instrument related thereto, notices of any renewal, extension or modification of the Guaranteed Obligations or any agreement related thereto, notices of any extension of credit to Borrower and notices of any of the matters referred to in this Subsection 9.20 and any right to consent to any thereof; and (vii) other than as expressly set forth in Subsection 9.20(B), any defenses or benefits that may be derived from or afforded by law which limit the liability of or exonerate guarantors or sureties, or which may conflict with the terms hereof.

(G) Guarantors' Right of Subrogation, Contribution, etc. Until the Guaranteed Obligations shall have been indefeasibly and irrevocably paid and satisfied in full in cash and no commitments of Administrative Agent or any Lender which would give rise to any Obligation are outstanding, each Guarantor hereby waives any claim, right or remedy, direct or indirect, that such Guarantor now has or may hereafter have against Borrower or any other Guarantor or any of its assets in connection with this Guaranty or the performance by such Guarantor of its obligations hereunder, in each case whether such claim, right or remedy arises in equity, under contract, by statute, under common law or otherwise and including (i) any right of subrogation, reimbursement or indemnification that such Guarantor now has or may hereafter have against Borrower with respect to the Guaranteed Obligations, (ii) any right to enforce, or to participate in, any claim, right or remedy that any Secured Party now has or may hereafter have against Borrower, and (iii) any benefit of, and any right to participate in, any collateral or security now or hereafter held by any Secured Party. In addition, until the Guaranteed Obligations shall have been indefeasibly and irrevocably paid and satisfied in full in cash and no commitments of the Administrative Agent or any Lender which would give rise to any Obligations are outstanding each Guarantor shall withhold exercise of any right of contribution such Guarantor may have against any other guarantor (including any other Guarantor) of the Guaranteed Obligations, including any such right of contribution as contemplated by Subsection 9.20(C). Each Guarantor further agrees that, to the extent the waiver or agreement to withhold the exercise of its rights of subrogation, reimbursement, indemnification and contribution as set forth herein is found by a court of competent jurisdiction to be void or voidable for any reason, any rights of subrogation, reimbursement or indemnification such Guarantor may have against Borrower or against any collateral or security, and any rights of contribution such Guarantor may have against any such other guarantor, shall be junior and subordinate to any rights any Secured Party may have against Borrower, to all right, title and interest any Secured Party may have in any such collateral or security, and to any right any Secured Party may have against such other guarantor. If any amount shall be paid to any Guarantor on account of any such subrogation, reimbursement, indemnification or contribution rights at any time when all Guaranteed Obligations shall not have been indefeasibly and irrevocably paid and satisfied in full in cash and no commitments of the Administrative Agent or any Lender which would give rise to any Obligations are outstanding, such amount shall be held in trust for Administrative Agent on behalf of Secured Parties and shall forthwith be paid over to Administrative Agent for the benefit of Secured Parties to be credited and applied against the Guaranteed Obligations, whether matured or unmatured, in accordance with the terms hereof.



(H) Subrogation of Other Obligations. Any Indebtedness of Borrower or any Guarantor now or hereafter held by any Guarantor (the "**Obligee Guarantor**") is hereby subordinated in right of payment to the Guaranteed Obligations, and any such Indebtedness collected or received by the Obligee Guarantor after an Event of Default has occurred and is continuing shall be held in trust for Administrative Agent on behalf of Secured Parties and shall forthwith be paid over to Administrative Agent for the benefit of Secured Parties to be credited and applied against the Guaranteed Obligations but without affecting, impairing or limiting in any manner the liability of the Obligee Guarantor under any other provision hereof.

(I) Continuing Guaranty. This Guaranty is a continuing guaranty and shall remain in effect until all of the Guaranteed Obligations shall have been indefeasibly and irrevocably paid and satisfied in full in cash and no commitments of the Administrative Agent or any Lender which would give rise to any Obligations are outstanding. Each Guarantor hereby irrevocably waives any right to revoke this Guaranty as to future transactions giving rise to any Guaranteed Obligations.

(J) Authority of Guarantors or Borrower. It is not necessary for any Secured Party to inquire into the capacity or powers of any Guarantor or Borrower or the officers, directors or any agents acting or purporting to act on behalf of any of them.

(K) Financial Condition of Borrower. Any Loan and any other extension of credit may be made to Borrower or converted or continued from time to time, and any Secured Hedge Agreements may be entered into from time to time, in each case without notice to or authorization from any Guarantor regardless of the financial or other condition of Borrower at the time of any such grant or continuation or at the time such Secured Hedge Agreement is entered into, as the case may be. No Secured Party shall have any obligation to disclose or discuss with any Guarantor its assessment, or any Guarantor's assessment, of the financial condition of Borrower. Each Guarantor has adequate means to obtain information from Borrower on a continuing basis concerning the financial condition of Borrower and its ability to perform its obligations under the Loan Documents and the Secured Hedge Agreements, and each Guarantor assumes the responsibility for being and keeping informed of the financial condition of Borrower and of all circumstances bearing upon the risk of nonpayment of the Guaranteed Obligations. Each Guarantor hereby waives and relinquishes any duty on the part of any Secured Party to disclose any matter, fact or thing relating to the business, operations or conditions of Borrower now known or hereafter known by any Secured Party.

(L) Bankruptcy, Etc. (i) So long as any Guaranteed Obligations remain outstanding, no Guarantor shall, without the prior written consent of Administrative Agent acting pursuant to the instructions of Requisite Lenders, commence or join with any other Person in commencing any bankruptcy, reorganization or insolvency case or proceeding of or against Borrower or any other Guarantor. The obligations of the Guarantors hereunder shall not be reduced, limited, impaired, discharged, deferred, suspended or terminated by any case or proceeding, voluntary or involuntary, involving the bankruptcy, insolvency, receivership, reorganization, liquidation or arrangement of Borrower or any other Guarantor or by any defense which Borrower or any other Guarantor may have by reason of the order, decree or decision of any Governmental Authority resulting from any such proceeding.

Each Guarantor acknowledges and agrees that any interest on any portion of the Guaranteed Obligations which accrues after the commencement of any case or proceeding referred to in Subsection 9.20(L)(i) above (or, if interest on any portion of the Guaranteed Obligations ceases to accrue by operation of law by reason of the commencement of such case or proceeding, such interest as would have accrued on such portion of the Guaranteed Obligations if such case or proceeding had not been commenced) shall be included in the Guaranteed Obligations because it is the intention of the Guarantors and Secured Parties that the Guaranteed Obligations which are guaranteed by the Guarantors pursuant hereto should be determined without regard to any rule of law or order which may relieve Borrower of any portion of such Guaranteed Obligations. ¶ 0;The Guarantors will permit any trustee in bankruptcy, receiver, debtor in possession, assignee for the benefit of creditors or similar person to pay Administrative Agent, or allow the claim of Administrative Agent in respect of, any such interest accruing after the date on which such case or proceeding is commenced.

In the event that all or any portion of the Guaranteed Obligations are paid by Borrower, the obligations of the Guarantors hereunder shall continue and remain in full force and effect or be reinstated, as the case may be, in the event that all or any part of such payment(s) are rescinded or recovered directly or indirectly from any Secured Party as a preference, fraudulent transfer or otherwise, and any such payments which are so rescinded or recovered shall constitute Guaranteed Obligations for all purposes hereunder.

9.21 Governmental Authority Compliance. Notwithstanding anything to the contrary in this Agreement and the other Loan Documents, no party hereto or thereto shall take any action under this Agreement or the other Loan Documents that would constitute or result in an assignment of any License, or a change of control of any Loan Party or Subsidiary of any Loan Party directly or indirectly holding a License, to the extent that such assignment or change of control would require the prior approval by any Governmental Authority under any Applicable Law without first obtaining such required approval.

SECTION 10  
DEFINITIONS

10.1 Certain Defined Terms. The terms defined below are used in this Agreement as so defined. Terms defined in the preamble and recitals to this Agreement are used in this Agreement as so defined.

**"Accounting Change"** has the meaning assigned to such term in Subsection 4.7.

**"Acquisition"** means the acquisition, in a single transaction or in a series of related transactions, of all or any substantial portion of the assets of another Person, or at least a majority of the equity interests of another person, in each case whether involving a merger or consolidation with such other Person and whether for cash, property, services, assumption of Indebtedness, securities or otherwise.

**"Act"** means the Securities Exchange Act of 1934, as amended.

**"Adjustment Date"** means each date which is the fifth Business Day after the receipt by Administrative Agent of each Compliance Certificate and related financial statements delivered by Borrower pursuant to Subsection 4.6(C) and, in the case a decrease in an applicable margin is warranted, a written notice from Borrower to decrease such margin.

**"Administrative Agent"** means CoBank in its capacity as Administrative Agent for Lenders under this Agreement and each of the other Loan Documents and any successor in such capacity appointed pursuant to Subsection 8.2.

**"Affiliate"** means, (A) with respect to Borrower or any of its Subsidiaries, any Person: (i) directly or indirectly controlling, controlled by, or under common control with such Person; (ii) directly or indirectly owning or holding 10% or more of any equity interest in Borrower or any Subsidiary of Borrower; or (iii) 10% or more of whose voting stock or other equity interest is directly or indirectly owned or held by Borrower or any Subsidiary of Borrower, excluding for purposes of this clause (A) Affiliates which are also Borrower, (B) with respect to Administrative Agent and Lenders hereunder, any Person which controls or is controlled by or is under common control with such Person and (C) with respect to Affiliates of Administrative Agent, any Person which controls or is controlled by or is under common control with such Person. For purposes of this definition, "control" (including with correlative meanings, the terms "controlling," "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 a Person, whether through the ownership of voting securities or by contract or otherwise.

"**Agreement**" means this Credit Agreement (including all schedules and exhibits hereto), as amended, modified, supplemented, extended and restated from time to time as permitted herein.

"**Annual Officer's Certificate**" has the meaning assigned to such term in Subsection 4.6(D).

"**Applicable Law**" means, in respect of any Person, all provisions of constitutions, statutes, rules, regulations and orders of governmental bodies or regulatory agencies applicable to such Person, including the Licenses, the Communications Act, PUC Laws and all Environmental Laws, and all orders, decisions, judgments and decrees of all courts and arbitrators in proceedings or actions to which the Person in question is a party or by which it is bound.

"**Approved Fund**" means any Fund that is administered or managed by (A) a Lender, (B) an Affiliate of a Lender or (C) an entity or an Affiliate of an entity that administers or manages a Lender.

"**Asset Disposition**" means the disposition, whether by sale, lease, transfer, loss, redemption, dissolution, liquidation, damage, destruction, condemnation or otherwise, by any Loan Party or any Subsidiary of any Loan Party of any of the following: (A) any of the capital stock or other equity interest of any of its Subsidiaries, or (B) any or all of its assets, other than (i) bona fide sales of inventory to customers for fair value in the ordinary course of business, (ii) dispositions of obsolete equipment not used or useful in the business of any Loan Party or any of its Subsidiaries, and (iii) sales of Cash Equivalents for fair value.

"**Assignment and Assumption**" means an agreement among Administrative Agent, a Lender and such Lender's assignee regarding their respective rights and obligations with respect to assignments of the Loans, the Loan Commitments, the Facilities and other interests under this Agreement and the other Loan Documents in the form attached hereto as Exhibit 10.1(A).

"**Available Revolver Loan Commitment**" means, at any time, the Revolver Loan Commitment, as it may have been reduced pursuant to this Agreement, multiplied by .60 (unless Administrative Agent has given Borrower written notice that the Consent Condition has been satisfied), and minus the aggregate principal balance of all Revolver Loans then outstanding hereunder.

"**Bankruptcy Code**" means Title 11 of the United States Code entitled "Bankruptcy," as amended from time to time, or any applicable bankruptcy, insolvency or other similar federal or state law now or hereafter in effect and all rules and regulations promulgated thereunder.

"**Base Rate**" means a variable rate of interest per annum equal, on any day, to the rate established by CoBank on the first Business Day of each week as the higher of (i) 1.50% plus the higher of (x) one-week LIBOR and one-month LIBOR; and (ii) the Prime Rate. For the purpose of this definition of "Base Rate", "LIBOR" shall mean the one week and/or one (1) month rate (rounded upward to the nearest thousandth), as quoted by the British Bankers Association at 11:00 a.m. London time and published by Bloomberg, on the first Business Day of the week applicable to Borrower's election of the Base Rate.

"**Base Rate Loans**" means Loans (or portions thereof as permitted hereunder) accruing interest at a rate determined by reference to the Base Rate.

"**Base Rate Margin**" means the applicable percent per annum determined in accordance with Subsection 1.2(B).

"**Benefited Lender**" has the meaning assigned to such term in Subsection 6.9.

"**Borrower**" has the meaning assigned to such term in the Preamble.

"**Business Day**" means (A) for all purposes other than as covered by clause (B) below, any day excluding Saturday, Sunday and any day which is a legal holiday under the laws of the States of Colorado or Virginia or is a day on which banking institutions located in such jurisdictions are closed or which the Federal Reserve Banks are closed, and (B) with respect to all notices, determinations, fundings and payments in connection with LIBOR Loans, any day that is a Business Day described in clause (A) above and that is also a day for trading by and between banks in U.S. dollar deposits in the applicable interbank LIBOR market.

"**Breakage Fee**" has the meaning assigned to such term in Subsection 1.4(C).

"**Budgets**" has the meaning assigned to such term in Subsection 4.6(G).

"**Calculation Period**" means each period commencing on each Adjustment Date and ending on the day preceding each subsequent Adjustment Date.

"**Capital Lease**" means any lease of real or personal property which is required to be capitalized under GAAP or which is treated as an operating lease under regulations applicable to Borrower and its Subsidiaries but which otherwise would be required to be capitalized under GAAP.

"**Cash Equivalents**" means: (A) marketable direct obligations issued or unconditionally guaranteed by the United States Government or issued by any agency thereof and backed by the full faith and credit of the United States or if not so backed, then having a rating of at least A+ from Standard & Poor's Rating Service and at least A1 from Moody's Investors Service, Inc., in each case maturing within two (2) years from the date of acquisition thereof; (B) with the written consent of the Requisite Lenders which is hereby given, until such time as such consent is revoked, commercial paper maturing no more than 270 days from the date issued and, at the time of acquisition, having a rating of at least A-1 from Standard & Poor's Rating Service or at least P-1 from Moody's Investors Service, Inc.; (C) certificates of deposit or bankers' acceptances maturing within one (1) year from the date of issuance thereof issued by, or overnight reverse repurchase agreements from, any commercial bank organized under the laws of the United States of America or any state thereof or the District of Columbia having combined capital and surplus of not less than \$500,000,000; (D) time deposits maturing no more than 30 days from the date of creation thereof with commercial banks having membership in the Federal Deposit Insurance Corporation in amounts at any one such institution not exceeding the lesser of \$250,000 or the maximum amount of insurance applicable to the aggregate amount of the Loan Party's deposits at such institution; and (E) Investments in CoBank or other Investments satisfactory to Administrative Agent.

