

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF INDIANA
EVANSVILLE DIVISION

IN RE:)
)
ONESTAR LONG DISTANCE, INC.) CASE NO. 03-72697
)
DEBTOR) CHAPTER 11
)

**ORDER (A) AUTHORIZING THE SALE OF CERTAIN ASSETS OF THE DEBTOR
FREE AND CLEAR OF ALL LIENS, CLAIMS AND ENCUMBRANCES; (B)
APPROVING THE ASSET PURCHASE AGREEMENT AND MANAGEMENT
AGREEMENT; (C) AUTHORIZING AND APPROVING THE ASSUMPTION AND
ASSIGNMENT OF CERTAIN EXECUTORY CONTRACTS AND
UNEXPIRED LEASES AND; (D) GRANTING RELATED RELIEF**

Upon (1) the *Joint Motion of the Examiner and Official Committee of Unsecured Creditors (the "Committee") for an Order (i) Approving Auction Procedures and the Subsequent Sale of Substantially All of the Debtor's Assets Free and Clear of Liens, Claims, Encumbrances and Other Interests; (ii) Authorizing the Assumption and Assignment of Leases and Executory Contracts; (iii) Establishing Cure Amounts with Respect Thereto; (iv) Authorizing the Examiner, on Behalf of the Estate, To Execute Necessary Documents to Effectuate the Foregoing and Take Actions Related Thereto; and (v) Approving the Form of Notice Thereof (the "Motion")*, (2) the record of the hearing on June 14, 2004 at which time it considered certain aspects of the Motion; (3) the *Order (i) Approving the Auction and Sale Procedures for the Sale of Substantially All of the Debtor's Assets Free and Clear of Liens, Claims and Encumbrances (ii) the Examiner if Necessary to Execute Necessary Documents on Behalf of the Estate; and (iii) the Form of Notice of the Sale, dated June 16, 2004 (the "Sale Procedure Order")*; (4) the record of the hearing on July 1, 2004 to consider approval of the sale of the above-captioned debtor's (the "Debtor") assets (the "Sale Hearing"); and (5) the record and docket of the case; and it appearing that the

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sale of the Debtor's assets under the terms set forth herein is in the best interests of the Debtor, its estate, creditors and other parties in interest; and good cause appearing therefor, it is hereby

FOUND AND DETERMINED THAT:¹

1. The Court has jurisdiction over the Motion and the Sale Hearing pursuant to 28 U.S.C. §§ 157 and 1334. Venue is appropriate in this matter in accordance with 28 U.S.C. §§ 1408 and 1409. This matter is a core proceeding as defined under 28 U.S.C. § 157(b)(2).

2. The statutory predicates for the relief sought in the Motion are sections 105, 363 and 365 of 11 U.S.C. § 101, et seq. (the "Bankruptcy Code") and Fed. R. Bankr. P. 2002, 6004, 6006, and 9014.

3. As evidenced by the certificates of service previously filed with the Court, and based on the representations of counsel at the Sale Hearing, (i) proper, timely, adequate and sufficient notice of the Motion, the Sale Hearing, the sale of substantially all of the Debtor's assets (the "Sale"), and the assumption and assignment of certain executory contracts and unexpired leases as designated in the Asset Purchase Agreement (as hereinafter defined) (the "Assigned Contracts") has been provided in accordance with 11 U.S.C. §§ 102(1), 363 and 365 and Fed. R. Bankr. P. 2002, 6004 and 9014, and any order previously entered by this Court in these cases, (ii) such notice was good and sufficient, and appropriate under the particular circumstances, and (iii) no other or further notice of the Motion, the Sale Hearing, or the assumption and assignment of the Assigned Contracts is or shall be required except as expressly provided herein.

¹Findings of fact shall be construed as conclusions of law and conclusions of law shall be construed as findings of fact when appropriate. See Fed. R. Bankr. P. 7052.

4. On June 7, 2004, the Committee filed its supplement (Asset Purchase Agreement and Management Agreement) to the Motion.

5. On June 16, 2004, the Sale Procedure Order was entered by the Court.

6. On June 25, 2004, the Committee filed its supplement (Executory Contracts) to the Motion ("Executory Contract Supplement"). Three parties, Woodward LLC ("Woodward"), Eagle Crest Building LLC ("Eagle") and IceNet LLC ("IceNet"), filed objections to the cure amounts set forth in the Executory Contract Supplement.

7. On June 30, 2004, the auction provided for in the Sale Procedure Order, (the "Auction") was conducted and the Purchasers (as hereinafter defined) made the highest and best bid for substantially all of the Debtor's assets.

8. All assets being transferred to IceNet and Telrite Corporation ("Telrite; collectively, the "Purchasers") pursuant to the Asset Purchase Agreement and related documents including, but not limited to, the Management Agreement, a true and correct copy of which is attached hereto as Exhibit A (collectively, the "Asset Purchase Agreement") constitute property of the Debtor's estate under the provisions of 11 U.S.C. § 541, and are hereinafter referred to as the "Purchased Assets".

9. The Debtor has or will as of the Closing (as defined in the Asset Purchase Agreement; hereinafter the "Closing") have (the Debtor being directed to do so) (i) full power and authority to execute the Asset Purchase Agreement and all other documents contemplated thereby, and the Sale has been duly and validly authorized by all necessary action, (ii) all of the corporate power, and upon entry of this Order (the "Sale Order"), the authority necessary to consummate the transactions contemplated by the Asset Purchase Agreement, and (iii) taken all

corporate action necessary to authorize and approve the Asset Purchase Agreement and the consummation by the Debtor of the transactions contemplated thereby.

10. No consents or approvals, other than those expressly provided for in the Asset Purchase Agreement, (including the entry by this Court of this Sale Order, are required for the Debtor to consummate such transactions.

11. Approval of the Asset Purchase Agreement and the consummation of the Sale on or prior to the Closing (as defined in the Asset Purchase Agreement) is in the best interests of the Debtor, its creditors, estate, and all other parties in interest.

12. The Debtor, the Examiner and the Committee have demonstrated that good, sufficient, and sound business purposes and circumstances justify and warrant the Sale of the Purchased Assets outside of a plan of reorganization which could be proposed by the Debtor.

13. As reflected by the Certificates of Service filed by the Committee, appropriate notice and opportunity to object or be heard with respect to the Motion, the Sale Hearing and the Executory Contract Supplement (other than United Leasing, Inc. ("United Leasing") with respect to the latter) and the relief requested therein has been afforded to (i) all entities known to have asserted any security interest, pledge, mortgage, lien (including without limitation environmental and tax liens), option, right of first refusal, right of first offer, right to acquire or sell, preemptive right, encumbrance, restriction of any kind on the use, voting, transfer or receipt of income or other adverse claim of any kind whatsoever in or upon the Purchased Assets; (ii) all parties to the Assigned Contracts; and (iii) all other parties entitled to receive notice pursuant to Bankruptcy Rule 2002 which are listed on the Debtor's current service list as established by the Court's February 3, 2004 Order Establishing Notice and Service Requirements.

14. The Auction was conducted and the Asset Purchase Agreement was negotiated, proposed, and entered into by the Debtor and the Purchasers with the full knowledge of the Committee and Examiner, without collusion, in good faith, and from arm's-length bargaining positions. Neither the Debtor nor the Purchasers have engaged in any conduct in connection with the Sale that would cause or permit the Asset Purchase Agreement to be avoided under or would otherwise constitute a violation of the provisions of 11 U.S.C. § 363(n). This finding only relates to the conduct of the Sale, and no other conduct.

15. The Purchasers would not have entered into the Asset Purchase Agreement and would not consummate the transactions contemplated thereby, thus potentially adversely affecting the Debtor, its estate and creditors, unless (i) the Sale is made free and clear of all liens, claims, encumbrances and other interests in, to or upon the Purchased Assets (the "Encumbrances"), with all such Encumbrances attaching solely to the proceeds of the Sale and (ii) the Asset Purchase Agreement is approved in its entirety.

16. Upon entry of this Sale Order, the Debtor shall sell the Purchased Assets free and clear of all Encumbrances, with all such Encumbrances attaching solely to the proceeds of the Sale, other than as provided for under the Asset Purchase Agreement, because, in each case, one or more of the standards set forth in 11 U.S.C. § 363(f)(1)-(5) has been satisfied.

17. The Sale and the assumption and assignment to the Purchasers of the Assigned Contracts will not, in any case, by reason thereof, subject the Purchasers to any liability whatsoever with respect to the operation of the Debtor prior to the Closing under the laws of the United States, any state, territory or possession thereof, or the District of Columbia, based, in whole or in part, directly or indirectly, on any theory of law or equity, including, without

limitation, any theory of equitable law, including, without limitation, any theory of antitrust or successor or transferee liability.

18. The Sale is essential to the Debtor's ability to ultimately file, confirm and consummate a plan of reorganization and, accordingly, a transfer, pursuant to 11 U.S.C. § 1146(c), shall not be taxed under any law imposing a stamp tax or similar tax.

19. The Debtor has demonstrated that it is an exercise of its sound business judgment to assume and assign the Assigned Contracts to the Purchasers in connection with the consummation of the Sale, and the assumption and assignment of the Assigned Contracts are in the best interests of the Debtor, its estate and its creditors. The Assigned Contracts being assigned to the Purchasers are integral parts of the Purchased Assets, and, accordingly, such assumption and assignment of the Assigned Contracts are reasonable, enhance the value of the Debtor's estates and do not constitute unfair discrimination.

20. There are no defaults under any of the Assigned Contracts other than the defaults, if any, under the agreement between IceNet and the Debtor (the "IceNet Agreement") as set forth in IceNet's objection to the Executory Contract Supplement, the Debtor's lease with United Leasing (the "United Lease") and those monetary defaults set forth in the Executory Contract Supplement. Neither Woodward's or Eagle's real property leases are being assumed pursuant to the Asset Purchase Agreement.

