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

FORM 8-K

CURRENT REPORT

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

Date of report (date of earliest event reported): January 7, 2016

Communications Sales & Leasing, Inc.

(Exact name of registrant as specified in its charter)

Maryland	**001-36708**	**46-5230630**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

10802 Executive Center Drive
Benton Building, Suite 300
Little Rock, Arkansas 72211
(Address of Principal Executive Offices)

(501) 850-0820
(Registrant's telephone number, including area code)

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01 Entry into a Material Definitive Agreement.

On January 7, 2016, Communications Sales & Leasing, Inc., a Maryland corporation ("CS&L"), entered into an Agreement and Plan of Merger (the "Merger Agreement") with CSL Bandwidth Inc., a Delaware corporation and an indirect wholly owned subsidiary of CS&L ("Purchaser"), Penn Merger Sub, LLC, a Delaware limited liability company and wholly owned subsidiary of Purchaser ("Merger Sub"), PEG Bandwidth LLC, a Delaware limited liability company ("PEG Bandwidth"), PEG Bandwidth Holdings, LLC, a Delaware limited liability company and the controlling equityholder of PEG Bandwidth ("PEG Holdings"), and PEG Holdings, in the capacity as representative of the equityholders of PEG Bandwidth.

The Merger

Pursuant to the Merger Agreement, and upon the terms and subject to the conditions described therein, CS&L will cause Merger Sub to merge with and into PEG Bandwidth (the "Merger"), with PEG Bandwidth surviving as a wholly owned subsidiary of Purchaser. At the effective time of the Merger, the outstanding equity interests of PEG Bandwidth will be converted into the right to receive a portion of the following aggregate merger consideration: (i) $315,000,000 in cash, (ii) 1,000,000 shares of the common stock, par value $0.0001 of Company (the "Common Stock") and (iii) 87,500 shares of 3.00% Series A Convertible Preferred Stock of CS&L, the terms of which are more fully described below (the "Convertible Preferred Stock") (together, the "Merger Consideration"), as set forth on the Allocation Schedule (as defined in the Merger Agreement). The cash portion of the Merger Consideration is subject to adjustment as set forth in the Merger Agreement.

The parties' obligations to complete the Merger are conditioned upon (i) the receipt of antitrust and telecommunications regulatory approvals and (ii) certain other customary closing conditions.

The Merger Agreement includes certain customary representations, warranties and covenants of each of PEG Holdings, PEG Bandwidth and CS&L. Among other things, from the date of the Merger Agreement until closing of the Merger, PEG Bandwidth is obligated to, and to cause its subsidiaries to, conduct its business in the ordinary course consistent with past practice. Each of CS&L, PEG Bandwidth and PEG Holdings is also required to use their respective reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary or desirable, under applicable law to consummate the transactions contemplated by the Merger Agreement. The representations, warranties and covenants contained in the Merger Agreement were made only for the purposes of the Merger Agreement, were made as of specific dates, were made solely for the benefit of the parties to the Merger Agreement and may not have been intended to be statements of fact but, rather, as a method of allocating risk and governing the contractual rights and relationships among the parties to the Merger Agreement. In addition, such representations, warranties and covenants may have been qualified by certain disclosures not reflected in the text of the Merger Agreement and may apply standards of materiality and other qualifications and limitations in a way that is different from what may be viewed as material by CS&L's stockholders. None of CS&L's stockholders or any other third parties should rely on the representations, warranties and covenants or any descriptions thereof as characterizations of the actual state of facts or conditions of CS&L, Purchaser, Merger Sub, PEG Bandwidth, PEG Holdings or any of their respective subsidiaries or affiliates. Moreover, information concerning the subject matter of the representations and warranties may change after the date of the Merger Agreement, which subsequent information may or may not be fully reflected in CS&L's public disclosures.

At the closing of the Merger, the board of directors of CS&L will increase the number of directors serving on the CS&L board by one director and will nominate an individual designated by PEG Holdings (and reasonably acceptable to CS&L) to the board of directors of CS&L.

The foregoing description of the Merger Agreement does not purport to be complete and is qualified in its entirety by reference to the Merger Agreement, which is filed as Exhibit 2.1 hereto and incorporated herein by reference.

Convertible Preferred Stock

At the closing of the Merger, CS&L will file with the State Department of Assessments and Taxation of Maryland an Articles Supplementary (the "Articles Supplementary") to CS&L's Articles of Amendment and Restatement setting out the form and terms of the Convertible Preferred Stock.