"**Certificate of Exemption**" has the meaning assigned to such term in Subsection 1.13(B).

"**Change of Control**" means: (A) a report on Schedule 13D shall be filed with the Securities and Exchange Commission pursuant to Section 13(d) of the Act disclosing that any person other than Borrower or any employee benefit plan sponsored by Borrower, is the beneficial owner (as the term is defined in Rule 13d-3 under the Act) directly or indirectly, of 30% or more of the total voting power represented by Borrower's then outstanding voting securities (calculated as provided in paragraph (d) of Rule 13d-3 under the Act in the case of rights to acquire voting securities); or (B) any person, other than Borrower or any employee benefit plan sponsored by Borrower, shall purchase shares pursuant to a tender offer or exchange offer to acquire any voting securities of Borrower (or securities convertible into such voting securities) for cash, securities or any other consideration, provided that after consummation of the offer, the person in question is the beneficial owner directly or indirectly, of 30% or more of the total voting power represented by Borrower's then outstanding voting securities (all as calculated under clause (A)); or (C) the occurrence of (i) any consolidation or merger of Borrower in which Borrower is not the continuing or surviving corporation, or pursuant to which common shares of Borrower will be converted into cash, securities or other property, or (ii) any sale, lease exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all the assets of Borrower; or (D) any Loan Party shall cease to own 100% of the outstanding equity interests or voting power of any of its respective Subsidiaries, excluding Shentel Converged Services, Inc., that are wholly owned as of the Closing Date; or (E) there shall have been a change in the composition of the Board of Directors of Borrower at any time during any consecutive 24 month period such that "continuing directors" cease for any reason to constitute at least a majority of the Board. For purposes of this clause, "continuing directors" means those members of the Board who either were directors at the beginning of such consecutive 24 month period or were elected by or on the nomination or recommendation of at least a majority of the then-existing "continuing directors."

"**Closing Date**" means the date of this Agreement.

"**CoBank**" has the meaning assigned to such term in the Preamble.

"**Collateral**" means, collectively: (A) all "Collateral" as defined in the Security Documents; (B) all real property and interests in real property mortgaged pursuant to the Security Documents; and (C) any property or interest provided in addition to or in substitution for any of the foregoing.

"**Collateral Contract Assignments**" means, collectively, all collateral assignments of Material Contracts, in form and content approved by Administrative Agent, executed by a Loan Party or any of its Subsidiaries in favor of Administrative Agent, for the benefit of itself and Lenders, as required pursuant to Subsection 2.8, as amended, modified, supplemented, extended and restated from time to time.

"**Communications Act**" means the Communications Act of 1934, as amended and any similar or successor federal statute, and the rules and regulations of the FCC thereunder, all as the same may be in effect from time to time.

"**Communications System**" means a system or business providing (or capable of providing) voice, data or video transport, connection, monitoring services or other communications and/or information services (including cable television), through any means or medium, and the provision of facilities, marketing, management, technical and financial (including call rating) or other services to companies providing such transport, connection, monitoring services or other communications and/or information services, or constructing, creating, developing or marketing communications-related network equipment, software and other devices for use in the business described above.

"**Compliance Certificate**" has the meaning assigned to such term in Subsection 4.6(C).

"**Consent Condition**" means that Borrower shall have delivered to Administrative Agent a fully executed agreement pursuant to which each of Sprint Spectrum L.P., Sprint Communications Company, L.P., WirelessCo, L.P., APC PCS, LLC, PhillieCo, L.P., and any other applicable party expressly consents to the collateral assignment of the Sprint Nextel Agreements to Administrative Agent, for the benefit of the Secured Parties, and to the exercise of associated remedies by Administrative Agent (and any successors, assignees, transferees, or designees), in form and substance satisfactory to the Requisite Lenders in their sole discretion.

"**Contingent Obligation**," as applied to any Person, means any direct or indirect liability of that Person: (A) with respect to any Indebtedness, lease, dividend or other obligation of another Person if the primary purpose or intent of the Person incurring such liability, or the primary effect thereof, is to provide assurance to the obligee of such liability that such liability will be paid, performed or discharged, or that any agreements relating thereto will be complied with, or that the holders of such liability will be protected (in whole or in part) against loss with respect thereto; (B) with respect to any letter of credit issued for the account of that Person or as to which that Person is otherwise liable for reimbursement of drawings; or (C) under any foreign exchange contract, currency swap agreement, interest rate swap agreement or other similar agreement or arrangement designed to alter the risks of that Person arising from fluctuations in currency values or interest rates. Contingent Obligations shall also include (i) the direct or indirect guaranty, endorsement (other than for collection or deposit in the ordinary course of business), co-making, discounting with recourse or sale with recourse by such Person of the obligation of another, (ii) the obligation to make take-or-pay or similar payments if required regardless of nonperformance by any other party or parties to an agreement, and (iii) any liability of such Person for the obligations of another through any agreement to purchase, repurchase or otherwise acquire such obligation or any property constituting security therefor, to provide funds for the payment or discharge of such obligation or to maintain the solvency, financial condition or any balance sheet item or level of income of another. The amount of any Contingent Obligation shall be equal to the amount of the obligation so guaranteed or otherwise supported or, if not a fixed and determined amount, the maximum amount so guaranteed.

"**Cure Loans**" has the meaning assigned to such term in Subsection 8.5(A).

**"Debt Service Coverage Ratio"** means the ratio derived by dividing (A) EBITDA by (B) the sum of (i) all scheduled principal payments on the Term Loans and regularly scheduled principal payment on other Indebtedness and (ii) cash interest expense, in each case for the most recently completed four fiscal quarters.

**"Default"** means a condition or event that, after notice or lapse of time or both, would constitute an Event of Default if that condition or event were not cured or removed within any applicable grace or cure period.

**"Defaulting Lender"** means, at any time, (A) a Lender that has failed to fund any portion of the Loans required to be funded by it hereunder within one (1) Business Day of the date required to be funded by it hereunder or has otherwise failed to pay over to Administrative Agent or any other Lender any other amount (other than a de minimis amount) required to be paid by it hereunder within one (1) Business Day of the date when due, unless the subject of a good faith dispute (each a "funding obligation"), or (B) a Lender that has notified Administrative Agent in writing, or has stated publicly, that it will not comply with any such funding obligation hereunder or has defaulted on its funding obligations under any other loan agreement, credit agreement or other financing agreement (in each case, unless the subject of a good faith dispute), (C) upon the agreement of Administrative Agent and Borrower, each made in its sole discretion, a Lender that has, for a period of three (3) or more Business Days commencing on the date on which Administrative Agent confirms that such Lender has received a written request from Administrative Agent, failed to confirm in writing to Administrative Agent that it will comply with its funding obligations hereunder unless the subject of a good faith dispute (it being agreed that such written request from Administrative Agent shall include the name and date of this Agreement, the names of Borrower and Administrative Agent, the reply deadline, and the contact details (including phone number) for the Person to whom the reply must be sent), or (D) a Lender with respect to which a Lender Insolvency Event has occurred and is continuing.

**"Disqualified Stock"** means any capital stock or other equity interest of Borrower that is or, upon the passage of time or the occurrence of any event may become, an obligation of Borrower to redeem, purchase, retire, defease or otherwise make any payment in respect of such capital stock or other equity interest in consideration other than additional capital stock or other equity interest (other than Disqualified Stock), if such obligation matures or has the potential to mature sooner than one year after the indefeasible and irrevocable repayment and satisfaction in full in cash of all Obligations and the termination of all commitments of Administrative Agent and any Lender which could give rise to any Obligations.

**"EBITDA"** means, at any date of determination, on a consolidated basis, (A) the result of (i) the sum, without duplication, of (1) net income or deficit, as the case may be, (2) total interest expense (including non-cash interest), (3) depreciation and amortization expense, (4) income taxes, (5) one-time cash expenses directly related to freezing and terminating the defined benefit pension plan (6) certain one-time items and/or adjustments associated with the JetBroadband Acquisition and any other Acquisition to be agreed upon by Administrative Agent in its reasonable discretion, (7) losses from the disposal or impairment of property and equipment and other long-term assets, including goodwill, intangibles and spectrum, (8) losses on sales of assets (excluding sales in the ordinary course of business), and (9) any other non-cash expenses, charges (including the amount of any compensation deduction as the result of any grant of capital stock or other equity interest in Borrower to employees, directors or officers of Borrower or any of its Subsidiaries), losses, or infrequent, unusual or extraordinary items reducing net income for such period to the extent such non-cash items do not represent a cash item in any future period; *provided however* that the items specified above in clauses (2) through (9) shall only be included to the extent such items reduce net income of Borrower; minus (ii) to the extent included in calculating net income or deficit, the sum of (1) interest income, (2) non-cash dividends and patronage income, (3) equity in earnings from unconsolidated subsidiaries and joint ventures, (4) gains from the disposal of property and equipment and other long-term assets, including goodwill, intangibles and spectrum, (5) gains on sales of assets (excluding sales in the ordinary course of business), and (6) any other non-cash gains, non-cash income or extraordinary items increasing net income, and (B) will be measured for the then most recently completed four (4) fiscal quarters, adjusted to give effect to any acquisition, sale or other disposition, directly or through a subsidiary, of any business (or any portion thereof) during the period of calculation as if such acquisition, sale or other disposition occurred on the first day of such period of calculation. For the purposes of calculating EBITDA for any period in connection with any determination of the Total Leverage Ratio or any other financial ratio, if at any time during such period Borrower or any Subsidiary shall have made any Material Acquisition or Material Disposition, the EBITDA for such period shall be calculated on a Pro forma Basis to give effect to such Material Acquisition or Material Disposition. As used in this definition, "Material Acquisition" means any acquisition of property or series of related acquisitions of property that (a) constitutes assets comprising all or substantially all of an operating unit of a business or constitutes all or substantially all of the common stock of a Person and (b) involves the payment of consideration by Borrower and its Subsidiaries in excess of \$1,000,000; and "Material Disposition" means any disposition of property or series of related dispositions of property that yields gross proceeds to Borrower and its Subsidiaries in excess of \$1,000,000.



**"Environmental Laws"** means all applicable federal, state or local laws, statutes, rules, regulations or ordinances, codes, common law, consent agreements, orders, decrees, judgments or injunctions issued, promulgated, approved or entered thereunder relating to public health, safety or the pollution or protection of the environment, including those relating to releases, discharges, emissions, spills, leaching, or disposals of hazardous substances (including petroleum, crude oil or any fraction or derivative thereof, or other hydrocarbons) to air, water, land or ground water, to the withdrawal or use of ground water, to the use, handling or disposal of polychlorinated biphenyls, asbestos or urea formaldehyde, to the treatment, storage, disposal or management of hazardous substances (including petroleum, crude oil or any fraction or derivative thereof, or other hydrocarbons), pollutants or contaminants, to exposure to toxic, hazardous or other controlled, prohibited, or regulated substances, including, any such provisions under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (42 U.S.C. Sec. 9601 et seq.), and the Resource Conservation and Recovery Act of 1976, as amended (42 U.S.C. Sec. 6901 et seq.).

**"Equity"** means the result of consolidated total assets minus consolidated total liabilities.

**"Equity to Assets Ratio"** means the ratio derived by dividing (A) Equity by (B) consolidated total assets.

"**Equity Interest**" has the meaning assigned to such term in the Pledge and Security Agreement.

"**ERISA**" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

"**ERISA Affiliate**" means any trade or business (whether or not incorporated) which is a member of a controlled group or under common control with any Loan Party or any Subsidiary of a Loan Party within the meaning of Sections 414(b) or (c) of the IRC (and Sections 414(m) and (o) of the IRC for purposes of provisions relating to Section 412 of the IRC).

"**ERISA Event**" means, with respect to any Loan Party, any ERISA Affiliate or any Pension Plan, the occurrence of any of the following: (A) a Reportable Event; (B) a withdrawal by a substantial employer (as defined in Section 4001(a)(12) of ERISA) subject to Section 4063 of ERISA; (C) a cessation of operations which is treated as a withdrawal under Section 4062(e) of ERISA; (D) a complete or partial withdrawal under Section 4203 or 4205 of ERISA from a Multi-employer Plan; (E) a notification that a Multi-employer Plan is in reorganization under Section 4242 of ERISA; (F) the filing of a notice of intent to terminate a Pension Plan under 4041 of ERISA; (G) the treatment of an amendment of a Pension Plan as a termination under 4041 of ERISA; (H) the termination of a Multi-employer Plan under Section 4041A of ERISA; (I) the commencement of proceedings by the PBGC to terminate a Pension Plan under 4042 of ERISA; (J) an event or condition which could reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, a Pension Plan; or (K) the imposition of any liability under Title IV of ERISA, other than PBGC premiums due but not delinquent under Section 4007 of ERISA.

"**Event of Default**" has the meaning assigned to such term in Subsection 6.1.

"**Excluded Subsidiary**" means (a) Shenandoah Telephone Company; (b) Shentel Converged Services, Inc.; provided, that if at any time Borrower is no longer actively seeking to sell all of the outstanding equity interests or substantially all of the assets of Shentel Converged Services, Inc., then Shentel Converged Services, Inc. will no longer be an Excluded Subsidiary and will be deemed to be a new Subsidiary of Borrower subject to the terms of Subsection 2.12 as if acquired by Borrower on the date that Borrower is no longer actively seeking such sale; and (c) any other Subsidiary with respect to which Administrative Agent, in its sole discretion, in consultation with Borrower, determines the burden, cost or other tax or regulatory consequences of such Subsidiary becoming a Guarantor shall be excessive in view of the benefits obtained by Lenders therefrom.

"**Excluded Taxes**" means (A) any taxes imposed on (or measured by) net income (including branch profits taxes) of a Lender or Administrative Agent, or any franchise or similar taxes imposed in lieu thereof, by any Governmental Authority or taxing authority by the jurisdiction under the laws of which such Lender or Administrative Agent is organized or any jurisdiction in which such Lender or Administrative Agent is a resident, has an office, conducts business or has another connection and (B) in the case of a Foreign Lender, any withholding tax that is imposed on amounts payable to such Foreign Lender (i) under law in effect at the time such Foreign Lender becomes a party to this Agreement (or designates a new office), except to the extent that such Foreign Lender (or its assignor, if any) was entitled, at the time of designation of a new office (or assignment), to receive additional amounts from Borrower with respect to such withholding tax pursuant to Subsection 1.13(A) or (ii) that is attributable to such Foreign Lender's failure to comply with Subsection 1.13(B).