21. Subject to the provisions hereof, each Purchaser has agreed to cure all defaults existing prior to the date hereof under the Assigned Contracts, within the meaning of 11 U.S.C. § 365(b)(1)(A) assigned to such Purchaser, and have provided compensation or adequate assurance of compensation to any party for any actual pecuniary loss to such party resulting from a default prior to the date hereof under the Assigned Contracts, within the meaning of 11 U.S.C. §

365(b)(i)(B), and the Purchasers have provided adequate assurance of their future performance of and under the Assigned Contracts, within the meaning of 11 U.S.C. § 365(b)(1)(C).

22. No objections to the Sale have been filed other than as noted above with respect to Assigned Contracts.

NOW, THEREFORE, IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:

General Provisions

A. The Sale of the Purchased Assets to the Purchasers is hereby approved as further described herein.

B. All objections to the Sale that have not been withdrawn, waived, or settled, and all reservations of rights included therein, are hereby overruled on the merits.

Approval of the Asset Purchase Agreement

C. The Asset Purchase Agreement, including all of the terms and conditions thereof, is hereby approved.

D. Pursuant to 11 U.S.C. § 363(b) and pursuant to and in accordance with the Asset Purchase Agreement, the Debtor is authorized and directed to consummate the Sale.

E. The Debtor is authorized and directed to execute and deliver, and empowered to perform under, consummate and implement, the Asset Purchase Agreement, together with all additional instruments and documents, with the Committee's consent or upon separate Court order, that may be reasonably necessary or desirable to implement the Asset Purchase Agreement, and to take all further actions as may be requested by the Purchasers for the purpose of assigning, transferring, granting, conveying and conferring to the Debtor or reducing to

possession, the Purchased Assets, or as may be necessary or appropriate to the performance of the obligation as contemplated by the Asset Purchase Agreement.

F. From and after the date hereof through the Closing, the Debtor shall operate (and by its consent to the entry hereof, represents that from and after the date of the Auction it has operated) the Business (as defined in the Asset Purchase Agreement) in the ordinary course consistent with practices maintained since the Petition Date through the date of the Auction, including without limitation in the collection of its accounts receivable in a manner so as not to negatively impact or delay the collection thereof. Furthermore, notwithstanding anything to the contrary contained in the Final Order Authorizing Debtor use of Cash Collateral Pursuant to 11 U.S.C. § 363 (as extended, the “Final Cash Collateral Order”), any payments from and after the date hereof to IceNet and CTS Management Corp. (“CTS”) shall be made by the Debtor (and by its consent to the entry hereof, the Debtor represents that from and after the date of the Auction any payments to IceNet or CTS have been made) in respect only of periods prior to the Closing.

Transfer of the Purchased Assets

G. Pursuant to 11 U.S.C. §§ 105(a) and 363(f), the Purchased Assets shall be transferred to the designated Purchaser at the Closing (or at such other time as provided in Section 3.d. of the Asset Purchase Agreement) free and clear of all Encumbrances, with all such Encumbrances to attach to the net proceeds of the Sale in the order of their respective priorities, with the same validity, force and effect which they now have as against the Purchased Assets, with such proceeds to be held pursuant to prior Court Orders or subsequent Court Orders.

H. All proceeds payable to the Debtor’s estate in respect of such Sale shall be paid into a separate, segregated escrow account of the Debtor, as required by the Final Cash Collateral

Order, designated by the Debtor's counsel and acceptable to the Examiner (the "Escrowed Funds") prior to the closing of the Sale.

I. The Escrowed Funds shall only be released from such escrow account as follows:

(a) to pay postpetition claims of (i) up to \$70,000, in the aggregate, of the Universal Service Administration Company ("USAC") payable in accordance with that certain Order resolving USAC's administrative claim, as amended, to the extent owed and not paid by the Debtor before the Closing; (ii) up to \$7,000, in the aggregate, of OSG Billing Services for the provision of postpetition billing services, to the extent owed and not paid by the Debtor before the Closing; and (iii) up to \$60,000, in the aggregate, of the Debtor's sales agents, to the extent owed and not paid by the Debtor before the Closing; (b) to satisfy the Carveouts (as defined in the Final Cash Collateral Order); and (c) in accordance with prior or subsequent Orders of this Court.

J. The Sale pursuant to the Asset Purchase Agreement constitutes a legal, valid and effective transfer of the Purchased Assets, and shall vest the Purchasers with all right, title and interest of the Debtors in and to the Purchased Assets free and clear of all Encumbrances.

Assumption and Assignment to Purchasers of Assigned Contracts

K. Pursuant to 11 U.S.C. §§ 105(a) and 365, and subject to and conditioned upon the Closing of the Sale, the Debtor's assumption and assignment to the designated Purchasers, and the designated Purchaser's assumption in accordance with the Asset Purchase Agreement of the Assigned Contracts **ARE HEREBY APPROVED**, and the requirements of 11 U.S.C. § 365(b)(1) with respect thereto are hereby deemed satisfied; provided, however, that notwithstanding anything in the Asset Purchase Agreement to the contrary, (i) the Assigned Contract with United Leasing shall not be deemed assumed and assigned except as provided by this Order; (ii) absent the written consent of any other non-Debtor party to an Assigned Contract

that is identified on Schedule 1(a)(ii) to the Asset Purchase Agreement, and is not identified in the Executory Contract Supplement (each an "Omitted Assigned Contract"), the Omitted Assigned Contract with such non-Debtor party shall not be deemed assumed and assigned until further order of the Court; (iii) IceNet shall be obligated to satisfy all post petition obligations to United Leasing; and (iv) the Purchasers shall be obligated to consummate the Sale without regard to whether the Court approves the assumption and assignment to IceNet of the Assigned Contract with United Leasing, and all Omitted Assigned Contracts. The Purchasers have provided adequate assurance of future performance pursuant to Section 365(f)(2)(B) as to the Assigned Contracts assumed by and assigned to Purchasers. All Assigned Contracts are assumable and assignable pursuant to 11 U.S.C. § 365.

L. The Debtor has determined that the cure amount owing to United Leasing is \$4,524.71. The Debtor is hereby directed to serve a copy of this Sale Order upon United Leasing within three (3) business days of entry hereof. Unless United Leasing files with this Court an objection within ten (10) business days of entry hereof (the "United Objection Deadline"), the United Lease shall be assumed and assigned to IceNet, the cure amount owing under the United Lease shall be determined to be \$4,524.71, and the requirements of 11 U.S.C. § 365(b)(1) shall be satisfied with respect to the United Lease without further notice or order of this Court. In the event United Leasing files a timely objection, this Court will set the matter for hearing on its next omnibus hearing date.

M. The cure amounts under any Assigned Contract except the United Lease and the IceNet Agreement shall be satisfied or paid by Telrite within three days after the Closing (except to the extent a later date is agreed to between Telrite and the non-debtor party thereto). The cure amount, if any, owing under the United Lease shall be satisfied or paid by IceNet within three

days after the United Objection deadline, or if United files an objection prior thereto, within three days after the entry of an Order determining the cure amount owed to United. The cure amount of \$1.8 million under the IceNet Agreement shall be satisfied or paid by Telrite pursuant to an agreement between IceNet and Telrite. Except for the cure amount of \$1.8 million under the IceNet Agreement (the cure amount agreed to by IceNet for the purposes of this Sale without prejudice to the rights of other parties in interest to assert in other contexts that there were no defaults by the Debtor under the IceNet Agreement), the amounts set forth in the Executory Contract Supplement are the only amounts which must be paid by the Purchaser to whom the contract or lease is assigned to cure all defaults existing prior to the date of the entry of this Sale Order under the Assigned Contracts identified on the Executory Contract Supplement. Under no circumstance shall the Debtor or its estate be obligated to make any cure payment under the IceNet Agreement, which obligation shall solely be the obligation of Telrite. The Assumption and Assignment of the IceNet Agreement shall not prejudice the rights of the Debtor or its estate retained pursuant to Section 1(b)-The Excluded Assets set forth in the Asset Purchase Agreement. It is acknowledged that any claim the Debtor or its estate may have against IceNet under the IceNet Agreement is not a claim against TelRite notwithstanding the Assumption and Assignment of the IceNet Agreement to Telrite.

N. The Debtor is hereby authorized and directed in accordance with 11 U.S.C. §§ 105(a) and 365 to (a) assume and assign to the designated Purchaser, effective upon the Closing of the Sale, the Assigned Contracts and (b) execute and deliver to Purchasers such documents or other instruments, upon consent of the Committee or Court Order, as may be necessary to assign and transfer the Assigned Contracts to the designated Purchasers.

O. The Assigned Contracts shall be transferred to, and remain in full force and effect for the benefit of, the Purchasers in accordance with its respective terms, notwithstanding any provision in the Assigned Contracts (including those of the type described in sections 365(b)(2) and (f) of the Bankruptcy Code) that prohibits, restricts or conditions such assignment or transfer and, pursuant to 11 U.S.C. § 365(k), the Debtor shall be relieved from any liability with respect to the Assigned Contracts after such assumption by the Debtor and assignment to the designated Purchaser.

P. All defaults or other obligations of the Debtor under the Assigned Contracts (without giving effect to any acceleration clauses or any default provisions of the kind specified in section 365(b)(2) of the Bankruptcy Code) shall be cured by the Purchasers and the Purchasers shall have no liability or obligation, in respect to the Assigned Contracts, arising or accruing prior to the date of the Closing of the Sale, except as otherwise expressly provided for herein or in the Asset Purchase Agreement. Other than the cure amounts set forth in the Executory Contract Supplement (except for the cure amount, if any, under the IceNet Agreement), there are no other defaults under any of the Assigned Contracts.