CS&L will pay cumulative dividends on each share of the Convertible Preferred Stock at a rate of 3.00% per annum on the initial liquidation preference of $1,000 per share. Dividends will accrue and cumulate from the date of issuance and, to the extent that CS&L is legally permitted to pay dividends and its board of directors declares a dividend payable, CS&L will pay dividends quarterly in cash.

Each share of Convertible Preferred Stock will automatically convert on a date that will be approximately eight years following the initial issue date, if not earlier converted, repurchased or redeemed. Prior to a date that will be approximately three years following the initial issue date, the Convertible Preferred Stock will be convertible only upon the occurrence of specified events set forth in the Articles Supplementary. Thereafter, holders may convert their Convertible Preferred Stock at any time. CS&L will settle conversions of the Convertible Preferred Stock by paying or delivering, as the case may be, cash, Common Stock or a combination thereof, at its election. Upon any conversion, CS&L will deliver consideration per share of Convertible Preferred Stock worth the greater of the liquidation preference and the value of a number of shares of Common Stock equal to the conversion rate of 28.5714 shares of Common Stock (which is subject to adjustment for certain dilutive events). If, upon any conversion, CS&L elects to satisfy such conversion with shares of Common Stock (in whole or in part), the number of shares of Common Stock issuable by CS&L per share of Convertible Preferred Stock will be capped at 19.9% of CS&L's outstanding share count as of the initial issue date, *divided by* the 87,500 shares of Convertible Preferred Stock issued (the "Share Cap") and, in a mandatory conversion at maturity, CS&L must pay cash in respect of any shares of Common Stock not delivered as a result of the Share Cap.

If CS&L undergoes a change of control (as defined in the Articles Supplementary), holders may require CS&L to repurchase all or part of their Convertible Preferred Stock at a purchase price equal to 100% of the liquidation preference of the shares to be repurchased (payable in cash, Common Stock or a combination thereof, at CS&L's election, subject to the Share Cap but with cash payable in lieu of any shares of Common Stock not delivered as a result of the Share Cap), *plus* an amount in cash equal to accumulated and unpaid dividends. In addition, in certain circumstances, CS&L may be required to increase the conversion rate for any Convertible Preferred Stock converted in connection with a make-whole fundamental change (as defined in the Articles Supplementary).

Prior to a date that is approximately three years following the initial issue date, CS&L will not have the right to redeem the Convertible Preferred Stock. Thereafter, CS&L may redeem the Convertible Preferred Stock, in whole or in part, at a redemption price equal to 100% of the liquidation preference of the shares to be redeemed (payable in cash, Common Stock or a combination thereof, at CS&L's election, subject to the Share Cap but with cash payable in lieu of any shares of Common Stock not delivered as a result of the Share Cap), *plus* an amount in cash equal to accumulated and unpaid dividends.

Except as required by law or the Articles Supplementary, the holders of Convertible Preferred Stock have no voting rights (other than with respect to certain matters regarding the Convertible Preferred Stock). When dividends payable on the Convertible Preferred Stock have not been paid for an aggregate of six quarterly dividend periods or more, whether or not consecutive, the holders of the Convertible Preferred Stock will have the right to elect one additional member to CS&L's board of directors.

The foregoing description of the Articles Supplementary does not purport to be complete and is qualified in its entirety by reference to the Articles Supplementary, which is filed as Exhibit 4.1 hereto.

Lockup Agreement and Stockholders' Agreement

At the closing of the Merger, CS&L and those of the equityholders of PEG Bandwidth receiving Common Stock and/or Convertible Preferred Stock in the Merger will execute and deliver a Lockup Agreement (a "Lockup Agreement") and a Stockholders' Agreement and Registration Rights Agreement (a "Stockholders' Agreement").

The Lockup Agreement prevents the holders of the Common Stock and Convertible Preferred Stock received in the Merger, as well as any Common Stock received upon conversion of such Convertible Preferred Stock, from transferring such securities for a period of 24 months, subject to certain exceptions. The Stockholders' Agreement provides the holders of Common Stock issued pursuant to the Merger Agreement, or issued upon conversion of the Convertible Preferred Stock, with certain rights, exercisable after the termination of the restrictions set forth in the Lockup Agreement, to cause CS&L to register such securities under the Securities Act of 1933, as amended (the "Securities Act"), upon the demand by the holders of a majority of such securities and in connection with other offerings of CS&L Common Stock. Such registration rights are subject to certain customary limitations, including

on the size of the offering, number of demand registrations exercisable per year and in relation to certain blackout periods.