"**Facility**" or "**Facilities**" means one or more of the Revolver Facility and the Term Loan Facilities.

"**Farm Credit Lender**" means a federally-chartered Farm Credit System lending institution organized under the Farm Credit Act of 1971.

"**FCC**" means the Federal Communications Commission, or any other similar or successor agency of the federal government administering the Communications Act.

"**FDPA**" has the meaning assigned to such term in Subsection 2.2.

"**Fixed Charges**" means the sum of (A) cash interest expense, (B) scheduled principal payments to be made on Indebtedness, (C) capital expenditures (excluding (i) capital expenditures acquired pursuant to any Capital Lease, (ii) capital expenditures constituting any reinvestment of the Net Proceeds of any permitted Asset Disposition to the extent such investment is permitted, and (iii) capital expenditures constituting the reinvestment of the net cash proceeds received from the sale of the stock or assets of Shentel Converged Services, Inc.), (D) cash income taxes, and (E) any cash dividends and distributions (other than those paid to any Loan Party or any Subsidiary of any Loan Party), in each case, measured for the then most recently completed four fiscal quarters.

"**Fixed Charge Coverage Ratio**" means, as of the date of calculation, the ratio derived by dividing (A) EBITDA by (B) Fixed Charges.

"**Fixed Interest Rate**" has the meaning assigned to such term in Subsection 1.2(A).

"**Fixed Term Loan**" means the existing Loan incorporated into this Agreement pursuant to Subsection 1.1(B)(ii) in an outstanding principal amount as of the date hereof of \$7,957,578.88.

"**Fixed Term Loan Facility**" means the existing term loan credit facility incorporated into this Agreement pursuant to Subsection 1.1(B)(ii).

"**Fixed Term Loan Lender**" means CoBank and/or any other Lender that has purchased a portion of the Fixed Term Loan in accordance with the terms hereof in the principal amount set forth in the Assignment and Assumption pursuant to which such Lender became a party hereto, as applicable.

"**Fixed Term Loan Maturity Date**" means the earlier of (A) the acceleration of the Obligations pursuant to Subsection 6.3 or (B) August 20, 2013.

"**Fixed Term Loan Note**" or "**Fixed Term Loan Notes**" means one or more of the notes of Borrower substantially in the form of Exhibit 10.1(D), or any combination thereof, and any replacements, restatements, renewals or extensions of any such notes, in whole or in part.

"**Fixed Term Loan Termination Date**" has the meaning assigned to such term in Subsection 1.2(A).

"**Foreign Lender**" has the meaning assigned to such term in Subsection 1.13(B).

"**Foreign Subsidiary**" means any Subsidiary of Borrower that is a "controlled foreign corporation" under Section 956 of the IRC.

"**Foreign Subsidiary Holding Company**" means any direct or indirect Domestic Subsidiary that is treated as a disregarded entity for federal income tax purposes and substantially all of the assets of which include the Equity Interests of one or more Foreign Subsidiaries.

"**Funding Date**" has the meaning assigned to such term in Subsection 7.2.

"**GAAP**" means generally accepted accounting principles as set forth from time to time in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the United States accounting profession), which are applicable to the circumstances as of the date of determination.

"**Governmental Approvals**" means all authorizations, consents, approvals, licenses and exemptions of, registrations and filings with, and reports to, all Governmental Authorities, including all Licenses.

"**Governmental Authority**" means any nation, province, or state or any political subdivision of any of the foregoing, and any government or any Person exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, and any corporation or other entity exercising such functions owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing, including the FCC and any PUC.

"**Guaranteed Obligations**" has the meaning assigned to such term in Subsection 9.20(A).

"**Guarantor(s)**" has the meaning assigned to such term in the Preamble.

"**Hedge Agreements**" means interest rate, currency or cross-currency rate swap agreements, and other similar agreements entered into by Borrower or any other Loan Party in the ordinary course of business (and not for speculative purposes) for the principal purpose of protecting Borrower or any other Loan Party against fluctuations in interest rates or currency exchange rates.

**"IBBS Agreement"** means, collectively, any services agreements between Integrated Broadband Services, LLC, and Borrower or any other Loan Party, in form and substance reasonably acceptable to Administrative Agent.

**"Incremental Term Loan(s)"** has the meaning assigned to such term in Subsection 1.1(C)

**"Incremental Term Loan Commitment(s)"** has the meaning assigned to such term in Subsection 1.1(C).

**"Incremental Term Loan Facility(ies)"** has the meaning assigned to such term in Subsection 1.1(C).

**"Indebtedness"** as applied to any Person, means without duplication: (A) all indebtedness for borrowed money; (B) that portion of obligations with respect to Capital Leases or other capitalized agreements that is properly classified as a liability on a balance sheet in conformity with GAAP; (C) notes payable and drafts accepted representing extensions of credit whether or not representing obligations for borrowed money; (D) any obligation owed for all or any part of the deferred purchase price of property or services, except trade payables arising in the ordinary course of business and outstanding not more than 90 days after such obligation is due; (E) all obligations created or arising under any conditional sale or other title retention agreement; (F) all indebtedness secured by any Lien on any property or asset owned or held by that Person regardless of whether the indebtedness secured thereby shall have been assumed by that Person or is nonrecourse to the credit of that Person, but only to the extent of the fair value of such property or asset; (G) all obligations of such Person under take-or-pay or similar arrangements or under commodities agreements; (H) the net termination obligations of such Person under any Hedge Agreement, calculated as of any date as if such agreement or arrangement were terminated as of such date; (I) the maximum amount of all standby letters of credit issued or bankers' acceptance facilities created for the account of such Person and, without duplication, all drafts drawn thereunder (to the extent unreimbursed); (J) the principal balance outstanding under any synthetic lease, tax retention operating lease, off-balance sheet loan or similar off-balance sheet financing product; (K) with respect to the Indebtedness of any partnership or unincorporated joint venture in which such Person is a general partner or joint venturer, the least of (i) such Indebtedness and (ii) such Person's actual liability for such Indebtedness; (L) obligations with respect to principal under Contingent Obligations with respect to the repayment of money or the deferred purchase price of property, whether or not then due and payable (calculated as the maximum amount of such principal); and (M) obligations under partnership, organizational or other agreements to fund capital contributions or other equity calls with respect to any Person or investment, or to redeem, repurchase or otherwise make payments in respect to capital stock or other equity interest of such Person.

**"Indemnitees"** has the meaning assigned to such term in Subsection 9.1.

**"Intellectual Property Rights"** has the meaning assigned to such term in Subsection 5.9.

**"Investment"** means (A) any direct or indirect purchase or other acquisition by any Loan Party or any of their respective Subsidiaries of any beneficial interest in, including stock, partnership interest or other equity securities of, any other Person; and (B) any direct or indirect loan, advance, transfer, guarantee, assumption of liability or other obligation or liability, or capital contribution by any Loan Party or any of their respective Subsidiaries to any other Person, including all Indebtedness and accounts receivable from that other Person that are not current assets or did not arise from sales to that other Person in the ordinary course of business. Investments which are capital contributions or purchases of capital stock or other equity interest which have a right to participate in the profits of the issuer thereof shall be valued at the amount (or, in the case of any Investment made with property other than cash, the book value of such property) actually contributed or paid (including cash and non cash consideration and any assumption of Indebtedness) to purchase such equity interest as of the date of such contribution or payment, without any adjustments for increases or decreases in value, or write-ups, write-downs or write-offs with respect to such Investment. Investments which are loans, advances, extensions of credit or guarantees shall be valued at the principal amount of such loan, advance or extension of credit outstanding as of the date of determination or, as applicable, the principal amount of the loan or advance outstanding as of the date of determination actually guaranteed by such guarantees.

"**IRC**" means the Internal Revenue Code of 1986, as amended from time to time, and all rules and regulations promulgated thereunder.

"**JetBroadband Acquisition**" means the acquisition of the cable television systems and other assets subject to the JetBroadband Asset Purchase Agreement by Shentel Cable Company.

"**JetBroadband Asset Purchase Agreement**" means that certain Asset Purchase Agreement, dated as of April 16, 2010, between Borrower, Shentel Cable Company and the Targets, as such agreement may be amended, modified, supplemented, extended or restated from time to time in accordance with its terms and as permitted by this Agreement.

"**Joinder Agreement**" means a Joinder Agreement substantially in the form of Exhibit 2.12 and delivered by an additional Subsidiary of any Loan Party in accordance with the provisions of Subsection 2.12.

"**Lead Arranger**" means CoBank in its capacity as Arranger for Lenders under this Agreement and each of the other Loan Documents and any successor in such capacity appointed pursuant to Subsection 8.2.

"**Lender**" or "**Lenders**" means one or more of the banks or other financial institutions party hereto from time to time and their successors and permitted assigns pursuant to Subsection 8.1.

"**Lender Insolvency Event**" means that (A) a Lender or its Parent Company is insolvent, or is generally unable to pay its debts as they become due, or admits in writing its inability to pay its debts as they become due, or makes a general assignment for the benefit of its creditors, or (B) such Lender or its Parent Company is the subject of a bankruptcy, insolvency, reorganization, liquidation or similar proceeding, or a receiver, trustee, conservator, intervenor or sequestrator or the like has been appointed for such Lender or its Parent Company, or such Lender or its Parent Company has taken any action in furtherance of or indicating its consent to or acquiescence in any such proceeding or appointment. A Lender Insolvency Event shall not be deemed to have occurred solely by virtue of the ownership or acquisition of any equity interest in any Lender or any Parent Company by a Governmental Authority or any instrumentality thereof.

"**Letter of Non-Exemption**" has the meaning assigned to such term in Subsection 1.13(B).

"**LIBOR**" means for each applicable LIBOR Interest Period, a fixed annual rate equal to:

(A) the rate of interest determined by Administrative Agent at which deposits in U.S. dollars for the relevant LIBOR Interest Period are offered based on information presented by the Reuters Screen LIBOR01 page as quoted by the British Bankers Association as of 11:00 a.m. (London time) on the day which is two (2) Business Days prior to the first day of such LIBOR Interest Period, provided, that in the event British Bankers Association ceases to provide such quotations (as determined by Administrative Agent), then Administrative Agent will notify Borrower and Administrative Agent and Borrower will agree upon a substitute basis for obtaining such quotations, divided by (B) a number equal to 1.0 minus the aggregate (but without duplication) of the rates (expressed as a decimal fraction) of reserve requirements in effect on the day which is two (2) Business Days prior to the beginning of such LIBOR Interest Period for Eurocurrency funding (currently referred to as "Eurocurrency Liabilities" in Regulation D of such Board) which are required to be maintained by a member bank of the Federal Reserve System (including, basic, supplemental, marginal and emergency reserves under any regulations of the Board of Governors of the Federal Reserve System or other Governmental Authority having jurisdiction with respect thereto, as now and from time to time in effect); such rate to be rounded upward to the next whole multiple of 0.01 percent.

"**LIBOR Interest Period**" has the meaning assigned to such term in Subsection 1.2(C)(i).

"**LIBOR Loans**" means Loans (or portions thereof as permitted hereunder) accruing interest at rates determined by reference to the LIBOR.

"**LIBOR Margin**" means the applicable percent per annum determined in accordance with Subsection 1.2(B).

"**Licenses**" means any landline telephone, cellular telephone, microwave, personal communications, commercial mobile radio service or other telecommunications or similar license, authorization, registration, certificate, waiver, certificate of compliance, franchise (including cable television franchise), approval, material filing, exemption, order, or permit, whether for the acquisition, construction or operation of any Communications System, or to otherwise provide the services related to any Communications System, granted or issued by the FCC, any applicable PUC or any other Governmental Authority.

"**Lien**" means any lien, mortgage, pledge, security interest, charge or encumbrance of any kind, whether voluntary or involuntary (including any conditional sale or other title retention agreement and any lease in the nature thereof), and any agreement to give any lien, mortgage, pledge, security interest, charge or encumbrance.

**"Loan"** or **"Loans"** means an advance or advances under any of the Facilities.

**"Loan Commitment"** or **"Loan Commitments"** means one or more of the Revolver Loan Commitment and any Incremental Term Loan Commitments, if and when applicable, as any such commitment is reduced from time to time as provided in this Agreement, and, in the case of any Incremental Term Loan Commitment, as provided in the amendment or supplement to this Agreement establishing such Incremental Term Loan Facility.

**"Loan Documents"** means, collectively, this Agreement, the Revolver Notes, the Term Loan Notes, the Security Documents, any guaranty and all other instruments, documents and agreements executed and delivered concurrently herewith or at any time hereafter to or for the benefit of Administrative Agent or Lenders in connection with the Loans and other transactions contemplated by this Agreement, all as amended, modified, supplemented, extended or restated from time to time.

**"Loan Party(ies)"** has the meaning assigned to such term in the Preamble.

**"Material Accounts"** means (A) all deposit, securities or other investment accounts in the name of the Loan Parties and their respective Subsidiaries (other than Excluded Subsidiaries) at Branch Banking and Trust Company (or such other financial institution with which Borrower maintains its primary banking relationship) and (B) all other deposit accounts in the name of the Loan Parties and their respective Subsidiaries (other than Excluded Subsidiaries) to the extent the average daily balance of such accounts for the most recently completed six calendar months exceeds \$1,000,000.

**"Material Acquisition"** has the meaning assigned to such term in the definition of "EBITDA" in this Subsection 10.1.

**"Material Adverse Effect"** means (A) a material adverse effect upon the business, result of operations, properties, assets or financial condition of the Loan Parties or their respective Subsidiaries, taken as a whole, or (B) the impairment of any Liens in favor of Administrative Agent, of the ability of the Loan Parties and their respective Subsidiaries to perform their obligations under the Loan Documents or of Administrative Agent or any Lender to enforce any material provision of any Loan Document or collect any of the Obligations. In determining whether any individual event could reasonably be expected to have a Material Adverse Effect, notwithstanding that such event does not of itself have such effect, a Material Adverse Effect shall be deemed to have occurred if the cumulative effect of such event and all other then existing events could reasonably be expected to have a Material Adverse Effect.

**"Material Contracts"** means (A) the Sprint Nextel Agreements, (B) any contract or any other agreement, written or oral, of any Loan Party or any Subsidiary of a Loan Party involving monetary liability of or to any such Person in an aggregate amount in excess of \$1,000,000 per annum and (C) any other contract or agreement, written or oral, of any Loan Party or any of its respective Subsidiaries the failure to comply with which could reasonably be expected to have a Material Adverse Effect.



**"Material Disposition"** has the meaning assigned to such term in the definition of "EBITDA" in this Subsection 10.1.

**"Material Leased Property"** means any real property leased or licensed by any Loan Party that (A) is not a tower site and (B)(i) is the headquarters or principle place of business of any Loan Party or (ii) is a headend site, switch site or such other location, in each case with respect to this clause (ii), the loss of which would have a Material Adverse Effect.