Q. Upon assignment and payment of the applicable cure amount, if any, each non-Debtor party to the Assigned Contracts is hereby forever barred, estopped, and permanently enjoined from asserting against the Debtor or the Purchasers, or the property of either of them, any default under the Assigned Contract existing as of the date of the Sale Hearing.

Additional Provisions

R. The consideration provided by the Purchasers for the Purchased Assets under the Asset Purchase Agreement shall be deemed to constitute reasonably equivalent value and fair

consideration under the Bankruptcy Code and under the laws of the United States, any state, territory, possession, or the District of Columbia.

S. The consideration provided by the Purchasers for the Purchased Assets under the Asset Purchase Agreement is fair and reasonable and may not be avoided under section 363(n) of the Bankruptcy Code.

T. Upon Closing (as defined in the Asset Purchase Agreement) of the Sale, each of the Debtor's creditors are authorized and **ORDERED** at the Purchasers' reasonable request and at the Purchasers' expense to execute such documents and take all other actions as may be necessary to release their respective Encumbrances in or upon the Purchased Assets, if any, as such Encumbrances may have been recorded or may otherwise exist.

U. This Sale Order (a) shall be effective as a determination that upon Closing, all Encumbrances existing as to the Debtor or the Purchased Assets prior to the Closing have been unconditionally released, discharged and terminated, and that the conveyances described herein have been effected, and (b) shall be binding upon and shall govern the acts of all entities including, without limitation, all filing agents, filing officers, title agents, title companies, recorders of mortgages, recorders of deeds, registrars of deeds, administrative agencies, governmental departments, secretaries of state, federal, state and local officials, and all other persons and entities who may be required by operation of law, the duties of their office or contract, to accept, file, register or otherwise record or release any documents or instruments, or who may be required to report or insure any title or state of title in or to the Purchased Assets.

V. Each and every federal, state and local governmental agency or department is hereby directed to accept any and all documents and instruments necessary and appropriate to consummate the transactions contemplated by the Asset Purchase Agreement.

W. All entities who presently are, or upon Closing may be, in possession of some or all of the Purchased Assets are hereby directed to surrender possession of the Purchased Assets upon Closing.

X. The Sale shall not give rise to any responsibility of the Purchasers for any liability or other obligation of the Debtor arising under or related to the Purchased Assets, other than as set forth in the Asset Purchase Agreement.

Y. Under no circumstances shall the Sale cause the Purchasers to be deemed a successor of or to the Debtor for any Encumbrance against or in the Purchased Assets. The sale, transfer, assignment and delivery of the Purchased Assets shall not be subject to any Encumbrances, and such Encumbrances shall remain with, and continue to be obligations of the Debtor. All persons holding Encumbrances against or in the Purchased Assets shall be, and hereby are, forever barred, estopped and permanently enjoined from asserting, prosecuting or otherwise pursuing such Encumbrances against the Purchasers, their property, their successors and assigns, or the Purchased Assets, except to the extent such Encumbrances could have been asserted, prosecuted or otherwise pursued against either or both of the Purchasers, their property, their successors and assigns, or the Purchased Assets on a basis of direct liability of such Purchaser unrelated to the Sale. Following the Closing, no holder of an Encumbrance against or in the Purchased Assets shall interfere with the Purchasers' title or use and enjoyment of the Purchased Assets based on or related to such Encumbrance, or any actions that the Debtor may hereafter take in its bankruptcy proceeding.

Z. As provided for in the Motion, this Court retains jurisdiction to enforce and implement the terms and provisions of the Asset Purchase Agreement, all amendments thereto, any waivers and consents thereunder, and of each of the agreements executed in connection

therewith in all respects, including, but not limited to, retaining jurisdiction to (a) compel delivery of the Purchased Assets to the Purchasers, (b) compel delivery of the purchase price or performance of other obligations owed to the Debtor by the Purchasers under the Asset Purchase Agreement, (c) resolve any disputes arising under or related to the Asset Purchase Agreement, except as otherwise provided therein, (d) interpret, implement and enforce the provisions of this Sale Order, (e) resolve any dispute related to the Assigned Contracts, and (f) protect the Purchasers against Encumbrances in or upon the Purchased Assets, or any claim by any party against the Purchasers arising out of or related to the operation of the Purchased Assets prior to the closing date that has been barred hereunder.

AA. The transactions contemplated by the Asset Purchase Agreement in connection with the Sale are undertaken by the Purchasers in good faith, as that term is used in section 363(m) of the Bankruptcy Code, and accordingly, the reversal or modification on appeal of the authorization provided herein to consummate the Sale shall not affect the validity of the Sale to the Purchasers, unless such authorization is duly stayed pending such appeal. The Purchasers are purchasers in good faith of the Purchased Assets, and are entitled to all of the protections afforded by section 363(m) of the Bankruptcy Code. This finding only relates to the conduct of the Sale and no other conduct.

BB. The terms and provisions of the Asset Purchase Agreement and this Sale Order shall be binding in all respects upon, and shall inure to the benefit of, the Debtor, its estate, and its creditors, and the Purchasers, and their respective affiliates, successors and assigns, and any affected third parties including, but not limited to, all persons holding an Encumbrance in or upon the Purchased Assets, notwithstanding any subsequent appointment of any trustee(s) under

any chapter of the Bankruptcy Code, as to which trustee(s) such terms and provisions likewise shall be binding.

CC. The failure specifically to include any particular provision of the Asset Purchase Agreement in this Sale Order shall not diminish or impair the effectiveness of such provision, it being the intent of the Court that the Asset Purchase Agreement be authorized and approved in its entirety.

DD. The Asset Purchase Agreement and any related agreements, documents or other instruments may be modified, amended or supplemented by the parties thereto, in a writing signed by both parties, and in accordance with the terms thereof, without further order of the Court, provided that (i) any such modification, amendment or supplement does not have a material adverse effect on the Debtor's estate; and (ii) the Committee consents. As provided by Rules 6004(g) and 6006(d) of the Federal Rules of Bankruptcy Procedure, this Sale Order shall not be stayed for 10 days after the entry of the Order and shall be effective immediately upon entry.

Dated: July 16, 2004


United States Bankruptcy Judge

7/16/04
Cl. S. Beth Buchanan
to do with interested
parties

EXHIBIT A

ASSET PURCHASE AGREEMENT

among

ONESTAR LONG DISTANCE, INC.

and

IceNet, LLC and Telrite Corporation

July 12, 2004

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this "Agreement") is made as of July 12, 2004, by and among ONESTAR LONG DISTANCE, INC., an Indiana corporation ("Seller"), and IceNet, LLC, a Delaware limited liability company ("IceNet") and Telrite Corporation, a Georgia corporation ("Telrite"; IceNet and Telrite are collectively referred to herein as "Purchaser").

BACKGROUND

WHEREAS, on December 31, 2003, an involuntary petition was filed against Seller under Chapter 7 of Title 11, United States Code (the "Bankruptcy Code"), administered under Case No. 03-72697 (the "Bankruptcy Case") in the United States Bankruptcy Court for the Southern District of Indiana, Evansville Division (the "Bankruptcy Court");

WHEREAS, on February 3, 2004 (the "Petition Date"), the Bankruptcy Court entered an Order converting the Bankruptcy Case to a voluntary Chapter 11 case;

WHEREAS, Seller is engaged in the business of providing long distance telecommunications services (the "Business"); and

WHEREAS, Seller desires to sell to Purchaser, and Purchaser desires to purchase, subject to approval of the Bankruptcy Court pursuant to sections 363 and 365 of the Bankruptcy Code, substantially all of the assets of Seller used in the Business, pursuant to the terms and conditions hereinafter set forth.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing, the mutual agreements, covenants, representations and warranties contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and subject to the terms and conditions hereinafter set forth, including without limitation entry of the Approval Order (as defined below), the parties hereto agree as follows:

1. Sale and Purchase of Assets.

a. The Acquired Assets. Subject to the terms and conditions contained in this Agreement, at the Closing (as defined in Section 3(a)), Purchaser shall purchase from Seller, and Seller shall sell, convey, transfer, assign and deliver to Purchaser for the Purchase Price set forth in Section 2 below, all of Seller's right, title and interest, as of the Closing Date (as defined in Section 3(a)), in and to (X) the Business and all goodwill related to the Business, and (Y) subject to Section 1(b) of this Agreement, the assets, properties and rights of Seller used in the conduct of the Business as described in this Section 1(a) below, free and clear of all liens, security interests, pledges, material imperfections of title, encumbrances, adverse rights or interests, covenants, charges or claims imposed or held by any person or entity including without limitation a governmental, quasi-governmental, or regulatory agency, department, contractor or association connected therewith (collectively, "Liens") that are discharged or extinguished

pursuant to the Approval Order (as defined in Section 8(d)(ii)) as entered by the Bankruptcy Court:

(i) All personal property, furniture, machinery, equipment, tools, computers, terminals, computer equipment, office equipment, business machines, telephones and telephone systems, parts, accessories and all assignable warranties of third parties with respect thereto (the "Furniture and Equipment"), and by the assumption by Seller and assignment to IceNet, to the extent permitted by applicable law, including, but not limited to, Section 365 of the Bankruptcy Code, all of the personal property leases, if any, identified on Schedule 1(a)(i) to be furnished to Seller at least two Business Days before the Closing (collectively, the "Personal Property Leases"), which Furniture and Equipment will be conveyed to IceNet.