The foregoing description of the Lockup Agreement and Stockholders' Agreement does not purport to be complete and is qualified in its entirety by reference to the Form of Lockup Agreement and Form of Stockholders' Agreement, which are filed as Exhibits 10.1 and 10.2 hereto, respectively.

Other than in connection with the Merger Agreement, none of PEG Bandwidth or PEG Holdings or PEG Bandwidth's other equityholders have any material relationship with CS&L.

Item 3.02 Unregistered Sales of Equity Securities.

The information from Item 1.01 is incorporated by reference hereunder. There were no underwriters in such transaction.

The issuance by CS&L of the Convertible Preferred Stock and the Common Stock pursuant to the Merger Agreement will be made upon consummation of the transactions contemplated by the Merger Agreement in reliance upon the exception from registration requirements in Section 4(a)(2) of the Securities Act. The issuance by CS&L of Common Stock upon conversion of the Convertible Preferred Stock will be made in reliance upon the exception from registration requirements in Section 3(a)(9) of the Securities Act.

Item 8.01 Other Events.

On January 12, 2016, CS&L updated information reflected in a slide presentation (the "Presentation"), which is furnished as Exhibit 99.1 hereto, and incorporated herein by reference. Representatives of CS&L will use the updated Presentation in various meetings with investors from time to time.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

2.1*	Agreement and Plan of Merger, dated as of January 7, 2016, by and among Communications Sales & Leasing, Inc., CSL Bandwidth Inc., Penn Merger Sub, LLC, PEG Bandwidth, LLC, PEG Bandwidth Holdings, LLC, and PEG Bandwidth Holdings, LLC, as Unitholders' Representative
4.1	Form of Articles Supplementary for 3.00% Series A Convertible Preferred Stock
10.1	Form of Lockup Agreement
10.2	Form of Stockholders' and Registration Rights Agreement
99.1	CS&L Investor Presentation dated January 2016

* Schedules to the agreement have been omitted pursuant to Section 601(b)(2) of Regulation S-K. CS&L agrees to furnish supplementally a copy of any omitted schedule upon the request of the SEC.

FORWARD LOOKING STATEMENTS

Certain statements in this press release may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, as amended from time to time. Those forward-looking statements include all statements that are not historical statements of fact and those regarding our intent, belief or expectations including without limitation, statements regarding CS&L's expectations with respect to the proposed transaction with PEG Bandwidth.

Words such as "anticipate(s)," "expect(s)," "intend(s)," "estimate(s)," "foresee(s)," "plan(s)," "believe(s)," "may," "will," "would," "could," "should," "seek(s)" and similar expressions, or the negative of these terms, are intended to identify such forward-looking statements. These statements are based on management's current expectations and beliefs and are subject to a number of risks and uncertainties that could lead to actual results differing materially from those projected, forecasted or expected. Although we believe that the assumptions

underlying the forward-looking statements are reasonable, we can give no assurance that our expectations will be attained. Factors which could materially alter our expectations with regard to the proposed transaction with PEG Bandwidth include, among other things, the possibility that the terms of the transaction as described in this Current Report on Form 8-k are modified; the risk that the transaction agreements may be terminated prior to expiration; risks related to satisfying the conditions to the transactions, including timing (including possible delays) and receipt of regulatory approvals from various governmental entities (including any conditions, limitations or restrictions placed on these approvals) and the risk that one or more governmental entities may deny approval.

CS&L expressly disclaims any obligation to release publicly any updates or revisions to any of the forward looking statements set forth in this release to reflect any change in its expectations or any change in events, conditions or circumstances on which any statement is based.

SIGNATURE

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: January 12, 2016

Communications Sales & Leasing, Inc.

By: /s/ Daniel L. Heard

Name: Daniel L. Heard

Title: Senior Vice President – General Counsel

EXHIBIT INDEX

Exhibit Number	Title
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4.1	Form of Articles Supplementary for 3.00% Series A Convertible Preferred Stock
10.1	Form of Lockup Agreement
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* Schedules to the agreement have been omitted pursuant to Section 601(b)(2) of Regulation S-K. CS&L agrees to furnish supplementally a copy of any omitted schedule upon the request of the SEC.