**"Material Owned Property"** means any real property owned by any Loan Party in fee simple with a book value in excess of \$1,500,000, that is the headquarters or principle place of business of any Loan Party, or as to which the loss thereof would have a Material Adverse Effect.

**"Minimum Liquidity Balance"** means as of any date (a) provided that as of such date Borrower may borrow Revolver Loans under this Agreement, the Available Revolver Loan Commitment plus (b) the sum of all unrestricted cash and unrestricted Cash Equivalents on deposit as of such date in deposit accounts in the name of a Loan Party and for which such Loan Party has delivered to Administrative Agent, for the benefit of itself and the other Secured Parties, a deposit account control agreement in form and substance satisfactory to Administrative Agent in its sole discretion.

**"Multi-employer Plan"** means a Multi-employer plan as defined in Section 4001(a)(3) of ERISA to which any Loan Party or any ERISA Affiliate makes, is making, made, or was at any time during the current year or the immediately preceding six (6) years obligated to make contributions.

**"Negative Pledge Agreement"** means a negative pledge agreement, executed in favor of Administrative Agent, for the benefit of itself and the other Secured Parties, in form and content approved by Administrative Agent, pursuant to which the executing party agrees not to grant a Lien with respect to any of its property, real and personal, except to the extent such Lien constitutes a Permitted Encumbrance, as such agreement may be amended, modified, supplemented, extended and restated from time to time.

**"Net Proceeds"** means cash proceeds received by any Loan Party or any Subsidiary of any Loan Party from any Asset Disposition, debt or equity issuance (including insurance proceeds, awards of condemnation, and payments under notes or other debt securities received in connection with any Asset Disposition), net of (A) the reasonable costs of such sale, lease, transfer, issuance or other disposition (including taxes attributable to such sale, lease, transfer or issuance), (B) amounts applied to repayment of permitted Indebtedness (other than the Obligations) secured by a Lien on the asset or property disposed, and (C) for Subsidiaries not wholly-owned by a Loan Party, the percentage equal to the ownership interests of Persons other than such Loan Party (by way of example, if a Loan Party owns a Subsidiary 95%, who in turn owns another Subsidiary 80%, and an Asset Disposition occurs at the other Subsidiary, only 76% (95% of 80%) of the proceeds thereof that would otherwise have constituted Net Proceeds will constitute Net Proceeds).

"**NCTC Agreement**" means that certain Membership Agreement, dated as of June 21, 2000, by and between National Cable Television Cooperative, Inc. and Shenandoah Cable Television Company.

"**Non-Consenting Lender**" has the meaning assigned to such term in Subsection 9.2.

"**Non-Funding Lender**" has the meaning assigned to such term in Subsection 8.5(A).

"**Non Pro Rata Loan**" has the meaning assigned to such term in Subsection 8.5(A).

"**Note**" or "**Notes**" means one or more of the Revolver Notes, the Term Loan Notes and any notes evidencing any Incremental Term Loan Facility as provided in the amendment or supplement to this Agreement establishing such Incremental Term Loan Facility.

"**Notice of Borrowing/Conversion/Continuation**" has the meaning assigned to such term in Subsection 1.3.

"**Obligations**" means all obligations, liabilities and Indebtedness of every nature of Borrower and all other Loan Parties under the Loan Documents from time to time owed to Administrative Agent, any Lender or any Indemnitee, including, the principal amount of all debts, claims and Indebtedness, accrued and unpaid interest and all indemnities, fees, costs and expenses, whether primary, secondary, direct, contingent, fixed or otherwise, heretofore, now or from time to time hereafter owing, due or payable, or any combination thereof, whether before or after the filing of a proceeding under the Bankruptcy Code or any Other Debtor Relief Law (whether or not allowed in such proceeding) by or against any Loan Party or any of its respective Subsidiaries.

"**Obligee Guarantor**" has the meaning assigned to such term in Subsection 9.20(H).

"**Parent Company**" means, with respect to a Lender, the bank holding company (as defined in Regulation Y of the Board of Governors of the Federal Reserve System, as in effect from time to time), if any, of such Lender, and/or any Person owning, beneficially or of record, directly or indirectly, a majority of the shares of such Lender.

"**Participant**" has the meaning assigned to such term in Subsection 8.1(D).

"**Patriot Act**" has the meaning assigned to such term in Subsection 9.19.

"**PBGC**" means the Pension Benefit Guaranty Corporation or any Person succeeding to the functions thereof.

"**Pension Plan**" means a pension plan (as defined in Section 3(2) of ERISA) subject to Title IV of ERISA which any Loan Party or an ERISA Affiliate sponsors, maintains, or to which it makes, is making, or is obligated to make contributions or, in the case of a Multi-employer Plan, has made contributions at any time during the current year or the immediately preceding six (6) plan years.

"Permitted Encumbrances" means the following:

(A) Liens for taxes, assessments or other governmental charges not yet due and payable or Liens for taxes, assessments or other governmental charges due and payable if the same are being diligently contested in good faith and by appropriate proceedings and then only if and to the extent that adequate reserves therefor are maintained on the books of the Loan Parties and their respective Subsidiaries, as applicable, in accordance with GAAP;

(B) statutory Liens of landlords, carriers, warehousemen, mechanics, materialmen and other similar liens imposed by law, which are incurred in the ordinary course of business for sums not more than 60 days delinquent or which are being diligently contested in good faith; provided that a reserve or other appropriate provision shall have been made therefor;

(C) Liens incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security (other than any Lien imposed by the Employee Retirement Income Security Act of 1974 or any rule or regulation promulgated thereunder), or to secure the performance of tenders, statutory obligations, surety, stay, customs and appeal bonds, bids, leases, government contracts, trade contracts, performance and return of money bonds and other similar obligations (exclusive of obligations for the payment of borrowed money) in the amount and to the extent permitted by Subsection 3.4;

(D) deposits, in an aggregate amount not to exceed \$100,000, made in the ordinary course of business to secure liability to insurance carriers;

(E) any attachment or judgment Lien which, individually or when aggregated, does not constitute an Event of Default under Subsection 6.1(I) (whether individually or when aggregated with other such Liens);

(F) easements, rights of way, restrictions and other similar charges or encumbrances not interfering in any material respect with the ordinary conduct of the business of any Loan Party or any of their respective Subsidiaries or materially adversely affecting the value of any Collateral;

(G) Liens in favor of Administrative Agent, for the benefit of itself and Lenders;

(H) Liens in favor of CoBank as set forth in Subsection 2.7;

(I) Liens securing purchase money security agreements and Capital Leases permitted under Subsection 3.1(G), provided that such Liens do not encumber any property other than the items purchased with the proceeds of such Indebtedness or leased pursuant to such Indebtedness (and the proceeds of such property), such Liens do not secure any amounts other than amounts necessary to purchase or lease such items; and

(J) Liens (i) of a collecting bank arising under Section 4-210 of the Uniform Commercial Code on items in the course of collection, (ii) attaching to commodity trading accounts or other commodities brokerage accounts incurred in the ordinary course of business, and (iii) in favor of a banking institution arising as a matter of law encumbering deposits (including the right of set-off)

**"Permitted Investments"** means any Investment (or commitment to make any Investment including an earnest money deposit prior to consummation of such Investment), other than the JetBroadband Acquisition, including by means of an Acquisition, by a Loan Party in another Person, provided that:

- (A) such Investment and all transactions related thereto shall be consummated in accordance with Applicable Law in all material respects;
- (B) after giving effect to such Investment, no Default or Event of Default shall have occurred and be continuing;
- (C) the Investment is related to the telecommunications industry;

(D) the consideration (including in the calculation thereof the amount of any assumed Indebtedness and the amount of any extensions of Indebtedness by a Loan Party pursuant to clause (F) of this definition) paid for Permitted Investments shall not exceed \$25,000,000 for any single Permitted Investment or \$50,000,000 in the aggregate for all Permitted Investments during the term hereof;

(E) Borrower shall be in compliance on a Pro forma Basis after giving effect to such Permitted Investments (including any assumed Indebtedness) with the covenants set forth in Subsections 4.1 through 4.5 for the most recently ended test period under such Subsections as if such Permitted Investment had occurred on the first day of such test period; and

(F) if such Investment constitutes the extension of Indebtedness by a Loan Party to any Person who is not a Loan Party, such Investment is evidenced by a written promissory note in form and substance reasonably acceptable to Administrative Agent, and such promissory note is collaterally assigned and delivered to Administrative Agent, provided, however, that such collateral assignment and delivery shall only be required if the aggregate amount of all such unassigned and undelivered promissory notes together with the other instruments described in Section 4.5 of the Pledge and Security Agreement exceeds \$1,500,000 in the aggregate at any one time.

**"Person"** means and includes natural persons, corporations, limited liability companies, limited partnerships, limited liability partnerships, general partnerships, joint stock companies, joint ventures, associations, companies, trusts, banks, trust companies, land trusts, business trusts or other organizations, whether or not legal entities, and governments and agencies and political subdivisions thereof and their respective permitted successors and assigns (or in the case of a governmental person, the successor functional equivalent of such Person).

**"Plan"** means an employee benefit plan (as defined in Section 3(3) of ERISA) which any Loan Party or any of their ERISA Affiliates sponsor or maintain or to which any Loan Party or any of their ERISA Affiliates make, is making, or is obligated to make contributions and includes any Pension Plan.

**"Pledge and Security Agreement"** means that certain Pledge and Security Agreement, dated as of even date herewith, executed by the Loan Parties in favor of Administrative Agent, for the benefit of itself and the other Secured Parties, in form and content approved by Administrative Agent, pursuant to which Loan Parties have pledged, as security for the Secured Obligations, on a first priority basis, substantially all personal property of the Loan Parties including, stock in their respective Subsidiaries, that they now own or may hereafter acquire, as such agreement may be amended, modified, supplemented, extended and restated from time to time.

**"Portfolio Interest Exemption Certificate"** has the meaning assigned to such term in Subsection 1.13(B).

**"Prime Rate"** means, a variable rate of interest per annum equal, on any day, to the rate of interest published on such day in the Eastern Edition of *The Wall Street Journal* as the average prime lending rate for 75% of the United States' 30 largest commercial banks, or if the Eastern Edition of *The Wall Street Journal* or such rate is not published on such day, such rate as last published in the Eastern Edition of *The Wall Street Journal*. In the event the Eastern Edition of *The Wall Street Journal* ceases to publish such rate or an equivalent on a regular basis, the term "Prime Rate" shall be determined on any day by reference to such other regularly published average prime rate for such date applicable to such commercial banks as is acceptable to Administrative Agent in its sole discretion. Any change in Prime Rate shall be automatic, without the necessity of notice provided to Borrower or any other Loan Party.

**"Pro forma Basis"** means, for purposes of calculating compliance with any test or financial covenant under this Agreement for any period, that the JetBroadband Acquisition or the applicable Permitted Investment or Asset Disposition (and all other Permitted Investments or Asset Dispositions that have been consummated during the applicable period), or the applicable Material Acquisition or Material Disposition, and the following transactions in connection therewith shall be deemed to have occurred as of the first day of the applicable period of measurement in such test or covenant: (a) income statement items (whether positive or negative) attributable to the property or Person subject to the JetBroadband Acquisition or such Permitted Investment, Asset Disposition, Material Acquisition or Material Disposition, (i) in the case of an Asset Disposition or Material Disposition shall be excluded, and (ii) in the case of the JetBroadband Acquisition, a Permitted Investment or a Material Acquisition, shall be included, (b) any retirement of Indebtedness, and (c) any Indebtedness incurred or assumed by Borrower or any of its Subsidiaries in connection therewith and if such Indebtedness has a floating or formula rate, shall have an implied rate of interest for the applicable period for purposes of this definition determined by utilizing the rate which is or would be in effect with respect to such Indebtedness as at the relevant date of determination; provided that the foregoing pro forma adjustments may be applied to any such test or financial covenant solely to the extent that such adjustments are consistent with the definition of EBITDA and give effect to events (including operating expense reductions) that are (x) attributable to such transaction, (y) expected to have a continuing impact on Borrower and its Subsidiaries and (z) factually supportable in a manner reasonably satisfactory to Administrative Agent (provided, further, that pro forma effect shall only be given to operating expense reductions or similar anticipated benefits from the JetBroadband Acquisition or any Permitted Investment, Asset Disposition, Material Acquisition or Material Disposition to the extent that such adjustments and the bases therefor are set forth in reasonable detail in a certificate of the chief financial officer of Borrower delivered to Administrative Agent and dated the relevant date of determination and which certifies that all necessary steps for the realization thereof have been taken or Borrower reasonably anticipates that all necessary steps for the realization thereof will be taken within one (1) year following such date of determination).

**"Pro Rata Share"** means (A) with respect to matters relating to a particular Loan Commitment, the percentage obtained by dividing (i) the commitment of a Lender under such Loan Commitment by (ii) such Loan Commitment and (B) with respect to all other matters, the percentage obtained by dividing (i) the Total Lender Loan Commitments of Lender by (ii) the aggregate Total Lender Loan Commitments, in either case as such percentage may be adjusted by assignments permitted pursuant to Subsection 8.1; provided, however, if any Loan Commitment is terminated pursuant to the terms hereof, in lieu of commitments, the calculation of clauses (A) and (B) above, as they relate to or include such Loan Commitment, shall be based on the aggregate amount of Lender's outstanding loans related to such Loan Commitment and the aggregate amount of all outstanding loans related to such Loan Commitment.

**"Proposed Change"** has the meaning assigned to such term in Subsection 9.2.

**"PUC"** means any state, provincial or other local public utility commission, local franchising authority or similar regulatory agency or body that exercises jurisdiction over the rates or services or the ownership, construction or operation of any Communications System (and its related facilities) or over Persons who own, construct or operate a Communications System, in each case by reason of the nature or type of the business subject to regulation and not pursuant to laws and regulations of general applicability to Persons conducting business in any such jurisdiction.

**"PUC Laws"** means all relevant rules, regulations, and published policies of, and all laws administered by, any PUC asserting jurisdiction over any Loan Party or its Subsidiaries.

**"Register"** has the meaning assigned to such term in Subsection 8.1(C).

**"Replacement Lender"** has the meaning assigned to such term in Subsection 1.12(A).

**"Related Parties"** means with respect to any Person, such Person's Affiliates and the partners, directors, officers, employees, agents and advisors of such Person and of such Person's Affiliates.

**"Related Secured Hedge Agreement"** means a Secured Hedge Agreement entered into by any Loan Party to hedge the interest rate exposure applicable to any portions of the Loans.

**"Reportable Event"** means any of the events set forth in Section 4043(b) of ERISA or the regulations thereunder, other than any such event for which the 30 day notice requirement under ERISA has been waived in regulations issued by the PBGC.