(ii) By the assumption by Seller and assignment to Purchaser, to the extent permitted by applicable law, including, but not limited to, Section 365 of the Bankruptcy Code, (a) all contract rights of Seller with its customers (including all "Term Plan Contracts", service or sale agreements, and third party verified authorizations for Seller to provide switched long distance telecommunications services (the "Customer Contracts"), and all other contract rights of Seller, if any, identified on Schedule 1(a)(ii) to be furnished to Seller at least two Business Days before the Closing, (b) the leases by and between Seller and United Leasing, Inc. (the "United Lease"); (c) all agreements by and between the Debtor and IceNet for the provision of telecommunications services (the "IceNet Agreement") (collectively, the "Contracts"), which Contracts (other than the United Lease) shall be assumed by Seller and assigned to Telrite and the United Lease shall be assumed by Seller and assigned to IceNet;

(iii) All accounts receivable of Seller including, without limitation, unbilled accounts receivables, that remain outstanding or unbilled, as the case may be, as of the Closing (collectively, the "Accounts Receivable"); which Accounts Receivable will be conveyed to Telrite.

(iv) To the extent permitted under applicable law, all of Seller's (A) patents and pending patent applications, together with any and all continuations, divisions, reissues, extensions and renewals thereof, (B) trade secrets, know-how, inventions, formulae and processes, whether trade secrets or not, (C) trade names, trademarks, service marks, logos, assumed names, brand names and all registrations and applications therefor together with the goodwill of the business symbolized thereby, including, without limitation, the name "OneStar" and all domain names used for or in connection with the Business (including, without limitation, "onestarcom.com" and "onestarld.com"), (D) copyrights and any registrations and applications therefor, (E) assignable technology rights and licenses, (F) assignable computer software, and (G) other assignable intellectual property owned by, registered in the name of, or used in the Business by Seller (collectively, the "Intellectual Property"); which Intellectual Property will be conveyed to IceNet, and IceNet hereby grants Telrite a perpetual, transferable, worldwide license to use such Intellectual Property on a royalty-free basis, including without limitation the right to copy, to prepare derivative works, and to sublicense such rights to others, in consideration for Telrite's entry into this Agreement.

(v) All existing data, data bases, books, records (except those records at off-site storage facilities which are duplicates of the books and records of the Business),

correspondence, business plans and projections, records of sales, customer and vendor lists, Letters of Agency (written or electronic), RESPOG data, customer lists (written or electronic), customer files and information (ANIs, ring-to-numbers, account codes, authorization codes, pin numbers, etc.), customer service logs, letters of authorization (both electronic and written) with or for customers, files and papers (the "Transferred Books and Records"), which Transferred Books and Records shall be conveyed to Telrite.

(vi) To the extent permitted under applicable law or regulation, all licenses, franchises, permits, certificates, consents and other governmental or quasi-governmental authorizations of Seller ("Permits"), which Permits shall be transferred to Telrite.

(vii) Any other property of Seller used in the operation of the Business, including but not limited to 800 numbers, CIC codes, and domain names which shall be conveyed to Telrite.

All of the items described in this Section 1(a) and which are not Excluded Assets (as defined in Section 1(b)) are herein collectively referred to as the "Acquired Assets." Notwithstanding the foregoing, Seller shall be entitled to retain copies of all Transferred Books and Records in whatever form included in the Acquired Assets.

b. The Excluded Assets. Seller shall not sell hereunder, Purchaser shall not purchase or acquire any right, title or interest of Seller in or to, and the Acquired Assets shall not include:

(i) The corporate franchise and stock record books, corporate seal, corporate record books of Seller containing minutes of meetings of directors and shareholders, tax returns and records, books of account and ledgers, and such other records having to do with Seller's organization or stock capitalization;

(ii) Any rights which accrue or will accrue to Seller under this Agreement and, except for Accounts Receivable, any claims or causes of action, including, but not limited to, (A) any and all claims and causes of action arising under Sections 542, 543, 544, 545, 546, 547, 548, 549, 550 and 553 of the Bankruptcy Code or under comparable state law provisions; and (B) any and all claims or causes of action against directors, officers, shareholders, employees or "Insiders" (as that term is defined in section 101(31) of the Bankruptcy Code) of Seller;

(iii) Any rights to Seller's insurance policies, premiums or proceeds from insurance coverages relating to the Business and any claims thereunder (except to the extent of returned premiums and proceeds from coverages to damage or loss to the Acquired Assets), and any deposits made with third parties, including without limitation, security deposits and utility deposits, and any monies or refunds due from third parties;

(iv) Any tax deposits or rights to Seller's claims for any federal, state, local or foreign tax refund;

(v) Any shares of capital stock of Seller;

(vi) Any assets, properties and rights of whatsoever kind and nature owned, used or held by Seller, not used or employed in the Business;

(vii) Any projections, descriptive brochures or other sales-related documentation prepared in connection with the sale of the Acquired Assets;

(viii) Any intercompany receivables or other receivables from insiders;

(ix) Any promissory notes payable to Seller except to the extent payable from non-insiders of Sellers and included in Accounts Receivable.

(x) All cash and cash equivalents of Seller;

(xi) All existing data, data bases, books, records, correspondence, business plans and projections, records of sales, customer and vendor lists, files and papers related to the Excluded Assets (the "Maintained Books and Records"); and

(xii) Any assets not described by category as being included in the definition of Acquired Assets in Section 1.1(a), above, and any assets that Purchaser identifies in writing at or before the Closing as being assets that Purchaser elects to exclude from Acquired Assets.

The assets described in this Section 1(b) are herein collectively referred to as the "Excluded Assets."

c. Assumed Liabilities. Subject to Section 1(d) hereof, as of the Closing, each Purchaser shall assume and pay, perform, discharge and have responsibility for the performance and satisfaction of the following liabilities of Seller (collectively, the "Assumed Liabilities"), as the same shall exist as of the Closing Date:

(i) IceNet shall assume all of the executory obligations and liabilities of Seller, including without limitation cure obligations pursuant to Section 365(b) of the Bankruptcy Code, pursuant to the terms of the Personal Property Leases assumed by and assigned to IceNet, if any, as provided for in Section 1(a)(ii) hereto;

(ii) Telrite shall assume all of the executory obligations and liabilities of Seller, including without limitation cure obligations pursuant to Section 365(b) of the Bankruptcy Code, pursuant to the terms of the Contracts assumed by and assigned to Telrite as provided for in Section 1(a)(ii) hereto;

(iii) Each Purchaser shall assume all costs and liabilities, if any, pro rated to Purchaser with respect to those assets transferred to that Purchaser as set forth in Section 8(f) hereto.

d. Excluded Liabilities. Purchaser shall not assume or become liable for any obligations, commitments or liabilities of Seller, whether known or unknown, absolute, contingent or otherwise, and whether or not related to the Acquired Assets, except for the

Assumed Liabilities (the obligations and liabilities of Seller not assumed by Purchaser are hereinafter referred to as the "Excluded Liabilities").

2. Purchase Price.

The Purchase Price for the Acquired Assets is (i) Three Million Six Hundred Thousand Dollars (\$3,600,000.00) (the "Cash Portion"), to be paid by application of Telrite's \$100,000 deposit submitted with its offer (the "Good Faith Deposit"), application of IceNet's \$3,000,000 credit bid, and \$500,000 to be paid by wire transfer of immediately available funds at the Closing, plus (ii) the assumption of the Assumed Liabilities, plus (iii) payment by Purchaser (for which IceNet and Telrite shall be jointly and severally liable) of \$700,000 on or before October 31, 2004 and \$600,000 on or before December 31, 2004 by wire transfer of immediately available funds, which obligations shall not be subject to offset or deduction of any kind whatsoever against any amounts allegedly due from Seller to IceNet or Telrite or any other person or entity except as expressly set forth herein (collectively, the "Purchase Price").

3. Closing.

a. Closing Date. The closing of the purchase and sale of the Acquired Assets and the consummation of the other transactions contemplated by this Agreement to occur on the Closing Date (the "Closing") shall take place no later than ten calendar days after entry of the Approval Order by the Bankruptcy Court, at the offices of Frost Brown Todd LLC in Louisville, Kentucky, unless such time is extended by order of the Bankruptcy Court or by mutual agreement of the parties hereto and consent of the Official Committee of Unsecured Creditors appointed in this case (the "Committee"), but only after the satisfaction or waiver of the conditions set forth in Sections 9 and 10 hereof; except that, at the Closing Date any regulated assets, including, without limitation, the customer contracts described in Section 1(a)(ii), and the 800 numbers and CIC codes in Section 1(a)(vii), shall not be transferred until such time as the required Regulatory Approvals have been obtained, as that term is defined in Section 8(m). The date on which the Closing actually occurs is herein referred to as the "Closing Date." Purchaser shall provide Seller two (2) Business Day's written notice of the Closing Date. At the Closing, all of the transactions contemplated by this Agreement to occur on the Closing Date shall be deemed to occur simultaneously and become effective as of 12:01 a.m. Louisville, Kentucky local time on the Closing Date. For purposes hereof, "Business Day" means any day that is not a Saturday, a Sunday or other day on which banks are required or authorized by law to be closed in the City of Louisville, Kentucky.

b. Transfer Expenses. All sales, use, transfer and all other non-income taxes, if any, and any fees incurred in connection with the purchase and sale of the Acquired Assets (the "Transfer Taxes") shall be borne by Purchaser. Purchaser shall file all necessary tax returns and other documents required to be filed with respect to all such Transfer Taxes. The parties will cooperate to the extent reasonably necessary to make such filings or returns as may be required.

c. Allocation of Purchase Price. The consideration paid for the Acquired Assets and the assumption of the Assumed Liabilities that are taken into account in determining the amount realized for tax purposes shall be allocated among the Acquired Assets in accordance with a schedule (the "Allocation Schedule") to be prepared by Purchaser and Seller as soon as

reasonably practicable after the Closing Date. Such allocation will comply with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), Section 1060 thereof and the Treasury Regulations thereunder. Purchaser and Seller each agree to file U.S. Internal Revenue Service Form 8594 (Acquisition Statement under Code Section 1060) in accordance with the Allocation Schedule. Purchaser and Seller each agree to work together in good faith on the allocation and the Allocation Schedule and to provide the other promptly with any information required to complete the allocation and the Allocation Schedule.