Exhibit 2.1

EXECUTION VERSION

AGREEMENT AND PLAN OF MERGER

dated as of

January 7, 2016

by and among

COMMUNICATIONS SALES & LEASING, INC.,

CSL BANDWIDTH INC.,

PENN MERGER SUB, LLC,

PEG BANDWIDTH, LLC,

PEG BANDWIDTH HOLDINGS, LLC

and

PEG BANDWIDTH HOLDINGS, LLC,

in its capacity as the Unitholders' Representative

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AGREEMENT AND PLAN OF MERGER

This AGREEMENT AND PLAN OF MERGER (this "**Agreement**") dated as of January 7, 2016 is made by and among Communications Sales & Leasing, Inc., a Maryland corporation ("**Parent**"), CSL Bandwidth Inc., a Delaware corporation and an indirect wholly owned Subsidiary (as defined below) of Parent ("**Purchaser**"), Penn Merger Sub, LLC, a Delaware limited liability company and wholly owned Subsidiary of Purchaser ("**Merger Sub**"), PEG Bandwidth, LLC, a Delaware limited liability company (the "**Company**"), PEG Bandwidth Holdings, LLC, a Delaware limited liability company ("**PEG Holdings**"), and PEG Holdings, in its capacity as the Unitholders' Representative (as defined below).

RECITALS:

WHEREAS, (i) Purchaser, as managing member of Merger Sub, has approved, and (ii) the Board of Managers (as defined in the Operating Agreement (as defined below)) of the Company (collectively with its Subsidiaries, the "**Acquired Companies**") have approved (such approval, the "**Company Board of Managers Approval**"), and determined that it is advisable and in the best interests of the Company and its Unitholders (as defined below) to consummate, in each case, the merger of the Company with and into Merger Sub (the "**Merger**"), with the Company continuing as the surviving entity in the Merger, upon and subject to the terms and conditions set forth in this Agreement, pursuant to which each Company Unit (as defined below) issued and outstanding immediately prior to the Effective Time (as defined in Section 2.03), other than Company Units described in Section 2.08(c), will be converted into the right to receive the applicable portion of the Merger Consideration as set forth in Section 2.08(b)(i); and

WHEREAS, concurrently with the execution and delivery of this Agreement, certain Unitholders and certain indirect equityholders of the Company have each entered into a Support Agreement (as defined below) agreeing to certain matters with respect to the transactions contemplated hereby.

NOW, THEREFORE, in consideration of the foregoing and the representations, warranties, covenants and agreements contained herein, the parties hereto agree as follows:

ARTICLE 1
DEFINITIONS

Section 1.01 *Definitions.* (a) The following terms, as used herein, have the following meanings:

"**Accounting Policies**" means the accounting procedures and policies attached as Exhibit A to this Agreement and, to the extent not reflected on Exhibit A, otherwise used to prepare the PEG Financial Statements.

"**Acquired Company Return**" means any Tax Return of, with respect to or that includes any of the Acquired Companies.

"**Affiliate**" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with such Person. For purposes of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "**controlling**" and "**controlled**" have correlative meanings.

"**Allocation Percentage**" means, with respect to any Company Unit, at the time of determination, a fraction (expressed as a percentage) the numerator of which is the aggregate amount of Merger Consideration paid in respect of such Company Unit and the denominator of which is the aggregate amount of Merger Consideration paid in respect of all Company Units.

"**Allocation Schedule**" means the Allocation Schedule attached hereto as Schedule I (as updated and revised in accordance with Section 2.09(b) and Section 2.13(a)). The Allocation Schedule shall include the following information (i) each Unitholder's name, address and email address, (ii) the number, type and class of Company Units held by such Unitholder as of the date hereof, (iii) a calculation of the aggregate Cash Merger Consideration, Convertible Preferred Shares and shares of Parent Common Stock to be paid or delivered with respect to each such Company Unit pursuant to Section 2.08(b)(i) (including the deemed value of such Convertible Preferred Shares and shares of Parent Common Stock), (iv) a calculation of the aggregate Cash Merger Consideration, Convertible Preferred Shares and shares of Parent Common Stock to be paid or delivered to each Unitholder in respect of all such Unitholder's Company Units pursuant to Section 2.08(b)(i), (v) the portion of the Cash Merger Consideration to be paid in respect of such Company Unit which shall be deposited into the Escrow Account, and the aggregate amount of the Cash Merger Consideration to be paid to each Unitholder which shall be so deposited, (vi) in the case of the updated Allocation Schedule delivered pursuant to Section 2.13, the portion of the Final Cash Merger Consideration and the Underpayment Amount (if any) to be paid (x) with respect to such Common Unit and (y) to each Unitholder in respect of all such Holder's Company Units, (vii) the Allocation Percentage with respect to such Company Unit and (viii) each Unitholder's Pro Rata Share.