**"Representatives"** has the meaning assigned to such term in Subsection 8.2(E).

**"Requisite Lenders"** means, to the extent more than one (1) Lender holds any Loan Commitment or Loan, two (2) or more Lenders (including Voting Participants) (provided that for purposes hereof, such two (2) or more Lenders (including Voting Participants) may not consist solely of Voting Participants who purchased their participations from the same Lender or of Voting Participants and the Lender who sold such participations to such Voting Participant) who are not Defaulting Lenders and who have in the aggregate Pro Rata Shares greater than 50% (calculated without giving effect to any Loans or Loan Commitments held or deemed to be held by a Defaulting Lender).

**"Restricted Junior Payment"** means: (A) any dividend or other distribution, direct or indirect, on account of any capital stock or other equity interest in any Loan Party or any of its respective Subsidiaries, including any ownership interest and any shares of any class of stock or other equity interest of any Loan Party or any of its respective Subsidiaries now or hereafter outstanding; (B) any redemption, repurchase, conversion, exchange, retirement, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of any capital stock or other equity interest in any Loan Party or any of its respective Subsidiaries, including any ownership interest and any shares of any class of stock or other equity interest of any Loan Party or any of its respective Subsidiaries now or hereafter outstanding; (C) any payment or prepayment of interest on, principal of, premium, if any, redemption, conversion, exchange, purchase, retirement, defeasance, sinking fund or similar payment with respect to, any Indebtedness subject to subordination provisions for the benefit of Administrative Agent and Lenders; and (D) any payment made to retire, or to obtain the surrender of, any outstanding warrants, options or other rights to acquire any equity interest in any Loan Party or any of its respective Subsidiaries, including any ownership interest and shares of any class of stock of any Loan Party or any of its respective Subsidiaries now or hereafter outstanding.

**"Revolver Commitment Fee"** has the meaning assigned to such term in Subsection 1.4(A).

**"Revolver Expiration Date"** means the earlier of (A) the acceleration of the Obligations pursuant to Subsection 6.3 or (B) December 31, 2015.

**"Revolver Facility"** means the revolver loan facility extended to Borrower pursuant to Subsection 1.1(A).

**"Revolver Lender"** means any Lender that has a portion of the Revolver Loan Commitment in accordance with the terms hereof.

**"Revolver Loan Commitment"** means, when used as to each Revolver Lender, its obligation to make Revolver Loans to Borrower pursuant to Subsection 1.1(A) in an aggregate principal amount at any one time outstanding not to exceed the amount set forth opposite such Lender's name on Schedule 1.1 or in the Assignment and Assumption pursuant to which such Lender became a party hereto, as applicable, as such amount may be adjusted from time to time in accordance with this Agreement and, otherwise, the aggregate of such commitments of all Revolver Lenders. The Revolver Loan Commitment of all Revolver Lenders as of the Closing Date is \$50,000,000.

**"Revolver Loans"** means an advance or advances under the Revolver Loan Commitment.

**"Revolver Note"** or **"Revolver Notes"** means one or more of the Notes of Borrower substantially in the form of Exhibit 10.1(B), or any combination thereof, and any replacements, reinstatements, renewals or extension of any such notes, in whole or in part.

**"RUS"** means the United States Department of Agriculture (including the Rural Utilities Service or Rural Development Utility Program) or other department or agency of the United States of America succeeding to its powers.

**"SEC"** has the meaning assigned to such term in Subsection 4.6(A).

**"Secured Hedge Agreement"** means any Hedge Agreement between Borrower or any other Loan Party and any Lender or Affiliate of any Lender.

**"Secured Obligation"** means (i) the Obligations and (ii) all obligations of Borrower or any other Loan Party under any Secured Hedge Agreement.

**"Secured Party"** means Administrative Agent, any Lender, any Affiliate of a Lender that is a party to a Secured Hedge Agreement that executes and delivers to Administrative Agent a letter agreement in form and substance reasonably acceptable to Administrative Agent pursuant to which such Affiliate appoints Administrative Agent as its agent under the applicable Security Documents, and any Indemnitee.

**"Security Documents"** means, collectively, all instruments, documents and agreements executed by or on behalf of the Loan Parties to provide collateral security with respect to the Secured Obligations, including, the Pledge and Security Agreement, any Collateral Contract Assignments, any Negative Pledge Agreement, mortgages, account control agreements, and all instruments, documents and agreements executed pursuant to the terms of the foregoing, in such case, as amended, modified, supplemented, extended and restated from time to time.

**"Security Interest"** means all Liens in favor of Administrative Agent, for the benefit of itself, and the other Secured Parties, created hereunder or under any of the Security Documents to secure the Secured Obligations.

**"Sprint Nextel Agreements"** means the Sprint PCS Management Agreement, dated as of November 5, 1999, by and among Sprint Spectrum, L.P., WirelessCo, L.P., APC PCS, LLC, PhillieCo, L.P., Spring Communications Company L.P. and Shenandoah Personal Communications Company, and all related services, trademark, service mark and other agreements related thereto, as the same have been and may be further amended, supplemented, modified, extended or replaced from time to time in accordance with the terms thereof and as permitted hereby.

**"Sprint Nextel Proceeds"** means proceeds received by any Loan Party or any Subsidiary of any Loan Party in connection with a purchase of the Operating Assets (as such term is defined in the Sprint Nextel Agreements) by Sprint PCS (as such term is defined in the Sprint Nextel Agreements), any other subsidiary of Sprint Nextel Corporation or any of their respective successors and assigns.



"**Statement**" has the meaning assigned to such term in Subsection 4.6(B).

"**Subsidiary**" means, with respect to any Person, any corporation, partnership, association or other business entity of which more than 50% of the total voting power of shares of stock (or equivalent ownership or controlling interest) entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person or a combination thereof.

"**Substitute Lender**" has the meaning assigned to such term in Subsection 9.2.

"**Targets**" means, collectively, JetBroadband VA, LLC, Helicon Cable Communications, LLC, JetBroadband WV, LLC, JetBroadband Holdings, LLC, and Helicon Cable Holdings, LLC.

"**Tax Liabilities**" has the meaning assigned to such term in Subsection 1.13(A).

"**Term Loan A**" means the Loan made pursuant to Subsection 1.1(B)(i) in an initial outstanding principal amount of \$189,800,000.00.

"**Term Loan A Facility**" means the term loan credit facility extended to Borrower pursuant to Subsection 1.1(B)(i).

"**Term Loan A Lender**" means any Lender that has funded a portion of the Term Loan A and/or purchased a portion of the Term Loan A in accordance with the terms hereof in the principal amount set forth opposite such Lender's Name on Schedule 1.1 or in the Assignment and Assumption pursuant to which such Lender became a party hereto, as applicable.

"**Term Loan A Maturity Date**" means the earlier of (A) the acceleration of the Obligations pursuant to Subsection 6.3 or (B) December 31, 2015.

"**Term Loan A Note**" or "**Term Loan A Notes**" means one or more of the notes of Borrower substantially in the form of Exhibit 10.1(C), or any combination thereof, and any replacements, restatements, renewals or extensions of any such notes, in whole or in part.

"**Term Loan Facilities**" means the Term Loan A Facility, the Fixed Term Loan Facility and, if and when applicable, any Incremental Term Loan Facility.

"**Term Loan Maturity Date**" means the Term Loan A Maturity Date, when used with reference to the Term Loan A, and the Fixed Term Loan Maturity Date, when used with reference to the Fixed Term Loan, and, if applicable, the maturity date of any Incremental Term Loan Facility, when used with reference to any such Incremental Term Loan.

"**Term Loan Notes**" means the Term Loan A Notes and the Fixed Term Loan Notes.

**"Total Lender Loan Commitment"** means the aggregate commitments of any Lender with respect to the Loan Commitments.

**"Total Leverage Ratio"** means, as of the date of calculation, the ratio derived by dividing (A) Indebtedness (other than as described in clause (H) of the definition of Indebtedness and, to the extent related to or supporting the Indebtedness described in clause (H) of such definition, as described in clauses (K), (L), (M), and (N) of the definition of Indebtedness) by (B) EBITDA.

**"Voting Participant"** has the meaning assigned to such term in Subsection 8.1(D).

**"Voting Participant Notice"** has the meaning assigned to such term in Subsection 8.1(D).

10.2 Other Definitional Provisions. References to "Sections," "Subsections," "Exhibits" and "Schedules" shall be to Sections, Subsections, Exhibits and Schedules, respectively, of this Agreement unless otherwise specifically provided. Any of the terms defined in Subsection 10.1 may, unless the context otherwise requires, be used in the singular or the plural depending on the reference. In this Agreement, "hereof," "herein," "hereto," "hereunder" and the like mean and refer to this Agreement as a whole and not merely to the specific section, paragraph or clause in which the respective word appears; words importing any gender include the other gender; references to "writing" include printing, typing, lithography and other means of reproducing words in a tangible visible form; the words "including," "includes" and "include" shall be deemed to be followed by the words "without limitation"; references to agreements and other contractual instruments shall be deemed to include subsequent amendments, assignments, extensions, renewals and other modifications thereto, but only to the extent such amendments, assignments, extensions, renewals and other modifications are not prohibited by the terms of this Agreement or any other Loan Document; references to Persons include their respective permitted successors and assigns or, in the case of governmental Persons, Persons succeeding to the relevant functions of such Persons; and all references to statutes and related regulations shall include any amendments of same and any successor statutes and regulations.

[Signatures follow on the next page.]





[Signatures continued from previous page]

**BRANCH BANKING AND TRUST COMPANY**, as a Joint Lead Arranger,  
Syndication Agent and a Lender

By: /s/ David A. Chandler  
Name: David A. Chandler  
Title: Senior Vice President

[Signatures continued on following page]

[Signatures continued from previous page]

**WELLS FARGO BANK, N.A.**, as a Joint Lead Arranger, Documentation Agent and a Lender

By: /s/ Arnold W. Adkins, Jr.  
Name: Arnold W. Adkins, Jr.  
Title: Vice President

[Signatures continued from previous page]

**RAYMOND JAMES BANK, FSB**, as a Lender

By: /s/ Joseph A. Ciccolini

Name: Joseph A. Ciccolini

Title: Vice President - Senior Corporate Banker

[Signatures continued on following page]

[Signatures continued from previous page]

**UNION BANK, N.A.**, as a Lender

By: /s/ Edward Khaymenis  
Name: Edward Khaymenis  
Title: Assistant Vice President

[Signatures continued on following page]



**CONSENT OF INDEPENDENT AUDITORS**

We consent to the incorporation by reference in the registration statements No. 333-21733 on Form S-8, No. 333-74297 on Form S3-D, and No. 333-127342 on Form S-8 of Shenandoah Telecommunications Company of our report dated April 2, 2010, with respect to the consolidated balance sheets of Helicon Cable Holdings, LLC and subsidiaries as of December 31, 2009 and 2008, and the related consolidated statements of operations and comprehensive income(loss), changes in members' equity and cash flows for each of the years in the two-year period ended December 31, 2009, which report appears in the Form 8-K of Shenandoah Telecommunications Company dated July 30, 2010.

/s/ Blum, Shapiro & Company, P.C.

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West Hartford, Connecticut  
July 30, 2010

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**HELICON CABLE HOLDINGS, LLC,  
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2009 AND 2008**

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# HELICON CABLE HOLDINGS, LLC, AND SUBSIDIARIES

## CONTENTS

|  |      |
|--|------|
| Independent Auditors' Report   | 1    |
| Consolidated Balance Sheets - December 31, 2009 and 2008   | 2    |
| Consolidated Statements of Operations and Comprehensive Income (Loss) for the Years Ended December 31, 2009 and 2008 | 3    |
| Consolidated Statements of Changes in Members' Equity for the Years Ended December 31, 2009 and 2008                 | 4    |
| Consolidated Statements of Cash Flows for the Years Ended December 31, 2009 and 2008                                 | 5    |
| Notes to Consolidated Financial Statements   | 6-15 |

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## Independent Auditors' Report

To the Members  
Helicon Cable Holdings, LLC

We have audited the accompanying consolidated balance sheets of Helicon Cable Holdings, LLC, and Subsidiaries as of December 31, 2009 and 2008, and the related consolidated statements of operations and comprehensive income (loss), changes in members' equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Helicon Cable Holdings, LLC, and Subsidiaries as of December 31, 2009 and 2008, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

/s/Blum, Shapiro and Company, P.C.  
April 2, 2010

Blum, Shapiro & Company, P.C.  
WEST HARTFORD • SHELTON  
Westport • Waterbury • New York  
An Independent Member of Baker Tilly International

**HELICON CABLE HOLDINGS, LLC, AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2009 AND 2008**

|   | <u>2009</u>           | <u>2008</u>           |
|---|-----------------------|-----------------------|
| <b>ASSETS</b>                                       |                       |                       |
| <b>Current Assets</b>                               |                       |                       |
| Cash  | \$ 864,442            | \$ 1,367,103          |
| Trade accounts receivable, net                      | 882,289               | 680,603               |
| Other receivables                                   | 108,080               | 147,223               |
| Prepaid expenses                                    | 300,205               | 357,356               |
| Total current assets                                | <u>2,155,016</u>      | <u>2,552,285</u>      |
| <b>Property, Plant and Equipment, Net</b>           | <u>69,511,954</u>     | <u>73,869,628</u>     |
| <b>Other Assets</b>                                 |                       |                       |
| Franchise rights                                    | 56,090,559            | 56,090,559            |
| Intangible assets, net                              | 3,156,695             | 3,719,056             |
| Due from related parties                            | 455,792               | 160,908               |
| Other assets  | 143,851               | 87,217                |
| Total other assets                                  | <u>59,846,897</u>     | <u>60,057,740</u>     |
| <b>Total Assets</b>                                 | <u>\$ 131,513,867</u> | <u>\$ 136,479,653</u> |
| <b>LIABILITIES AND MEMBERS' EQUITY</b>              |                       |                       |
| <b>Current Liabilities</b>                          |                       |                       |
| Current portion of senior loans                     | \$ 1,926,993          | \$ 728,697            |
| Current portion of obligations under capital leases | 542,269               | 539,372               |
| Accounts payable and accrued expenses               | 5,799,275             | 9,275,923             |
| Total current liabilities                           | <u>8,268,537</u>      | <u>10,543,992</u>     |
| <b>Long-Term Liabilities</b>                        |                       |                       |
| Senior loans, net of current portion                | 58,555,656            | 70,911,303            |
| Subordinated term loan                              | 16,538,675            | 15,884,236            |
| Senior loan revolver                                | 10,000,000            | 4,360,000             |
| Obligations under capital leases, net               | 729,002               | 1,220,226             |
| Derivative contracts, at fair value                 | 1,961,701             | 3,676,188             |
| Total long-term liabilities                         | <u>87,785,034</u>     | <u>96,051,953</u>     |
| Total liabilities                                   | 96,053,571            | 106,595,945           |
| <b>Members' Equity</b>                              | <u>35,460,296</u>     | <u>29,883,708</u>     |
| <b>Total Liabilities and Members' Equity</b>        | <u>\$ 131,513,867</u> | <u>\$ 136,479,653</u> |