d. **Management Agreement.** At the Closing, Seller and Purchaser shall enter into a management agreement substantially in the form of Exhibit A attached hereto (the "Management Agreement"). Pursuant to the Management Agreement, Purchaser shall fund the continued operation of the Business and Telrite shall act as manager of the Business while the parties are completing any notices required by the Federal Communications Commission ("FCC") in relation to the discontinuance of Seller's services and the transfer of Seller's customers to Telrite as set forth in Section 8(m) (the "FCC Notices") and seeking to obtain any applicable regulatory approvals, certifications and consents as set forth in Section 8(m). The Management Agreement shall expire, and the customers of Seller for which applicable regulatory approvals for transfer to Telrite have been obtained, shall be transferred to Telrite, on the earlier of (i) the date that is 180 days from the Closing Date and (ii) the receipt of all Regulatory Approvals (as defined in Section 8(m)); provided, however, that if the Manager is proceeding in good faith to obtain the Regulatory Approvals but, through no fault of the parties hereto, such Regulatory Approvals have not been obtained by the expiration of said 180-day period, then the term of this Management Agreement will automatically be extended until the earlier of 90 days thereafter and the date of receipt of all Regulatory Approvals. Any customers of Seller for which applicable regulatory approvals for transfer to Telrite have not been obtained at the time of expiration of the Management Agreement shall not be transferred to Telrite under this Agreement but shall be forfeited by Purchaser with no reduction in the Purchase Price. Seller shall discontinue service to such customers to the extent required by applicable law. From and after the date of this Agreement and during the term of the Management Agreement, Seller shall use commercially reasonable efforts not to surrender, or to permit an adverse modification of, forfeiture of, or failure to renew under normal terms, any of its licenses or permits issued by the FCC or any state public service or public utility commission in connection with the Business or to cause the FCC or any such state public service or public utility commission to institute any proceeding for the revocation, suspension or modification of any such license or permit. Purchaser acknowledges and agrees that all obligations of Seller hereunder with respect to the period following the Closing Date are subject to and contingent upon Purchaser's compliance with the terms of the Management Agreement.

4. Limitation on Liability. Purchaser acknowledges and agrees that Purchaser and its representatives have the experience and knowledge to evaluate the Business and the Acquired Assets; that Purchaser and their representatives, before the date hereof, have had access to such information and documents relating to the Business, and to such of the Acquired Assets, as Purchaser and their representatives have requested to see and review; that Purchaser and their representatives have had a full opportunity to meet with appropriate management and employees of Seller to discuss the Business and the Acquired Assets; and that, in determining to acquire the Acquired Assets, each Purchaser has made its own investigation into the Business, and, based thereon, Purchaser has made its own independent judgment concerning the Business and the

Acquired Assets. It is therefore expressly understood and agreed that Purchaser accepts the condition of the Business and the Acquired Assets “AS IS,” “WHERE IS” and “WITH ALL FAULTS” without any implied representation, warranty or guarantee as to merchantability, fitness for a particular purpose, prospects for the Business or otherwise, or as to the condition of the Business or the Acquired Assets, or as to the size, extent, quantity, type or value of the Acquired Assets, except only as may be otherwise expressly provided in this Agreement, and Seller hereby expressly disclaims any and all such implied representations, warranties or guarantees, including any representations that the Acquired Assets are all of the assets necessary for Purchaser to engage in the Business.

5. ***Seller’s Representations.*** Seller hereby represents and warrants to Purchaser, as of the date hereof, the following:

a. **Binding Obligation.** Subject to obtaining the Approval Order, this Agreement and the other documents and instruments specified in this Agreement (the “Other Agreements”) to which Seller is a party, when executed and delivered by Seller, will constitute legal, valid and binding obligations of Seller in accordance with their respective terms, except to the extent that the enforcement thereof may be limited by bankruptcy, reorganization, insolvency or similar laws of general applicability governing the enforcement of the rights of creditors or by the general principles of equity (regardless of whether considered in a proceeding at law or in equity).

b. **Brokers and Finders.** Seller has not incurred any liability to any party for any brokerage fees, agent’s commissions or finder’s fees in connection with the sale of the Business or the Acquired Assets, except for the fees payable to DH Capital, LLC, which shall be paid solely by Seller.

6. ***Purchaser’s Representations.*** IceNet and Telrite, respectively, represent and warrant the following to Seller, as of the date hereof:

a. **Organization.** As to IceNet, IceNet is a limited liability company, organized, validly existing and in good standing under the laws of the State of Delaware. As to Telrite, Telrite is a corporation, organized, validly existing and in good standing under the laws of the State of Georgia.

b. **Authorization.** Each of IceNet and Telrite has the power and authority necessary to enter into and perform its obligations under this Agreement and the Other Agreements to which it is a party, and to consummate the transactions contemplated hereby and thereby. The execution, delivery and performance of this Agreement by each of IceNet and Telrite and the Other Agreements to which either is a party have been approved by all necessary action of the board of directors and, if required, the members or shareholders of such entity. This Agreement has been, and the Other Agreements to which either is a party will be, executed and delivered by duly authorized officers of IceNet and Telrite, respectively.

c. **Binding Obligation.** Subject to obtaining the Approval Order, this Agreement and the Other Agreements to which either is a party, when executed and delivered by such party, will constitute legal, valid and binding obligations of such party in accordance with

their respective terms, except to the extent that the enforcement thereof may be limited by bankruptcy, reorganization, insolvency or similar laws of general applicability governing the enforcement of the rights of creditors or by the general principles of equity (regardless of whether considered in a proceeding at law or in equity). Each of IceNet and Telrite acknowledge that in the event it is finally determined by the Bankruptcy Court, or any appellate court, that IceNet has an allowed secured claim against Seller of less than \$3,000,000, IceNet and Telrite shall be jointly and severally responsible for prompt payment to Seller's estate of the difference between \$3,000,000 and the allowed amount of IceNet's secured claim.

d. **Validity of Contemplated Transactions; Restrictions.** The execution, delivery and performance of this Agreement by each Purchaser and the Other Agreements to which it is a party, and the consummation of the transactions contemplated hereby and thereby, will not (i) violate any provision of the Certificate of Formation, Articles of Incorporation or Operating Agreement or Bylaws, as the case may be, of such party, or (ii) subject to obtaining the Approval Order and applicable regulatory approvals under Section 8(m) and to completion by the parties of the FCC Notices, result in a violation by either Purchaser of any law or order of any court or governmental authority to which such Purchaser is subject or by which its assets are bound.

e. **Consents and Approvals.** Except for all applicable approvals of the Bankruptcy Court, the FCC Notices and the approvals and certifications described in Section 8(m), no consent, approval, authorization, declaration, filing or registration with any governmental authority, or any other person or entity, is required to be made or obtained by either Purchaser in connection with the execution, delivery and performance by such Purchaser of this Agreement, the Other Agreements to which it is a party or the consummation of the transactions contemplated hereby and thereby.

f. **Financing.** Purchaser has now and will have at the Closing the funds necessary as and when required to pay the Purchase Price and to satisfy its obligations to consummate the transactions contemplated hereby in accordance with the terms hereof.

g. **Brokers and Finders.** Neither Purchaser has incurred any liability to any party for any brokerage fees, agent's commissions or finder's fees in connection with the purchase of the Business or the Acquired Assets, except for IceNet's obligation to carveout from its secured interest, *inter alia*, the fees of DH Capital, LLC, to the extent earned by DH Capital, LLC, as expressly set forth in the *Final Order Authorizing Debtor's Use of Cash Collateral Pursuant to 11 U.S.C. § 363*, entered by the Bankruptcy Court on March 18, 2004, as amended to this date.

7. **Closing Deliveries.** At the Closing, the parties shall exchange all duly executed documents and other instruments and items required to consummate the transactions contemplated by this Agreement, including but not limited to:

a. The parties agree that bills of sale, assignments, transfers and other instruments of conveyance, as appropriate, all in form reasonably satisfactory to Seller and Purchaser, with respect to the Acquired Assets;

b. The parties shall enter into an Assignment and Assumption Agreement, in a form agreed to by the Purchaser to whom the asset is being assigned, the Debtor and the Committee;

c. Purchaser shall pay to Seller the Cash Portion of the Purchase Price;

d. The parties shall execute and deliver the Management Agreement;

e. The parties shall execute the certificates contemplated by Sections 9(a), 9(b), 9(f), 9(g), 10(a), 10(b), 10(f) and 10(g).