"**Applicable Law**" means, with respect to any Person, any transnational, domestic or foreign federal, state or local law (statutory, common or otherwise), constitution, treaty, convention, ordinance, code, rule, regulation, order, injunction, judgment, decree, ruling or other similar requirement enacted, adopted, promulgated or applied by a Governmental Authority that is binding upon or applicable to such Person.

"**Balance Sheet**" means the audited consolidated balance sheet of PEG Holdings and its Subsidiaries as of December 31, 2014.

"**Balance Sheet Date**" means December 31, 2014.

"**Base 2015 Property Tax Amount**" means $450,000.

"**Base Working Capital**" means $1,000,000.

"**Business Day**" means a day, other than Saturday, Sunday or other day on which commercial banks in New York, New York, or Little Rock, Arkansas, are authorized or required by Applicable Law to close.

"**Capex Budget**" means the capital expenditure budget of the Acquired Companies set forth in Section 6.01(a)(vi) of the Company Disclosure Schedule.

"**Certificate of Designations**" means the Certificate of Designations for the Convertible Preferred Shares in the form attached hereto as Exhibit C.

"**Class A Preferred Units**" has the meaning ascribed to such term in the Operating Agreement.

"**Class A-1 Preferred Units**" has the meaning ascribed to such term in the Operating Agreement.

"**Class A-2 Preferred Units**" has the meaning ascribed to such term in the Operating Agreement.

"**Class A-3 Preferred Units**" has the meaning ascribed to such term in the Operating Agreement.

"**Class A-4 Preferred Units**" has the meaning ascribed to such term in the Operating Agreement.

"**Class B Common Units**" has the meaning ascribed to such term in the Operating Agreement.

"**Class C Common Units**" has the meaning ascribed to such term in the Operating Agreement.

"**Closing Accrued 2015 Property Taxes**" means the aggregate accrued liability of the Acquired Companies for property Taxes imposed during calendar year 2015, calculated in accordance with GAAP as of immediately prior to the Closing.

"**Closing Additional Adjustment**" means the product of (i) the difference between (x) Closing Accrued 2015 Property Taxes *minus* (y) Base 2015 Property Tax Amount and (ii) two; *provided* that, in no event will the Closing Additional Adjustment be more than $2,500,000 or less than $0.

"**Closing Cash**" means (a) the aggregate amount of all cash and cash equivalents of the Acquired Companies (including inbound checks and outstanding inbound wire transfers) *less* (b) the aggregate amount of all cash or cash equivalents that are not freely usable, distributable or transferrable by the Acquired Companies, *less* (c) outstanding outbound checks and outstanding outbound wire transfers, in the case of each of (a), (b) and (c), as calculated in accordance with the Accounting Policies and as of immediately prior to the Closing.

"**Closing Cash Payment**" means (1) the Cash Merger Consideration *plus* (2) the Estimated Adjustment Amount (for the avoidance of doubt, if the Estimated Adjustment Amount is a negative number, this will result in a reduction to the Closing Cash Payment).

"**Closing Date**" means the date on which the Closing occurs.

"**Closing Indebtedness**" means the aggregate amount of all Purchase Price Deduction Indebtedness outstanding as of immediately prior to the Closing.

"**Closing Working Capital**" means the amount equal to (i) the aggregate amount of current assets of the Acquired Companies *minus* (ii) the aggregate amount of current liabilities of the Acquired Companies, in each case, excluding any amounts in respect of capitalized leases, deferred revenue and accrued interest to the extent related to the Closing Indebtedness and calculated in accordance with the Accounting Policies and as of immediately prior to the Closing; *provided* that notwithstanding anything to the contrary in this definition or the Accounting Policies, Closing Working Capital shall include all liabilities for property Taxes of the Acquired Companies (which shall be determined in accordance with GAAP) for all Pre-Closing Tax Periods the applicable statute of limitations for which has not expired.. For the avoidance of doubt, no amounts or accruals in respect of Closing Cash (which for these purposes shall include the cash and cash equivalents described in clause (b) of the definition thereof), Unpaid Transaction Expenses, Closing Indebtedness or amounts paid or received under Affiliate Contracts or other arrangements with Affiliates shall be reflected in Closing Working Capital. An illustrative calculation of the Closing Working Capital is attached hereto as Exhibit B.