**HELICON CABLE HOLDINGS, LLC, AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND**  
**COMPREHENSIVE INCOME (LOSS)**  
**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

|   | <u>2009</u>       | <u>2008</u>           |
|---|-------------------|-----------------------|
| <b>Revenues</b>   |                   |                       |
| Analog cable  | \$ 24,861,136     | \$ 24,676,178         |
| Digital cable   | 5,175,903         | 4,836,631             |
| High-speed internet   | 9,426,372         | 7,892,163             |
| Digital phone   | 302,958           | 7,617                 |
| Installation, advertising and other revenue                       | 4,853,425         | 4,375,597             |
| Total revenues  | <u>44,619,794</u> | <u>41,788,186</u>     |
| <b>Expenses</b>   |                   |                       |
| Programming and other direct costs                                | 15,626,048        | 13,798,331            |
| Technical operations  | 4,607,327         | 4,563,790             |
| Selling, general and administrative expenses                      | 8,772,432         | 8,912,277             |
| Management fees and corporate expenses                            | 1,709,918         | 1,851,106             |
| Transaction related expenses                                      | 122,767           | 62,928                |
| Total expenses  | <u>30,838,492</u> | <u>29,188,432</u>     |
| <b>Income from Operations</b>                                     | 13,781,302        | 12,599,754            |
| <b>Depreciation and Amortization Expense</b>                      | (11,665,898)      | (10,609,024)          |
| <b>Interest Expense</b>   | (7,469,034)       | (8,233,558)           |
| <b>Gain on Debt Repurchase</b>                                    | <u>4,159,097</u>  | <u>-</u>              |
| <b>Net Loss</b>   | (1,194,533)       | (6,242,828)           |
| <b>Other Comprehensive Income (Loss)</b>                          |                   |                       |
| Net unrealized gain (loss) on investment and derivative contracts | <u>1,771,121</u>  | <u>(1,709,724)</u>    |
| <b>Comprehensive Income (Loss)</b>                                | <u>\$ 576,588</u> | <u>\$ (7,952,552)</u> |

**HELICON CABLE HOLDINGS, LLC, AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

|  |                      |
|--|----------------------|
| <b>Members' Equity - December 31, 2007</b> | \$ 37,836,260        |
| <b>Comprehensive Loss - 2008</b>           | <u>(7,952,552)</u>   |
| <b>Members' Equity - December 31, 2008</b> | 29,883,708           |
| <b>Contributions - 2009</b>                | 5,000,000            |
| <b>Comprehensive Income - 2009</b>         | <u>576,588</u>       |
| <b>Members' Equity - December 31, 2009</b> | <u>\$ 35,460,296</u> |

**HELICON CABLE HOLDINGS, LLC, AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

|   | <u>2009</u>        | <u>2008</u>         |
|---|--------------------|---------------------|
| <b>Cash Flows from Operating Activities</b>                                     |                    |                     |
| Net loss  | \$ (1,194,533)     | \$ (6,242,828)      |
| Adjustments to reconcile net loss to net cash provided by operating activities: |                    |                     |
| Depreciation and amortization   | 11,665,898         | 10,609,024          |
| Bad debt expense  | 909,904            | 855,344             |
| Interest expense paid in kind   | 654,439            | 628,197             |
| Loss from sale of assets  | 122,767            | 62,928              |
| Gain on debt repurchase   | (4,159,097)        | -                   |
| (Increase) decrease in operating assets:  |                    |                     |
| Accounts receivable   | (1,111,590)        | (720,821)           |
| Prepaid expenses  | 57,151             | (79,783)            |
| Other assets  | -                  | 283,722             |
| Due from related parties  | 5,116              | (29,928)            |
| Decrease in operating liabilities:  |                    |                     |
| Accounts payable and accrued expenses   | (3,476,648)        | (781,776)           |
| Net cash provided by operating activities                                       | <u>3,473,407</u>   | <u>4,584,079</u>    |
| <b>Cash Flows from Investing Activities</b>                                     |                    |                     |
| Purchases of property, plant and equipment                                      | (6,691,253)        | (7,345,801)         |
| Payments for intangible assets  | (90,409)           | (43,006)            |
| Proceeds from sale of assets  | 5,000              | -                   |
| Escrow deposits and other receivables   | 39,143             | 1,409,413           |
| Settlement of purchase price, net   | -                  | 856,417             |
| Net cash used in investing activities   | <u>(6,737,519)</u> | <u>(5,122,977)</u>  |
| <b>Cash Flows from Financing Activities</b>                                     |                    |                     |
| Net borrowings on revolving loan  | 5,640,000          | 4,360,000           |
| Principal payments on long-term debt  | (6,727,597)        | (3,360,000)         |
| Payments of debt repurchase costs   | (270,657)          | -                   |
| Principal payments on obligations under capital leases                          | (580,295)          | (408,259)           |
| Capital contributions from members  | 5,000,000          | -                   |
| Advances to related party   | (300,000)          | -                   |
| Net cash provided by financing activities                                       | <u>2,761,451</u>   | <u>591,741</u>      |
| <b>Net Increase (Decrease) in Cash</b>  | (502,661)          | 52,843              |
| <b>Cash - Beginning of Year</b>   | <u>1,367,103</u>   | <u>1,314,260</u>    |
| <b>Cash - End of Year</b>   | <u>\$ 864,442</u>  | <u>\$ 1,367,103</u> |



**HELICON CABLE HOLDINGS, LLC, AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations** - Helicon Cable Holdings, LLC (HCH) is a multi-service broadband communications company serving approximately 50,000 customers in Virginia and West Virginia. HCH provides an array of broadband products and services to both residential and commercial customers in its markets. These services primarily include analog and digital video, high-speed Internet access, and digital phone. HCH is a wholly owned subsidiary of JetBroadband Holdings, LLC (JBH).

**Principles of Consolidation** - For the years ended December 31, 2009 and 2008, the consolidated financial statements include the accounts of Helicon Cable Holdings, LLC, and its wholly owned subsidiaries, JetBroadband VA LLC, JetBroadband WV, LLC, and Helicon Cable Communications, LLC (HCC) (collectively, the Company). All significant intercompany accounts and transactions have been eliminated in consolidation.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates have been used in the allocation of acquisition costs to individual assets, the allowance for doubtful accounts and the useful lives of property, plant and equipment. Actual results could differ from these estimates.

**Cash** - The Company maintains its cash in bank deposit accounts that, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

**Accounts Receivable** - Accounts receivable are stated net of an allowance for doubtful accounts. The allowance is estimated based on historical experience and an analysis of customer account balances, taking into consideration the age of past due amounts and assessments of the ability to pay. Uncollectible account balances are written off when management determines the probability of collection is remote. The Company generally does not require collateral from customers with acceptable credit profiles, but occasionally requires collateral deposits and/or credit card information from certain customers. Credit risk is managed by disconnecting services to customers who are delinquent. The allowance for doubtful accounts was \$234,057 and \$254,406 at December 31, 2009 and 2008, respectively.

**Property, Plant and Equipment** - Property, plant and equipment are carried at cost less accumulated depreciation. Depreciation is provided for using the straight-line basis over the following estimated useful lives:

|                                    |            |
|------------------------------------|------------|
| Cable plant                        | 10 years   |
| Headend and transmission equipment | 11 years   |
| Buildings                          | 15 years   |
| Office equipment                   | 3-10 years |
| Vehicles                           | 5 years    |

**HELICON CABLE HOLDINGS, LLC, AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

The costs associated with construction of cable plant, headend and transmission equipment, and new cable service installations are capitalized. Costs include all direct labor and materials. Costs associated with subsequent installations of additional services are capitalized to the extent that they are incremental and directly attributable to the installation of advanced services. Costs associated with subsequent disconnection and reconnecting services to existing customers are charged to operating expense as incurred.

**Franchise Rights** - Franchise rights, which are initially recorded upon acquisition as the excess of total consideration paid over the fair value of other assets acquired, net of liabilities assumed, represent the value attributed to agreements with local authorities that allow access to homes in cable service areas acquired in connection with business combinations. Franchise rights have been determined to have indefinite useful lives because the agreements may be renewed indefinitely and at little cost. Thus, these franchise rights are not subject to amortization. This determination is reviewed periodically for each franchise.

These franchise rights are evaluated for impairment annually or more frequently whenever events or changes in circumstances indicate that the assets might be impaired. The fair value of cable franchise rights is estimated taking into consideration analyses of current market transactions, discounted cash flow analyses and estimated future operating results. If the fair value of cable franchise rights determined by these evaluations is less than its carrying amount, an impairment loss would be recognized. The value of franchise rights decreased during 2008 as a result of final settlement of the purchase price of acquisitions made during 2007. No impairment losses were recognized for the years ended December 31, 2009 and 2008.

**Intangible Assets** - Intangible assets are carried at cost less accumulated amortization. Amortization is provided for using the straight-line basis over the following estimated useful lives:

|                             |          |
|-----------------------------|----------|
| Deferred finance fees       | 7 years  |
| Noncompete agreements       | 15 years |
| Software license agreements | 5 years  |
| Trademarks                  | 15 years |
| Website development costs   | 7 years  |

Intangible assets that are subject to amortization are reviewed for potential impairment whenever events or circumstances indicate that carrying amounts may not be recoverable. No impairment losses were recognized for the years ended December 31, 2009 and 2008.

**Revenue Recognition** - The Company accounts for revenue, costs and expenses related to residential cable services as the related services are performed in accordance with accounting principles generally accepted in the United States of America. Installation revenue for residential cable services is recognized to the extent of direct selling costs incurred. Revenue from advertising sales is recognized as the advertising is transmitted over the Company's network.

**HELICON CABLE HOLDINGS, LLC, AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Programming and Other Direct Costs** - Programming and other direct costs include cable video programming costs and other direct costs that the Company incurs in conjunction with providing its residential and commercial internet and phone services.

**Technical Operations** - Technical operations include field service costs. Field service costs include costs associated with providing and maintaining the Company's network and customer care costs necessary to maintain its customer base.

**Leases** - The Company leases certain equipment under terms that meet the criteria for capital leases. As a result, those leases have been capitalized at the present value of the net lease payments at inception, and amortization has been calculated on a straight-line basis over the terms of the leases. Amounts included under liabilities represent the present value of remaining lease payments.

**Asset Retirement Obligations** - Certain of the Company's franchise agreements contain provisions requiring restoration of facilities or removal of equipment in the event that the franchise is not renewed. The Company expects to continually renew franchise agreements and has concluded that the related franchise right is an indefinite lived intangible asset. Accordingly, the possibility is remote that the Company would be required to incur significant restoration or removal costs related to these franchise agreements in the foreseeable future.

**Income Taxes** - No income taxes are provided for in the accompanying consolidated financial statements since the income or loss of the Company is reportable in the respective income tax returns of the members.

The activities of the Company are included in the consolidated returns of JBH. The income tax returns of JBH for the years ended December 31, 2006 through 2009 are subject to examination by the Internal Revenue Service and various state jurisdictions.

**Subsequent Events** - In preparing these financial statements, management has evaluated subsequent events through April 2, 2010, which represents the date the financial statements were available to be issued.

**HELICON CABLE HOLDINGS, LLC, AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 2 - PROPERTY AND EQUIPMENT**

Property and equipment for the years ended December 31, 2009 and 2008, consisted of the following:

|                                    | <u>2009</u>                 | <u>2008</u>                 |
|------------------------------------|-----------------------------|-----------------------------|
| Cable plant                        | \$ 74,655,117               | \$ 70,703,993               |
| Headend and transmission equipment | 15,929,018                  | 13,488,687                  |
| Buildings                          | 1,441,300                   | 1,441,300                   |
| Office equipment                   | 2,861,825                   | 2,737,853                   |
| Vehicles                           | 2,755,239                   | 2,659,930                   |
|                                    | <u>97,642,499</u>           | <u>91,031,763</u>           |
| Less accumulated depreciation      | 28,130,545                  | 17,162,135                  |
| <b>Net Property and Equipment</b>  | <u><u>\$ 69,511,954</u></u> | <u><u>\$ 73,869,628</u></u> |

Depreciation expense totaled \$11,011,341 and \$9,962,121 for the years ended December 31, 2009 and 2008, respectively.

**NOTE 3 - INTANGIBLE ASSETS**

Intangible assets as of December 31, 2009 and 2008, consisted of the following:

|                         | <u>Cost</u>                | <u>Accumulated<br/>Amortization</u> | <u>Net</u>                 |
|-------------------------|----------------------------|-------------------------------------|----------------------------|
| <b><u>2009</u></b>      |                            |                                     |                            |
| Deferred finance fees   | \$ 4,270,042               | \$ 1,524,417                        | \$ 2,745,625               |
| Other intangible assets | 759,608                    | 348,538                             | 411,070                    |
| <b>Total</b>            | <u><u>\$ 5,029,650</u></u> | <u><u>\$ 1,872,955</u></u>          | <u><u>\$ 3,156,695</u></u> |
| <b><u>2008</u></b>      |                            |                                     |                            |
| Deferred finance fees   | \$ 4,234,872               | \$ 1,000,507                        | \$ 3,234,365               |
| Other intangible assets | 704,369                    | 219,678                             | 484,691                    |
| <b>Total</b>            | <u><u>\$ 4,939,241</u></u> | <u><u>\$ 1,220,185</u></u>          | <u><u>\$ 3,719,056</u></u> |

Other intangible assets include software license agreements, noncompete agreements, website development costs and trademarks. Amortization of intangible assets totaled \$654,557 and \$646,903 for the years ended December 31, 2009 and 2008, respectively.