8. Covenants.

Seller covenants and agrees with Purchaser, and Purchaser covenants and agrees with Seller, as follows:

a. **Access and Information.** Seller shall give Purchaser and Purchaser's counsel, accountants and other representatives or agents during normal business hours from the date hereof until the Closing Date reasonable access to all of the Acquired Assets. Until the Closing Date, Purchaser and its representatives, agents and employees will hold in confidence all data and information obtained from Seller or Seller's counsel, accountants, and other representatives or agents. If the transactions provided for herein are not consummated for any reason, Purchaser and Purchaser's counsel, accountants, representatives, agents and employees shall return or destroy all documents received from Seller or its counsel, accountants, representatives or agents, and shall continue to hold in confidence all such data and information and shall not use any such data or information for any purpose whatsoever; provided, however, this obligation and the obligation in the preceding sentence shall not apply to any data and information that (i) was in either Purchaser's possession prior to receipt from Seller, (ii) is now or later becomes generally available to the public through no fault of either Purchaser or its counsel, accountants, representatives, agents or employees, (iii) either is, on the date of disclosure by Seller, or later becomes, lawfully available from another source on a non-confidential basis, and such source is not under an obligation of confidentiality to Seller, or (iv) was independently developed by employees or agents of Purchaser who had no prior access to such data or information. This obligation and covenant shall survive the termination of this Agreement. Notwithstanding the foregoing, the parties agree and acknowledge that the obligations of Purchaser under this Agreement are not subject to any due diligence condition and that the provisions of this Section 8(a) shall in no way affect the conditions to Purchaser's obligations under Section 9, which shall remain in effect in accordance with their terms.

b. **Notification of Material Changes.** From the date hereof to the Closing Date, Seller shall make its management reasonably available to consult with Purchaser as to the management of the Business and the Acquired Assets.

c. **Further Assurances.** At any time and from time to time after the Closing, Seller and Purchaser shall, at the request of any other party (but if at the request of Purchaser, or either of them, only upon the Committee's consent or Bankruptcy Court Order), take any and all reasonable actions necessary to fulfill their obligations hereunder or to put Purchaser in actual possession and operating control of the Acquired Assets, and execute and deliver such further

instruments of conveyance, sale, transfer, assignment or assumption, and take such other actions as may be necessary to effectuate, record or perfect the transfer of the Acquired Assets to Purchaser, to confirm the title of the Acquired Assets to Purchaser, to assist Purchaser in exercising rights relating thereto, to provide for the assumption of the Assumed Liabilities by Purchaser, to otherwise effectuate or consummate any of the transactions contemplated hereby, and to assist Seller in connection with Seller winding up its estate in the Bankruptcy Case, pursuing causes of action and reconciling claims.

d. Bankruptcy Court Approval.

(i) Seller and Purchaser acknowledge that under the Bankruptcy Code, this Agreement and the sale of the Acquired Assets are subject to obtaining the Approval Order (as hereinafter defined).

(ii) Seller shall use its best efforts to obtain entry of an order, within five (5) Business Days of execution hereof, pursuant to Bankruptcy Code Sections 105, 363 and 365, authorizing and approving, *inter alia*, the conveyance of the Acquired Assets on the terms and conditions set forth herein to Purchaser, and, among other things, containing a finding that Purchaser has acted in "good faith" within the meaning of Section 363(m) of the Bankruptcy Code (the "Approval Order"), all in form and substance reasonably satisfactory to Purchaser, Seller, the Committee and their respective counsel.

e. Conditions Precedent. Seller shall exert commercially reasonable efforts to satisfy the conditions enumerated in Section 9 hereof, and Purchaser shall exert commercially reasonable efforts to satisfy the conditions enumerated in Section 10 hereof.

f. Prorations.

(i) To the extent not included in the Assumed Liabilities, Utility Charges, Rental Charges, Furniture and Equipment Charges, Real Property Taxes, Personal Property Taxes and Operating Expenses, including without limitation, accruals or prepayments thereof (all as individually defined below and collectively called the "Proration Items"), shall be prorated directly between Seller and that Purchaser to which the related assets were transferred, as provided in this Section 8(f).

(ii) For purposes of this Section 8(f), the capitalized terms set forth below shall have the following meanings:

(A) "Utility Charges" shall mean water, sewer, electricity, gas and other utility charges, if any, applicable to the real property leased by Seller (as used in this Section 8(f), the "Leased Real Property");

(B) "Rental Charges" shall mean common area maintenance charges, merchant association dues, insurance reimbursement and rental charges payable or receivable and other payments or receipts (other than Real Property Taxes) applicable to the Leased Real Property, and those lease payments or charges applicable to the Personal Property Leases;

(C) "Furniture and Equipment Charges" shall mean rental charges payable or receivable and other payments or receipts applicable to the Furniture and Equipment;

(D) "Real Property Taxes" shall mean ad valorem taxes imposed upon any portion of the Leased Real Property, general assessments imposed with respect to the Leased Real Property and special assessments imposed upon the Leased Real Property, whether payable in full or by installments;

(E) "Personal Property Taxes" shall mean ad valorem taxes imposed upon the Acquired Assets other than the Leased Real Property; and

(F) "Operating Expenses" shall mean all general operating expenses of the Business, including without limitation, prepaid items, accrued expenses and other expenses of the nature set forth on Schedule 8(f).

(iii) As soon as practicable after the Closing Date, all Proration Items which are not included in the Assumed Liabilities shall be apportioned to the Closing Date, and representatives of Seller and Purchaser will examine all relevant books and records of Seller as of the Closing Date in order to make the determination of the apportionments, which determinations shall be calculated in accordance with past practices. Payments in respect thereof shall be made to the appropriate party by check within ten (10) days after such determination, except that payments for Real Property Taxes and Personal Property Taxes shall initially be determined based on the previous year's taxes and shall later be adjusted to reflect the current year's taxes when the tax bills are finally rendered. The parties shall fully cooperate with each other to avoid, to the extent legally possible, the payment of duplicate Personal Property Taxes, and each party shall furnish, at the request of the other, proof of payment of any Personal Property Taxes or other documentation which is a prerequisite to avoiding payment of a duplicate tax.

(iv) If any party (the "Payor") pays a Proration Item (other than if and to the extent included in the Assumed Liabilities) for which any other party (the "Payee") is obligated in whole or in part under this Section 8(f), the Payor shall present to the Payee evidence of payment and a statement setting forth the Payee's proportionate share of such Proration Item, and the Payee shall promptly pay such share to the Payor. If any party (the "Recipient") receives payment of a Proration Item to which any other party (the "Beneficiary") is entitled in whole or in part under this Agreement, the Recipient shall promptly pay the Beneficiary's share to the Beneficiary.

g. Discharge of Liens and Encumbrances. The Acquired Assets shall be transferred free of all Liens which are to be discharged or extinguished pursuant to the Approval Order.

h. Survival of Obligations. Except as specifically provided for in this Agreement, all obligations of the parties set forth in this Agreement that are intended to continue or begin after the Closing Date shall continue in effect until such time as any such obligation has been fulfilled or been waived in writing by other parties to this Agreement.

i. Books and Records.

(i) From and after the Closing, each Purchaser shall permit Seller and its agents and representatives to have reasonable access, upon reasonable notice, during normal business hours, at Seller's sole expense, to the Transferred Books and Records as is reasonably necessary for (A) preparing and filing of tax returns and other reports and documents required to be filed by Seller pursuant to any applicable law or regulation, (B) administering benefit plans of Seller that cover any employee or former employee of the Business, (C) pursuing insurance or other recoveries for any loss, (D) prosecuting, defending or conducting any litigation or investigative proceeding, including without limitation, any causes of action under chapter 5 of the Bankruptcy Code, or (E) realizing and liquidating the Excluded Assets. Purchaser shall retain the Transferred Books and Records and for a period of three (3) years after the Closing Date; provided, however, that Purchaser may earlier discard such books and records after offering Seller the opportunity for a reasonable period to have such Transferred Books and Records shipped to Seller at Seller's sole cost and expense.

(ii) From and after the Closing, Seller shall provide to Purchaser, at Purchaser's sole cost and expense, copies of the Maintained Books and Records as Purchaser may reasonably request and are reasonably necessary for (A) preparing and filing of tax returns and other reports and documents required to be filed by Purchaser pursuant to any applicable law or regulation, (B) transferring and recording by Purchaser of the Acquired Assets, or (C) prosecuting, defending or conducting any litigation or investigative proceedings relating to the Acquired Assets or the operation of the Business (whether before or after the Closing Date). Seller shall retain such Maintained Books and Records until the earlier of (x) with respect to tax returns, the date that is three (3) years from the end of the year covered by the relevant tax return, (y) three (3) years after the Closing Date, or (z) the date the Bankruptcy Case is closed; provided that if such date is earlier than the date that is three (3) years from (1) the end of the year covered by the relevant tax, or (2) the Closing Date, Seller shall notify and make available to Purchaser at Purchaser's sole cost and expense such Maintained Books and Records before Seller destroys them.

j. Amounts Held in Trust.

(i) Following the Closing, any amounts paid to Seller that constitute part of the Acquired Assets, including without limitation, the Accounts Receivable, shall be held in trust by Seller for the benefit of Purchaser and tendered and paid by Seller to the appropriate Purchaser as soon as reasonably practicable after the receipt thereof.

(ii) Following the Closing, any amounts paid to Purchaser that constitute part of the Excluded Assets shall be held in trust by Purchaser holding such amounts for the benefit of Seller and tendered and paid by Purchaser to Seller as soon as reasonably practicable after the receipt thereof.

k. Intellectual Property. At the Closing, each Purchaser shall grant to Seller a royalty-free, worldwide license to use the Intellectual Property solely in connection with Seller winding up its estate in the Bankruptcy Case. Seller shall not be entitled to sub-license the Intellectual Property to any third party without the express written consent of Purchaser.

l. Bulk Sales. Each of Seller and Purchaser waives compliance with any applicable provisions of Article 6 of the Uniform Commercial Code or analogous provisions of law as adopted in the states in which the Business is conducted by Seller as such provisions may apply to the transactions contemplated by this Agreement.