"**Closing Working Capital Adjustment**" means (i) Closing Working Capital *minus* (ii) Base Working Capital (which, for the avoidance of doubt, shall be a negative number if Closing Working Capital is less than Base Working Capital).

"**COBRA**" means the Consolidated Omnibus Budget Reconciliation Act of 1985.

"**Code**" means the Internal Revenue Code of 1986.

"**Collective Bargaining Agreement**" means any written or oral agreement, memorandum of understanding or other contractual obligation between any of the Acquired Companies and any labor organization or other authorized employee representative representing Service Providers.

"**Company Disclosure Schedule**" means the disclosure schedules dated the date of this Agreement delivered by the Company to Merger Sub, Purchaser and Parent in connection with the execution of this Agreement.

"**Company Material Adverse Effect**" means any event, change, circumstance, effect, occurrence, condition, state of facts or development that, individually or in the aggregate, has had or would reasonably be expected to have a material adverse effect on (i) the financial condition, business, assets or results of operations of the Acquired Companies, taken as a whole, excluding any event, change, circumstance, effect, occurrence, condition, state of facts or development to the extent arising or resulting from (A) changes, developments or conditions in

financial or securities markets in jurisdictions in which the Acquired Companies operate generally or in the general economic, business, regulatory or political conditions in the jurisdictions in which the Acquired Companies operate, (B) changes, developments or conditions generally affecting the industry in which the Acquired Companies operate, (C) acts of war, hostilities, sabotage or terrorism or man-made or natural disasters or any other calamity or crisis affecting the jurisdictions in which the Acquired Companies operate; (D) changes or proposed changes in Applicable Law or GAAP or the binding interpretation or enforcement of either; (E) the public announcement or pendency of this Agreement or any of the other Transaction Documents or the transactions contemplated hereby or thereby (it being understood that this clause (E) shall not apply to a breach of any representation or warranty related to the announcement or consummation of the transactions contemplated hereby or by the other Transaction Documents), (F) any act taken by any Acquired Company or any of their Affiliates at the written request of Parent, Purchaser or Merger Sub or (G) any failure of any of the Acquired Companies to meet, with respect to any period or periods, any internal or industry analyst projections, forecasts, estimates of earnings or revenues or business plans (but not the underlying facts or basis for such failure to meet projections, forecasts, estimates of earnings or revenues or business plans, which may be taken into account in determining whether there has been or would reasonably be expected to be a Company Material Adverse Effect if not otherwise excluded hereunder); *provided*, *however*, that if any event, change, circumstance, effect, occurrence, condition, state of facts or development described in any of clauses (A) through (D) has a disproportionate effect on the Acquired Companies, taken as a whole, relative to other participants in the industry in which the Acquired Companies operate, the disproportionate impact thereof may be taken into account in determining whether there has been, or would reasonably be expected to be, a Company Material Adverse Effect or (ii) PEG Holdings' and/or the Company's ability to consummate the Closing.

"**Company Stock Plan**" means the Company's Second Amended and Restated Equity Incentive Plan.

"**Company Units**" means the Class A Preferred Units, Class A-1 Preferred Units, Class A-2 Preferred Units, Class A-3 Preferred Units, Class A-4 Preferred Units, Class B Common Units and Class C Common Units.

"**Confidentiality Agreement**" means that certain confidentiality agreement, dated as of June 11, 2015 by and between Parent and Associated Group Management, LLC.

"**Convertible Preferred Shares**" means the convertible preferred stock of Parent, par value $0.0001 per share, with the terms set forth on the Certificate of Designations, to be issued at Closing.