**HELICON CABLE HOLDINGS, LLC, AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 3 - INTANGIBLE ASSETS (Continued)**

Estimated aggregate amortization expense for the next five years is as follows:

| <u>Year Ending December 31</u> |            |
|--------------------------------|------------|
| 2010                           | \$ 660,676 |
| 2011                           | 651,208    |
| 2012                           | 593,757    |
| 2013                           | 545,505    |
| 2014                           | 336,107    |

**NOTE 4 - LONG-TERM DEBT AND LINE OF CREDIT**

**Senior Loans** - On July 12, 2007, the Company secured a Senior Loan Facility from a group of financial institutions for the purpose of refinancing its existing senior and subordinated loans and completing the acquisition of the Cebridge Acquisition, LLC (d/b/a Suddenlink) assets. The Senior Loan Facility includes:

- \$10,000,000 Revolving Loan Commitment that matures on August 1, 2013, or such earlier date as payment of the Revolving Loans shall be due (whether by acceleration, reduction of the Revolving Loan Commitment to zero or otherwise).
- \$10,000,000 Term Loan A that matures on August 1, 2013, or such earlier date as payment of the Term A Loans shall be due (whether by acceleration or otherwise).
- \$65,000,000 Term Loan B that matures on August 1, 2014, or such earlier date as payment of the Term A Loans shall be due (whether by acceleration or otherwise).
- \$20,000,000 Incremental Facility Commitment that is available to the Company to fund future acquisitions and upon attaining a predefined Senior Leverage Ratio. An Incremental Facility Commitment can take the form of a new term loan, and the maturity date shall be no earlier than the Term B Loan maturity date.
- \$2,000,000 Letter of Credit Commitment that is available to the Company pursuant to certain terms and conditions contained in the loan agreement.

The loans bear interest at fluctuating interest rates per annum depending on whether the loan advances, at the choice of the Company, are made as base rate advance or LIBOR advance. For base rate advances, the interest is equal to the higher of (a) the rate of interest quoted from time to time by the administrative agent as its "prime rate" or "base rate" or (b) the federal funds rate plus one-half of one percent (0.50%). Both types of advances have applicable margins added to the base rate or LIBOR. For the Revolving and Term Loan A, the applicable margins vary depending on the Company's senior leverage ratio. The applicable margin with respect to Term B Loans is 3.00% for

**HELICON CABLE HOLDINGS, LLC, AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 4 - LONG-TERM DEBT AND LINE OF CREDIT (Continued)**

LIBOR advances and 2.00% for base rate advances. Interest on LIBOR loans is payable on the three-month anniversary of LIBOR loans and at the end of each calendar quarter for base rate loans. At December 31, 2009 and 2008, the effective rates of interest were 4.19% and 5.20%, respectively. The effective interest rate, inclusive of the effects of derivative contracts, was 6.44% and 6.81% as of December 31, 2009 and 2008, respectively. The principal balance of the Term A Loans and the Term B Loans outstanding on August 1, 2009 shall be repaid in consecutive quarterly installments on the last business day of each calendar quarter with a balloon payment in 2014. The Senior Loans are secured by substantially all of the assets of the Company and are subject to certain financial and other covenants.

As required by the Senior Loan agreement, any unreinvested net proceeds from the sale of the Eastern Virginia cable systems were required to be repaid on a pro rata basis to the Term A Loans and Term B Loans. Accordingly, in 2008, the Company borrowed \$3,360,000 under its Revolving Loan to repay \$448,000 to the Term A Loans and \$2,912,000 to the Term B Loans. In January 2009, the Company borrowed \$1,200,000 under its Revolving Loan to repay \$160,000 to the Term A Loans and \$1,040,000 to the Term B loans. This repayment, along with the \$3,360,000 repaid in 2008, brings the total repayment to \$4,560,000 and fulfills the Company's obligation to repay any unreinvested net proceeds related to the sale of the Eastern Virginia cable systems. During 2009 and 2008, the Company borrowed an additional \$4,440,000 and \$1,000,000, respectively, under the Revolving Loans to finance capital expenditures and working capital items.

In February 2009, the Company repurchased \$9,228,654 of the Term B Loans (see Note 7).

**Subordinated Loan** - On August 1, 2007, the Company secured a \$15,000,000 Subordinated Term Loan Facility from two lenders who are also equity members of the Company. The Subordinated Term Loan matures on August 1, 2015 and pays a fixed rate of interest of 14.25%, with at least 9.25% paid monthly and the remaining interest deferred. The accumulating deferred interest is to be paid by the maturity date of the loan. The Company may elect to pay interest in excess of 9.25%, under certain circumstances. Interest is payable on the last day of each calendar quarter. The Company may make voluntary prepayments if the Senior Loans have been repaid in full and all commitments to extend credit under the Senior Loan Facility have terminated or expired, or if the requisite Senior Lenders have consented or waived a required prepayment in accordance with the terms of the Senior Loan Facility. Mandatory prepayments are also required under certain circumstances. No payments of principal or deferred interest are due until August 1, 2015.

Management believes the carrying amount of the long-term debt approximates fair value.

**HELICON CABLE HOLDINGS, LLC, AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 4 - LONG-TERM DEBT AND LINE OF CREDIT (Continued)**

Amounts outstanding as of December 31, 2009 and 2008, were as follows:

|   | <b>2009</b>   | <b>2008</b>   |
|---|---------------|---------------|
| Senior debt:  |               |               |
| Term Loan A   | \$ 8,922,400  | \$ 9,552,000  |
| Term Loan B   | 51,560,249    | 62,088,000    |
| Total senior loans  | 60,482,649    | 71,640,000    |
| Senior loan revolver  | 10,000,000    | 4,360,000     |
| Subordinated term loan, including deferred interest of \$1,538,675 and \$884,236 as of December 31, 2009 and 2008, respectively | 16,538,675    | 15,884,236    |
| Total Long-Term Debt  | \$ 87,021,324 | \$ 91,884,236 |

Expected maturities on these loans for the next five years and thereafter are as follows:

| <b>Year Ending December 31</b> |               |
|--------------------------------|---------------|
| 2010                           | \$ 1,926,993  |
| 2011                           | 2,866,193     |
| 2012                           | 3,805,393     |
| 2013                           | 12,396,593    |
| 2014                           | 49,487,476    |
| Thereafter                     | 16,538,676    |
|                                | \$ 87,021,324 |

The Company has entered into interest rate swap and collar agreements with a financial institution in order to mitigate interest rate risk associated with its variable rate debt. In accordance with accounting principles generally accepted in the United States of America, the Company has reflected these agreements as derivative contracts, at fair value, on the accompanying consolidated financial statements at their current market values as of December 31, 2009 and 2008, of \$(1,961,701) and \$(3,676,188), respectively. The corresponding gains and losses are shown on the accompanying consolidated statements of operations and comprehensive loss as net unrealized gain (loss) on investment and derivative contracts.

**HELICON CABLE HOLDINGS, LLC, AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 5 - FAIR VALUE MEASUREMENTS**

Accounting principles generally accepted in the United States of America provide a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements), then to significant other observable inputs (Level 2 measurements), and the lowest priority to significant unobservable inputs (Level 3 measurements).

At December 31, 2009 and 2008, assets or liabilities measured at fair value in the accompanying consolidated financial statements consisted of a liability related to the derivative contracts. The fair value of this liability is measured on a recurring basis using Level 3 inputs.

The following is a summary of the changes in the balance of the derivative contracts measured at fair value on a recurring basis using significant unobservable inputs for the years ended December 31, 2009 and 2008:

|   | <b>2009</b>  | <b>2008</b>  |
|---|--------------|--------------|
| Balance - beginning of year               | \$ 3,676,188 | \$ 1,912,326 |
| Total (gain) loss on derivative contracts | (1,714,487)  | 1,763,862    |
| Balance - End of Year                     | \$ 1,961,701 | \$ 3,676,188 |

**NOTE 6 - CAPITAL LEASES**

The Company is obligated under various capital leases for equipment. Total cost of the equipment, which is included in property, plant and equipment, was \$2,710,722 and \$2,618,754 at December 31, 2009 and 2008, respectively. Monthly installments, including principal and interest, are payable through 2013. Amortization of equipment under capital leases is included in depreciation expense.

Future obligations on equipment under capital leases at December 31, 2009 are as follows:

| <b><u>Year Ending December 31</u></b> |              |
|---------------------------------------|--------------|
| 2010                                  | \$ 621,260   |
| 2011                                  | 421,505      |
| 2012                                  | 200,543      |
| 2013                                  | 198,497      |
|                                       | 1,441,805    |
| Less amount representing interest     | 170,534      |
| Obligations Under Capital Leases      | \$ 1,271,271 |



**HELICON CABLE HOLDINGS, LLC, AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 7 - MEMBERS' EQUITY**

In February 2009, the Company received proceeds of \$5,000,000 for the issuance of additional membership interests to existing investors. The Company utilized the proceeds to complete a Senior Debt repurchase and to pay certain fees of the transaction.

During 2009, the Company advanced \$300,000 to JBH to acquire interests in JetBroadband Management Holdings, LLC. The advance bears no interest and has no fixed repayment terms.

**NOTE 8 - RELATED PARTY TRANSACTIONS**

HCC provides management services to the Company. The Company also reimburses HCC for certain costs incurred in the ordinary course of business. The Company incurred management fees and expense reimbursements in the amount of \$1,709,918 and \$1,851,106 for the years ended December 31, 2009 and 2008, respectively. From time to time, the Company made advances to HCC.

At December 31, 2009 and 2008, the Company had advances, including accrued interest, of \$154,815 and \$160,908, respectively, to employees, of which \$100,000 was used to purchase preferred membership interests in JBH. Of the loan amount, \$100,000 is secured by the JBH preferred membership interest, is interest bearing and interest is payable annually. The balance of the loan is unsecured and is interest bearing.

**NOTE 9 - COMMITMENTS AND CONTINGENCIES**

The Company currently leases offices, a production facility and equipment under noncancelable leases, which expire on dates through September 30, 2023. Rental expense for the years ended December 31, 2009 and 2008, was \$334,122 and \$281,392, respectively. Future minimum rental payments under noncancelable long-term leases at December 31, 2009 are as follows:

| <b>Year Ending December 31</b> |            |
|--------------------------------|------------|
| 2010                           | \$ 343,304 |
| 2011                           | 350,664    |
| 2012                           | 331,952    |
| 2013                           | 191,296    |
| 2014                           | 171,168    |
| Thereafter                     | 1,580,882  |

The Company is involved in certain litigation arising in the ordinary course of business. Although the outcome of these matters cannot presently be determined, management does not expect that the resolution of these matters will have a material adverse effect on the Company's financial position or results of operations.

**HELICON CABLE HOLDINGS, LLC, AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 10 - CASH FLOWS**

**Additional Cash Flow Information** - The Company paid cash for interest of \$7,045,618 and \$8,022,027 during the years ended December 31, 2009 and 2008, respectively.

On November 5, 2009, the Company sold all of its cable assets serving 100 customers in Panther, WV. The selling price was \$5,000, and the net proceeds were \$1,109 after \$3,891 of transaction costs. The transaction resulted in a loss from sale of assets of \$122,767, included in transaction related expenses on the accompanying consolidated statements of operations and comprehensive income (loss).

**Noncash Investing and Financing Activities** - During the years ended December 31, 2009 and 2008, the Company acquired vehicles and telephone equipment by incurring capital lease obligations of \$91,968 and \$810,495, respectively.

During 2008, the Company wrote off deferred financing costs and the related accrued invoices totaling \$87,246.

**NOTE 11 - EMPLOYEE BENEFIT PLAN**

The Company allows eligible employees to participate in the JetBroadband 401(k) Plan (the Plan). Employees are eligible on the first of the month following completion of six months of service. Employees can contribute up to the maximum allowable amount as determined by the Internal Revenue Service in each year.

The Plan allows for discretionary employer contributions. For the years ended December 31, 2009 and 2008, \$4,748 and \$6,692, respectively, was contributed to the Plan.

**Helicon Cable Holdings, LLC**  
**Consolidated Balance Sheet**  
**(Unaudited)**

|   | <b>March 31,</b><br><b>2010</b> |
|---|---------------------------------|
| <b>Current Assets</b>                               |                                 |
| Cash  | \$ 1,588,657                    |
| Trade accounts receivable                           | 623,967                         |
| Other receivables                                   | 124,065                         |
| Prepaid expenses                                    | 266,448                         |
| <b>Total current assets</b>                         | <b>2,603,137</b>                |
| <b>Property, Plant and Equipment, Net</b>           | <b>67,713,044</b>               |
| <b>Other Assets</b>                                 |                                 |
| Franchise rights                                    | 56,090,559                      |
| Intangible assets, net                              | 2,992,635                       |
| Due from related party                              | 604,181                         |
| Other assets  | 143,851                         |
| <b>Total other assets</b>                           | <b>59,831,226</b>               |
| <b>TOTAL ASSETS</b>                                 | <b>\$ 130,147,407</b>           |
| <b>Current Liabilities</b>                          |                                 |
| Current portion of senior loans                     | \$ 2,161,793                    |
| Current portion of obligations under capital leases | 519,989                         |
| Accounts payable and accrued expenses               | 5,439,727                       |
| <b>Total current liabilities</b>                    | <b>8,121,509</b>                |
| <b>Long-Term Liabilities</b>                        |                                 |
| Senior loans  | 57,956,508                      |
| Subordinated term loan                              | 16,704,436                      |
| Senior loan revolver                                | 10,000,000                      |
| Obligations under capital leases, net               | 606,024                         |
| Derivative contracts, at fair value                 | 1,961,701                       |
| <b>Total long-term liabilities</b>                  | <b>87,228,669</b>               |
| <b>Total liabilities</b>                            | <b>95,350,178</b>               |
| <b>Members' Equity</b>                              | <b>34,797,229</b>               |
| <b>TOTAL LIABILITIES and MEMBERS' EQUITY</b>        | <b>\$ 130,147,407</b>           |

**Helicon Cable Holdings, LLC**  
**Consolidated Statements of Operations and Comprehensive Loss**  
**(Unaudited)**

|  | <b>For the 3<br/>Months<br/>Ended<br/>March 31,<br/>2010</b> |
|--|--|
| <b>Revenues</b>                                |  |
| Analog cable                                   | \$ 6,270,413   |
| Digital cable                                  | 1,318,136  |
| High-speed internet                            | 2,585,201  |
| Digital phone                                  | 182,816  |
| Installation, advertising and other revenue    | 1,152,408  |
| <b>Total Revenues</b>                          | <b><u>11,508,974</u></b>                                     |
| <b>Expenses</b>                                |  |
| Programming and other direct costs             | \$ 4,054,145   |
| Technical operations                           | 1,073,880  |
| Selling, general , and administrative expenses | 2,034,420  |
| Management fees and corporate overhead         | 349,826  |
| Transaction related expenses                   | -  |
| <b>Total Expenses</b>                          | <b><u>7,512,271</u></b>                                      |
| <b>Income (Loss) from Operations</b>           | 3,996,703  |
| <b>Depreciation and Amortization Expense</b>   | (3,013,507)  |
| <b>Interest Expense</b>                        | <u>(1,646,263)</u>   |
| <b>Net Loss</b>                                | (663,067)  |
| <b>Other Comprehensive Losses</b>              | <u>-</u>   |
| <b>Comprehensive Loss</b>                      | <b><u><u>\$ (663,067)</u></u></b>                            |

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**UNAUDITED PRO FORMA COMBINED CONSOLIDATED FINANCIAL INFORMATION**

On July 30, 2010, Shenandoah Telecommunications Company (“Shentel” or the “Company”), through its wholly-owned subsidiary Shentel Cable Company, completed the acquisition of the cable system assets and operations of Helicon Cable Holdings, LLC (“Helicon”), which owned cable systems in southern Virginia and West Virginia and operated under the JetBroadBand brand name. The purchase price for the acquisition was \$148 million, adjusted for working capital balances as defined.