m. FCC Notices; Regulatory Approvals. As promptly as practicable after the Approval Order has been entered, Purchaser and Seller shall make all filings and notifications as may be required by the FCC and applicable state public service or public utility commissions and seek all licenses, approvals, permits, waivers, orders or authorizations from the FCC and state public service or public utility commissions as may be required under applicable law in connection with the transactions contemplated by this Agreement. Without limiting the generality of the foregoing, but only to the extent required by applicable law then in effect, (A) Seller shall, as promptly as practicable after the Approval Order has been entered, carry out such special procedures for the discontinuance of its domestic and international services as required by the FCC in accordance with Section 214 and Section 258 of the Communications Act of 1934, as amended (the "Act"), and the rules and regulations promulgated thereunder, by (X) notifying all affected customers in writing at least 60 days before the discontinuance of service; and (Y) filing with the FCC a copy of the notification given to Seller's customers; and (B) Purchaser shall, as promptly as practicable after the Approval Order has been entered and no later than 30 days prior to transfer of the customers to Telrite, carry out such special procedures for the transfer of Seller's customers as may be required by the FCC pursuant to Section 258 of the Act and the rules and regulations promulgated thereunder by (X) filing with the FCC's Office of the Secretary and any applicable state regulatory commission any required approval application or notification letter, and (Y) providing written notice to each affected customer, which letter notification and subscriber notice shall contain all of the information required by Act and the rules and regulations promulgated thereunder. Seller and Purchaser shall reasonably cooperate with each other to provide all necessary information for the preparation of such notices and applications. Purchaser and Seller shall mutually agree as to the most effective and efficient means of preparing all such notices and applications. Collectively, the regulatory filings of the Purchaser and the Seller shall constitute the required regulatory authorizations (the "Regulatory Approvals"). Each Purchaser shall, jointly and severally, bear all fees payable by either Purchaser or Seller to the FCC or any state public service or public utility commission and to any outside counsel or consultant jointly retained by Purchaser and Seller in connection with the preparation and filing of such notices and applications. Except as provided in this Section 8(m), Seller and Purchaser agree that at no time shall either party, without the consent of the other party, which shall not be unreasonably withheld or delayed, make any filings with, or send any notices to, the FCC or any state public service or public utility commission in connection with the transactions contemplated by this Agreement.

9. Conditions Precedent to Purchaser's Obligations. The obligation of Purchaser to consummate the transactions provided for in this Agreement is subject to the satisfaction of each of the following conditions on or before the Closing, any of which may be waived by Purchaser in its sole discretion:

a. Information; Representations and Warranties. All information required to be furnished or delivered by Seller pursuant to this Agreement shall have been furnished or delivered as of the date hereof or as of the Closing Date, as required hereunder; the

representations and warranties made by Seller in Section 5 shall be true and correct in all material respects on and as of the Closing Date with the same force and effect as though such representations and warranties had been made on and as of the Closing Date (except that such representations and warranties may be untrue or incorrect as a result of actions or transactions expressly permitted by this Agreement or actions or transactions of Seller made with the prior written consent of Purchaser); and Purchaser shall have received a certificate dated as of the Closing Date, executed by a duly authorized officer of Seller, to such effect.

b. Compliance by Seller. Seller shall have duly performed in all material respects all of the covenants, agreements and conditions contained in this Agreement to be performed or satisfied by Seller on or prior to the Closing Date; and Purchaser shall have received a certificate dated as of the Closing Date, executed by a duly authorized officer of Seller, to such effect.

c. No Injunction. No injunction or stay pending appeal shall have been entered precluding the consummation of the transactions contemplated hereby.

d. Approval Order. The Approval Order shall have been entered by the Bankruptcy Court and shall not be stayed pending appeal or reversed.

e. Certificate of Secretary. Purchaser shall have received from Seller a certificate executed by the Secretary or Assistant Secretary of Seller certifying (i) that Seller's board of directors has approved and authorized this Agreement and each of the Other Agreements to which Seller is a party and each of the transactions contemplated hereby and thereby pursuant to the resolutions attached to such certificate, and (ii) that such resolutions have not been rescinded, revoked, modified or otherwise affected and remain in full force and effect.

f. Incumbency. Purchaser shall have received a certificate of incumbency of Seller executed by the Secretary or Assistant Secretary of Seller listing the officers of Seller authorized to execute this Agreement, the Other Agreements to which it is a party and all other instruments executed on behalf of Seller and certifying the authority of each such officer to execute the agreements, documents and instruments on behalf of Seller in connection with the consummation of the transactions contemplated hereby.

10. Conditions Precedent to Seller's Obligations. The obligation of Seller to consummate the transactions provided for in this Agreement is subject to the satisfaction of each of the following conditions on or before the Closing, any of which may be waived by Seller:

a. Information; Representations and Warranties. All information required to be furnished or delivered by each Purchaser pursuant to this Agreement shall have been furnished or delivered as of the date hereof or as of the Closing Date as required hereunder; the representations and warranties made by each Purchaser in Section 6 hereof shall be true and correct in all material respects on and as of the Closing Date with the same force and effect as though such representations and warranties had been made on and as of the Closing Date; and Seller shall have received a certificate dated the Closing Date, executed by a duly authorized officer of each Purchaser, to such effect.

b. Compliance by Purchaser. Each Purchaser shall have duly performed in all material respects all of the covenants, agreements and conditions contained in this Agreement to be performed or satisfied by such Purchaser on or before the Closing Date; and Seller shall have received a certificate dated the Closing Date, executed by a duly authorized officer of each Purchaser, to such effect.

c. Governmental Approvals. Except for the FCC Notices and the approvals and consents described in Section 8(m), all requirements imposed with respect to the transactions contemplated by this Agreement by any governmental or quasi-governmental entities, shall have been satisfied.

d. No Injunction. No injunction or stay pending appeal shall have been entered precluding the consummation of the transactions contemplated hereby.

e. Approval Order. The Approval Order shall have been entered by the Bankruptcy Court and shall not be stayed pending appeal or reversed.

f. Certificate of Secretary. Seller shall have received from each Purchaser a certificate executed by the Secretary or Assistant Secretary of such Purchaser certifying (i) that Purchaser's board of directors or managers and, if required, shareholders or members, have approved and authorized this Agreement and each of the Other Agreements to which either Purchaser is a party and each of the transactions contemplated hereby and thereby pursuant to the resolutions attached to such certificate, and (ii) that such resolutions have not been rescinded, revoked, modified or otherwise affected and remain in full force and effect.

g. Incumbency. Seller shall have received a certificate of incumbency of each Purchaser executed by the Secretary or Assistant Secretary of such Purchaser listing the officers of such Purchaser authorized to execute this Agreement, the Other Agreements to which it is a party and all other instruments executed on behalf of such Purchaser and certifying the authority of each such officer to execute the agreements, documents and instruments on behalf of such Purchaser in connection with the consummation of the transactions contemplated hereby.

11. Expenses. Subject to Sections 3(b), 8(m) and 12(c) of this Agreement, Purchaser and Seller shall each pay their own expenses incurred in connection with this Agreement and the transactions contemplated herein, whether or not the transactions contemplated herein are consummated.

12. Termination.

a. Methods of Termination. This Agreement may be terminated at any time prior to the Closing Date:

(i) by the mutual consent of Seller and Purchaser;

(ii) by Seller after August 31, 2004, if any of the conditions set forth in Section 10 hereof, to which the obligations of Seller are subject, have not been fulfilled or waived, unless such fulfillment has been delayed, frustrated or made impossible by any act or failure to act by Seller; or

(iii) by Purchaser after August 31, 2004, if any of the conditions set forth in Section 9 hereof, to which the obligations of Purchaser are subject, have not been fulfilled or waived, unless such fulfillment has been delayed, frustrated or made impossible by any act or failure to act by Purchaser.

(iv) by Purchaser or Seller, if the Bankruptcy Court shall enter an order approving a sale, transfer or other disposition of the Acquired Assets or the Business to a third party.

b. Notice of Termination. Notice of termination of this Agreement shall be given by the party so terminating to the other parties hereto in accordance with Section 19 of this Agreement.

c. Effect of Termination. If this Agreement is terminated pursuant to Section 12(a) hereof, this Agreement shall (except as expressly set forth herein) become void and of no further force and effect, and, except as set forth in this Section 12, no party (or any of its officers, directors, employees, agents, representatives or shareholders) shall be liable to any other party for any loss as a result of such termination. If the nonoccurrence of Closing is the direct or indirect result of a default of or breach by any party of its obligations hereunder, such defaulting or breaching party shall be fully liable to the other parties hereto for any such breach or default. If the Agreement is terminated pursuant to Sections 12(a)(i), 12(a)(iii) or 12(a)(iv), Seller shall refund the Good Faith Deposit to Telrite as soon as reasonably practicable after the date of such termination. If the Agreement is terminated pursuant to Section 12(a)(ii), Seller shall retain the Good Faith Deposit, and neither Telrite nor IceNet shall have any right or claim thereto. It is agreed that each of the conditions specified in Sections 9 and 10 of this Agreement are material for purposes of this Agreement.

13. Survival; Indemnification.

a. Survival. All representations and warranties of Seller in this Agreement will expire as of the Closing.

b. Indemnification and Payment of Damages by Purchaser. Subject to the protections provided to Purchaser in the Approval Order, each Purchaser will indemnify and hold harmless Seller, and its representatives, equity holders, controlling persons, affiliates, and successors for, and will pay to such persons the amount of any loss, liability, claim, damage or expense actually incurred (including reasonable attorneys' fees), whether or not involving a third-party claim, arising, directly or indirectly, from or in connection with (a) any breach of any representation or warranty made by such Purchaser in this Agreement or in any certificate delivered by either Purchaser pursuant to this Agreement, (b) any breach by either Purchaser of any covenant or obligation of such Purchaser in this Agreement, (c) any claim by any person for brokerage or finder's fees or commissions or similar payments based upon any agreement or understanding alleged to have been made by such person with such Purchaser (or any person acting on its behalf), or (d) any liability or obligation of any nature with respect to the Assumed Liabilities owing by the Purchaser arising from the assets transferred to that Purchaser.

c. Procedure For Indemnification - Third Party Claims.