The Company has accounted for the acquisition under the purchase method of accounting. Under the purchase method of accounting, the total purchase price is allocated to the net tangible and intangible assets acquired and liabilities assumed in connection with the acquisition based on their estimated fair values. The preliminary allocation of the purchase price was based upon management’s preliminary valuation of the fair value of tangible and intangible assets acquired and liabilities assumed, and such estimates and assumptions are subject to change.

The following unaudited pro forma combined consolidated financial information has been prepared to give effect to the completed acquisition and to the assumptions and adjustments in the accompanying notes. The unaudited pro forma combined consolidated balance sheet as of March 31, 2010 gives effect to the acquisition as if it had occurred on March 31, 2010 and is derived from the unaudited financial statements of the Company and Helicon as of March 31, 2010. The unaudited pro forma combined consolidated statements of income for the year ended December 31, 2009 and the three months ended March 31, 2010 give effect to the acquisition as if it had occurred on January 1, 2009 and are derived from the audited financial statements of the Company and Helicon for the year ended December 31, 2009 and the unaudited financial statements of the Company and Helicon for the three months ended March 31, 2010.

The unaudited pro forma combined consolidated financial information has been prepared for illustrative purposes only and is not necessarily indicative of the combined consolidated financial position or results of operations in future periods or the results that actually would have been realized had the acquisition actually occurred on the dates indicated above. The adjustments necessary to present fairly the unaudited pro forma combined consolidated financial information have been made based on available information and, in the opinion of management, are reasonable. This unaudited pro forma combined consolidated financial information should be read in conjunction with the accompanying notes, the financial statements and the related notes included in the Company’s Annual Report on Form 10-K for the year end December 31, 2009 and the Company’s Quarterly Report on Form 10-Q for the three months ended March 31, 2010, and Helicon’s audited financial statements and related notes for the year ended December 31, 2009 and unaudited financial statements for the three months ended March 31, 2010, which are attached as Exhibit 99.1 to this Form 8-K.

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UNAUDITED PRO FORMA COMBINED CONSOLIDATED BALANCE SHEET

As of March 31, 2010

(in thousands)

| ASSETS  | Historical                                       |                                | Pro Forma<br>Adjustments | Pro Forma<br>Combined |
|---|--|--------------------------------|--------------------------|-----------------------|
|   | Shenandoah<br>Telecommu-<br>nications<br>Company | Helicon Cable<br>Holdings, LLC |                          |                       |
| <b>Current Assets</b>                               |  |                                |                          |                       |
| Cash and cash equivalents                           | \$ 18,198  | \$ 1,589                       | \$ 11,567 (a)            | \$ 31,354             |
| Accounts receivable, net                            | 16,734   | 3,259                          | -                        | 19,993                |
| Income taxes receivable                             | 734  | -                              | 1,410 (c)                | 2,144                 |
| Materials and supplies                              | 4,895  | -                              | -                        | 4,895                 |
| Prepaid expenses and other                          | 3,209  | 391                            | -                        | 3,600                 |
| Assets held for sale                                | 10,676   | -                              | -                        | 10,676                |
| Deferred income taxes                               | 616  | -                              | -                        | 616                   |
| <b>Total current assets</b>                         | <u>55,062</u>                                    | <u>5,238</u>                   | <u>12,977</u>            | <u>73,278</u>         |
| Investments   | 8,683  | -                              | -                        | 8,683                 |
| <b>Net property, plant and equipment</b>            | <u>203,448</u>                                   | <u>67,713</u>                  | <u>(12,563) (a)</u>      | <u>258,598</u>        |
| <b>Other Assets</b>                                 |  |                                |                          |                       |
| Intangible assets, net                              | 2,310  | 59,083                         | 26,381 (a)               | 87,774                |
| Cost in excess of net assets of businesses acquired | 4,418  | -                              | 7,386 (b)                | 11,804                |
| Deferred charges and other assets, net              | 1,216  | 748                            | (604) (a)                | 1,360                 |
| <b>Net other assets</b>                             | <u>7,944</u>                                     | <u>59,831</u>                  | <u>33,163</u>            | <u>100,938</u>        |
| <b>Total assets</b>                                 | <u>\$ 275,137</u>                                | <u>\$ 132,783</u>              | <u>\$ 33,577</u>         | <u>\$ 441,497</u>     |

(Continued)

UNAUDITED PRO FORMA COMBINED CONSOLIDATED BALANCE SHEET

As of March 31, 2010

(in thousands)

| LIABILITIES AND SHAREHOLDERS' EQUITY              | Historical                                       |                                | Pro Forma<br>Adjustments | Pro Forma<br>Combined |
|---|--|--------------------------------|--------------------------|-----------------------|
|   | Shenandoah<br>Telecommu-<br>nications<br>Company | Helicon Cable<br>Holdings, LLC |                          |                       |
| <b>Current Liabilities</b>                        |  |                                |                          |                       |
| Current maturities of long-term debt              | \$ 5,588   | \$ 2,682                       | \$ (7,750) (c)           | \$ 520                |
| Accounts payable                                  | 5,213  | 5,439                          | -                        | 10,652                |
| Advanced billings and customer deposits           | 6,542  | 2,636                          | -                        | 9,178                 |
| Accrued compensation                              | 1,181  | -                              | -                        | 1,181                 |
| Liabilities held for sale                         | 890  | -                              | -                        | 890                   |
| Accrued liabilities and other                     | 3,573  | -                              | -                        | 3,573                 |
| <b>Total current liabilities</b>                  | <b>22,987</b>                                    | <b>10,757</b>                  | <b>(7,750)</b>           | <b>25,994</b>         |
| Long-term debt, less current maturities           | 26,248   | 85,267                         | 80,116 (c)               | 191,631               |
| <b>Other Long-Term Liabilities</b>                |  |                                |                          |                       |
| Deferred income taxes                             | 29,095   | -                              | -                        | 29,095                |
| Deferred lease payable                            | 3,430  | -                              | -                        | 3,430                 |
| Asset retirement obligations                      | 6,033  | -                              | -                        | 6,033                 |
| Other liabilities                                 | 4,133  | 1,962                          | (1,962) (c)              | 4,133                 |
| <b>Total other liabilities</b>                    | <b>42,691</b>                                    | <b>1,962</b>                   | <b>(1,962)</b>           | <b>42,691</b>         |
| <b>Commitments and Contingencies</b>              |  |                                |                          |                       |
| <b>Shareholders' Equity</b>                       |  |                                |                          |                       |
| Common stock                                      | 18,651   | 34,797                         | (34,797) (a)             | 18,651                |
| Retained earnings                                 | 166,984  | -                              | (2,030) (c)              | 164,954               |
| Accumulated other comprehensive loss, net of tax  | (2,424)  | -                              | -                        | (2,424)               |
| <b>Total shareholders' equity</b>                 | <b>183,211</b>                                   | <b>34,797</b>                  | <b>(36,827)</b>          | <b>181,181</b>        |
| <b>Total liabilities and shareholders' equity</b> | <b>\$ 275,137</b>                                | <b>\$ 132,783</b>              | <b>\$ 33,577</b>         | <b>\$ 441,497</b>     |

**UNAUDITED PRO FORMA COMBINED CONSOLIDATED STATEMENT OF INCOME**
**For the Three Months Ended March 31, 2010**
*(in thousands)*

|  | Historical                                       |                                | Pro Forma<br>Adjustments | Pro Forma<br>Combined |
|--|--|--------------------------------|--------------------------|-----------------------|
|  | Shenandoah<br>Telecomm-<br>unications<br>Company | Helicon Cable<br>Holdings, LLC |                          |                       |
| Operating revenues   | \$ 41,518  | \$ 11,509                      | \$ -                     | \$ 53,027             |
| Operating expenses:  |  |                                |                          |                       |
| Cost of goods and services, exclusive of depreciation and amortization shown separately below          | 13,918   | 5,128                          | -                        | 19,046                |
| Selling, general and administrative, exclusive of depreciation and amortization shown separately below | 7,773  | 2,385                          | -                        | 10,158                |
| Depreciation and amortization  | 8,327  | 3,013                          | (1,267) (a)              | 10,073                |
| <b>Total operating expenses</b>  | <b>30,018</b>                                    | <b>10,526</b>                  | <b>(1,267)</b>           | <b>39,277</b>         |
| <b>Operating income</b>  | <b>11,500</b>                                    | <b>983</b>                     | <b>1,267</b>             | <b>13,750</b>         |
| Other income (expense):  |  |                                |                          |                       |
| Interest expense   | (310)  | (1,646)                        | 100 (c)                  | (1,856)               |
| Gain (loss) on investments, net  | (67)   | -                              | -                        | (67)                  |
| Non-operating income, net  | 87   | -                              | -                        | 87                    |
| Income (loss) from continuing operations before income taxes   | 11,210   | (663)                          | 1,367                    | 11,914                |
| Income tax expense (benefit)   | 4,641  | (275)                          | 566 (c)                  | 4,932                 |
| <b>Net income (loss) from continuing operations</b>  | <b>6,569</b>                                     | <b>(388)</b>                   | <b>801</b>               | <b>6,982</b>          |
| Earnings from discontinued operations, net of taxes  | 185  | -                              | -                        | 185                   |
| <b>Net income (loss)</b>   | <b>\$ 6,754</b>                                  | <b>\$ (388)</b>                | <b>\$ 801</b>            | <b>\$ 7,167</b>       |

## Basic and diluted income (loss) per share:

|  |                |             |             |                |
|--|----------------|-------------|-------------|----------------|
| Net income (loss) from continuing operations | \$ 0.28        | \$ -        | \$ -        | \$ 0.29        |
| Net earnings from discontinued operations    | 0.01           | -           | -           | 0.01           |
| Net income (loss)                            | <u>\$ 0.29</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 0.30</u> |
| Weighted average shares outstanding:         |                |             |             |                |
| Basic  | 23,698         | -           | -           | 23,698         |
| Diluted                                      | 23,733         | -           | -           | 23,733         |



**UNAUDITED PRO FORMA COMBINED CONSOLIDATED STATEMENT OF INCOME**
**For the Year Ended December 31, 2009**
*(in thousands)*

|  | Historical                                       |                                | Pro Forma<br>Adjustments | Pro Forma<br>Combined |
|--|--|--------------------------------|--------------------------|-----------------------|
|  | Shenandoah<br>Telecomm-<br>unications<br>Company | Helicon Cable<br>Holdings, LLC |                          |                       |
| Operating revenues   | \$ 160,616                                       | \$ 44,620                      | \$ -                     | \$ 205,236            |
| Operating expenses:  |  |                                |                          |                       |
| Cost of goods and services, exclusive of depreciation and amortization shown separately below          | 54,032   | 20,234                         | -                        | 74,266                |
| Selling, general and administrative, exclusive of depreciation and amortization shown separately below | 31,127   | 10,482                         | -                        | 41,609                |
| Depreciation and amortization  | 32,630   | 11,666                         | (4,681) (a)              | 39,615                |
| <b>Total operating expenses</b>  | <b>117,789</b>                                   | <b>42,382</b>                  | <b>(4,681)</b>           | <b>155,490</b>        |
| <b>Operating income</b>  | <b>42,827</b>                                    | <b>2,238</b>                   | <b>4,681</b>             | <b>49,746</b>         |
| Other income (expense):  |  |                                |                          |                       |
| Interest expense   | (1,361)  | (7,469)                        | 1,405 (c)                | (7,425)               |
| Gain (loss) on investments, net  | 124  | 4,159                          | (4,159) (c)              | 124                   |
| Non-operating income, net  | 959  | (123)                          | -                        | 836                   |
| Income (loss) from continuing operations before income taxes   | 42,549   | (1,195)                        | 1,927                    | 43,281                |
| Income tax expense (benefit)   | 17,465   | (490)                          | 790 (c)                  | 17,765                |
| <b>Net income (loss) from continuing operations</b>  | <b>25,084</b>                                    | <b>(705)</b>                   | <b>1,137</b>             | <b>25,516</b>         |
| Loss from discontinued operations, net of taxes  | (9,992)  | -                              | -                        | (9,992)               |
| <b>Net income (loss)</b>   | <b>\$ 15,092</b>                                 | <b>\$ (705)</b>                | <b>\$ 1,137</b>          | <b>\$ 15,524</b>      |
| Basic and diluted income (loss) per share:   |  |                                |                          |                       |
| Net income (loss) from continuing operations   | \$ 1.06  | \$ -                           | \$ -                     | \$ 1.08               |
| Net loss from discontinued operations  | (0.42)   | -                              | -                        | (0.42)                |
| Net income (loss)  | <u>\$ 0.64</u>                                   | <u>\$ -</u>                    | <u>\$ -</u>              | <u>\$ 0.66</u>        |
| Weighted average shares outstanding:   |  |                                |                          |                       |
| Basic  | 23,639   | -                              | -                        | 23,639                |
| Diluted  | 23,701   | -                              | -                        | 23,701                |

## NOTES TO UNAUDITED PRO FORMA COMBINED CONSOLIDATED FINANCIAL INFORMATION

Certain reclassifications have been made to conform Helicon's historical amounts to the Company's presentation. The pro forma adjustments included in the unaudited pro forma combined consolidated financial information are as follows:

- a) Adjustments to reflect the difference between the historical cost and the preliminary estimate of the fair value of Helicon's identifiable tangible and intangible net assets, based upon an independent third-party preliminary valuation, and the resulting adjustment to depreciation and amortization expense.
- b) Represents the adjustment to goodwill for the amount of consideration for the acquisition in excess of the identifiable net assets acquired, determined as follows (in thousands):

|  |                 |
|--|-----------------|
| Initial purchase price                         | \$ 148,000      |
| Cash withheld for working capital              | (5,407)         |
| Cash paid                                      | <u>142,593</u>  |
| Fair value of identifiable net assets          | <u>135,207</u>  |
| Consideration in excess of net assets acquired | <u>\$ 7,386</u> |

- c) Represents the debt incurred to finance the transaction, repay existing debt of the Company, pay transaction costs, and related interest expense. The acquisition was financed with debt of \$198 million utilizing a new fixed term credit facility; the Company also entered into a \$50 million revolving credit facility to fund planned capital expenditures and other corporate needs. Excess cash from the transaction will be used for working capital needs and capital expenditures.
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