(i) Promptly after receipt by an indemnified party under Section 13(b) of notice of the commencement of any proceeding against it, such indemnified party will, if a claim is to be made against an indemnifying party under such Section, give notice to the indemnifying party of the commencement of such claim, but the failure to notify the indemnifying party will not relieve the indemnifying party of any liability that it may have to any indemnified party, except to the extent that the indemnifying party demonstrates that the defense of such action is prejudiced by the indemnifying party's failure to give such notice.

(ii) If any proceeding referred to in paragraph (i) above is brought against an indemnified party and it gives notice to the indemnifying party of the commencement of such proceeding, the indemnifying party will be entitled to participate in such proceeding and, to the extent that it wishes (unless the indemnifying party is also a party to such proceeding and the indemnified party determines in good faith that joint representation would be inappropriate), to assume the defense of such proceeding with counsel reasonably satisfactory to the indemnified party and, after notice from the indemnifying party to the indemnified party of its election to assume the defense of such proceeding, the indemnifying party will not be liable to the indemnified party under this Section 13 for any fees of other counsel or any other expenses with respect to the defense of such proceeding, in each case subsequently incurred by the indemnified party in connection with the defense of such proceeding, other than reasonable costs of investigation. If the indemnifying party assumes the defense of a proceeding, (i) no compromise or settlement of such claims may be effected by the indemnifying party without the indemnified party's consent (which will not be unreasonably withheld or delayed), unless (A) there is no finding or admission of any violation by the indemnified party, and (B) the sole relief provided is monetary damages that are paid in full by the indemnifying party; and (iii) the indemnified party will have no liability with respect to any compromise or settlement of such claims effected without its consent. If notice is given to an indemnifying party of the commencement of any proceeding and the indemnifying party does not, within ten days after the indemnified party's notice is given, give notice to the indemnified party of its election to assume the defense of such proceeding, then the indemnified party may defend against such proceeding in such manner as it deems appropriate; provided, however, that the indemnifying party may participate in such defense at its own expense; and provided further that the indemnified party may not compromise or settle such proceeding without the indemnifying party's prior written consent, which will not be unreasonably withheld or delayed.

d. Procedure for Indemnification-Other Claims. A claim for indemnification for any matter not involving a third-party claim may be asserted by notice to the party from whom indemnification is sought.

14. Purchaser as Good Faith Purchaser. Seller agrees that, and the Approval Order shall contain a finding that, (i) Purchaser is a "good faith purchaser" within the meaning of Section 363(m) of the Bankruptcy Code and is thereby entitled to the protection afforded good faith, arm's-length purchasers, (ii) the Purchase Price is fair and reasonable, (iii) this Agreement was negotiated at arm's-length, and (iv) Seller does not have any interest in Purchaser or any party affiliated with Purchaser, although, indirectly, Seller and IceNet have certain common

officers and equity holders which have been fully disclosed to Seller, the Examiner appointed in this case and the Committee and its counsel.

15. Governing Law, Venue and Jurisdiction. This Agreement shall be governed by the laws of the State of Indiana, without regard to its principles of conflicts of law. If any party shall institute a legal action as a result of a default in any other party's performance under this Agreement, or for any breach of this Agreement, any such action shall be brought exclusively in the Bankruptcy Court.

16. Binding. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective representatives and successors, including any trustee appointed pursuant to the Bankruptcy Code. This Agreement shall not be assigned by Seller or either Purchaser, and any attempted assignment shall be null and void.

17. Entire Agreement. This Agreement, the Other Agreements to which any party is a party, and the accompanying Schedules and Exhibits, contain the full and complete understanding of the parties hereto with respect to the acquisition of the Acquired Assets and all other transactions contemplated herein, and supersede all prior agreements or understandings between the parties hereto relating to the subject matter hereof.

18. Amendment. This Agreement may be amended, modified or supplemented only by written instruments signed by each Purchaser, Seller and the Committee.

19. Notices. All notices, requests, demands and other communications under this Agreement to the parties shall be in writing and shall be personally delivered or sent by commercial overnight courier, facsimile, or certified or registered mail, postage prepaid, to the following addresses and/or facsimile numbers:

If to Seller: OneStar Long Distance, Inc.
7100 Eagle Crest Boulevard
Evansville, Indiana 47715
Attn: Martin J. Huebschman
Chief Financial Officer and General Counsel
Fax: (812) 437-7963

with copies (which shall not constitute notice) to:

Frost Brown Todd LLC
2200 PNC Center
201 East Fifth Street
Cincinnati, Ohio 45215
Attn: Jeffrey L. Zackerman
Fax: (513) 651-6981

If to the Committee: The Official Committee of Unsecured Creditors
of OneStar Long Distance, Inc.
c/o Kilpatrick Stockton LLP
1100 Peachtree Street, Suite 2800

Atlanta, Georgia 30309-4530
Attn: Todd C. Meyers
Fax: (404) 815-6555

If to IceNet: IceNet, LLC
2425 North Central Expressway, Suite 200
Richardson, Texas 75080
Attn: William R. Stapleton
Fax: (972) 792-5479

with a copy (which shall not constitute notice) to:

Reed Smith LLP
435 Sixth Avenue
Pittsburgh, Pennsylvania 15219
Attn: Many Emamzadeh
Fax: (412) 288-3063
E-mail: memamzadeh@reedsmith.com

If to Telrite: Telrite Corporation
1115 Church Street

Covington, GA 30014 Attn: Darryl Davis
Fax: (678) 202-0762

with a copy (which shall not constitute notice) to:

Sommer Barnard Ackerson
One Indiana Square, Suite 3500
Indianapolis, Indiana 46204-2023
Attn: Paul T. Deignan
Fax: (317) 713-3699

Any party may change its address or facsimile number for purposes of this Section 19 by giving all other parties notice of the new address or facsimile number in the manner set forth herein. Any notice given as set forth herein shall be deemed to have been received on the earlier of actual receipt or three (3) Business Days after being sent. All notices required hereunder to be given to Seller shall also be given to the Committee.

20. Time of Essence. Time is of the essence with respect to this Agreement and the transactions contemplated hereby.

21. Severability. If any one or more of the provisions herein shall be deemed invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions of this Agreement and any application thereof shall not in any way be affected or impaired thereby.

22. **Counterparts and Facsimile Signatures.** This Agreement may be executed in one or more counterparts and by facsimile signatures, each of which shall be deemed to be an original and all of which together shall constitute one and the same agreement.

23. **No Third Party Beneficiaries.** No person or entity (other than the parties to this Agreement and their respective successors and the Committee) shall have or be construed to have any legal or equitable right, remedy or claim under, in respect of or by virtue of this Agreement or any provision herein.

24. **Waiver.** Any term or condition of this Agreement may be waived at any time by the party that is entitled to the benefit thereof, but only if such waiver is evidenced by a writing signed by such party which makes specific reference to this Agreement; provided, however, that Seller may only waive any term or condition of this Agreement with the Committee's consent or Bankruptcy Court Order. No failure or delay on the part of a party to exercise any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy by a party preclude any other or further exercise thereof or the exercise of any other right or remedy. No express waiver or assent by a party to any breach of or default in any term or condition of this Agreement shall constitute a waiver of or an assent to any succeeding breach of or default in the same or any other term or condition of this Agreement.

25. **Headings.** The headings of sections and paragraphs of this Agreement are for convenience of reference only, do not constitute a part of this Agreement and shall not be deemed to limit, expand or otherwise affect any of the provisions of this Agreement.

26. **Interpretation.** The language used in this Agreement and the other agreements contemplated hereby shall be deemed to be the language chosen by the parties to express their mutual intent, and no rule of strict construction shall be applied against any party. As used in this Agreement, (i) the term "includes" and the word "including" and words of similar import shall be deemed to be followed by the words "without limitation"; (ii) definitions contained in this Agreement apply to the singular as well as the plural forms of such terms; (iii) words in the singular shall be held to include the plural and vice versa, and words of one gender shall be held to include the other gender as the context requires; (iv) the terms "hereof", "herein", and "herewith" and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole and not to any particular provision of this Agreement; and (v) Section, paragraph, Schedule and Exhibit references are to the Sections, paragraphs, Schedules and Exhibits to this Agreement unless otherwise specified.

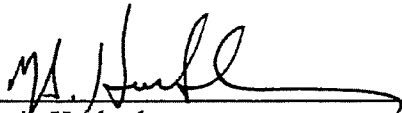
27. **Joint and Several Liability.** Telrite and IceNet hereby acknowledge and agree that Telrite and IceNet shall be jointly and severally responsible for the joint obligations of "Purchaser" hereunder (including, without limitation, the payment obligations in Sections 2 and 6(c) hereof), and shall be separately liable for the individual obligation allocated to such Purchaser herein.

[Signatures on Next Page]

IN WITNESS WHEREOF, the parties have caused this Asset Purchase Agreement to be signed by their respective duly authorized officers as of the date first above written.

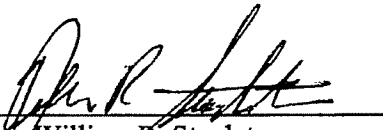
SELLER:

ONESTAR LONG DISTANCE, INC.

By: 
Name: Martin Huebschman
Title: Chief Financial Officer and General Counsel

PURCHASER:

ICENET, LLC

By: 
Name: William R. Stapleton
Title: Chief Executive Officer

TELRITE CORPORATION

By: _____
Name: Darryl Davis
Title: Chief Executive Officer

IN WITNESS WHEREOF, the parties have caused this Asset Purchase Agreement to be signed by their respective duly authorized officers as of the date first above written.

SELLER:

ONESTAR LONG DISTANCE, INC.

By: _____
Name: Martin Huebschman
Title: Chief Financial Officer and General Counsel

PURCHASER:

ICENET, LLC

By: _____
Name: William R. Stapleton
Title: Chief Executive Officer

TELRITE CORPORATION

By:  _____
Name: Darryl Davis
Title: Chief Executive Officer