"**Covered Tax**" means any (A) Tax of an Acquired Company related to a Pre-Closing Tax Period, (B) liability of any of the Acquired Companies for the payment of any Tax as a result of being or having been before the Closing a member of an affiliated, consolidated, combined or unitary group, or a party to any agreement or arrangement, as a result of which liability of an Acquired Company to a Taxing Authority is determined or taken into account with reference to the activities of any Person other than an Acquired Company, (C) liability of an Acquired Company for the payment of any amount as a result of being party to any Tax Sharing

Agreement, (D) Tax of an Acquired Company resulting from a breach by the Company or any of the Unitholders and any of their Affiliates of any representation, covenant or agreement contained herein, (E) Tax imposed as a result of the Company not being treated as a partnership, or as a result of any of the Acquired Companies (other than the Company and PEG Bandwidth NY I, Inc.) not being treated as a disregarded entity, for U.S. federal income tax purposes as of the Closing Date and (F) the portion of any Transfer Tax to be borne by the Unitholders pursuant to Section 7.01(c) (but only to the extent such portion was not taken into account as a Final Closing Transaction Expense in the determination of the Final Cash Merger Consideration).

"**Credit Agreement**" means that certain Consolidated Loan and Security Agreement dated as of August 12, 2014, among each of PEG Holdings, AP Tower Holdings, LLC, AP WIP International Holdings, LLC, AP Service Company, LLC, as the borrowers, Guggenheim Corporate Funding, LLC, as administrative agent for itself and the other lenders parties thereto from time to time, as lenders and Deutsche Bank Trust Company Americas as collateral agent, calculation agent and paying agent.

"**Easements**" means all servitudes, easements, licenses, rights of way, pole attachments and similar agreements providing rights to real estate for access, parking, location, maintenance, repair and replacement of cables, utilities, utility lines, wires, anchors and other property.

"**Employee Plan**" means (i) "employee benefit plan" as defined in Section 3(3) of ERISA, (ii) compensation, employment, consulting, severance, termination protection, change in control, transaction bonus, retention or similar plan, agreement, arrangement, program or policy or (iii) other plan, agreement, arrangement, program or policy providing for compensation, bonuses, profit-sharing, equity or equity-based compensation or other forms of incentive or deferred compensation, vacation benefits, insurance (including any self-insured arrangement), medical, dental, vision, prescription or fringe benefits, life insurance, relocation or expatriate benefits, perquisites, disability or sick leave benefits, employee assistance program, workers' compensation, supplemental unemployment benefits or post-employment or retirement benefits (including compensation, pension, health, medical or insurance benefits), in each case whether or not written (x) that is sponsored, maintained, administered, contributed to or entered into by any of the Acquired Companies or any of their respective Affiliates for the current or future benefit of any current or former Service Provider or (y) for which any of the Acquired Companies has any direct or indirect liability. For the avoidance of doubt, a Collective Bargaining Agreement shall constitute an agreement for purposes of clauses (ii) and (iii).

"**Environmental Laws**" means any Applicable Law relating to human health or safety, the environment or any pollutants, contaminants, wastes, chemicals, or any other toxic, radioactive, ignitable, corrosive, reactive or otherwise hazardous substances, wastes or materials, including the terms of any Environmental Permit.

"**Environmental Permits**" means all Permits required by Environmental Laws for the business of the Acquired Companies as currently conducted.

"**Environmental Release**" means any release, spill, leak, pumping, pouring, emitting, emptying, discharge, injection, escape, leaching, dumping, placing, discarding, abandonment, disposal, deposit, dispersing or migration into or through the environment.

"**ERISA**" means the Employee Retirement Income Security Act of 1974.

"**ERISA Affiliate**" with respect to an entity means any other entity that, together with such first entity, would be treated as a single employer under Section 414 of the Code.

"**Estimated Adjustment Amount**" means an amount, which may be positive or negative, equal to (i) the Estimated Closing Working Capital Adjustment (for the avoidance of doubt, if the Estimated Closing Working Capital Adjustment is a negative number, this will result in a reduction to the Estimated Adjustment Amount), *minus* (ii) Estimated Closing Indebtedness, *minus* (iii) Estimated Unpaid Transaction Expenses, *minus* (iv) the Estimated Closing Additional Adjustment, *plus* (v) Estimated Closing Cash.

"**Estimated Closing Working Capital Adjustment**" means (i) Estimated Closing Working Capital *minus* (ii) Base Working Capital (which, for the avoidance of doubt, shall be a negative number if Estimated Closing Working Capital is less than Base Working Capital).

"**FCC**" means the Federal Communications Commission.

"**Fiber**" means fiber optic cabling and conduits (or usage rights thereto) owned or held by any of the Acquired Companies by lease, IRU or otherwise.

"**Final Adjustment Amount**" means an amount, which may be positive or negative, equal to (i) the Final Closing Working Capital Adjustment (for the avoidance of doubt, if the Final Closing Working Capital Adjustment is a negative number, this will result in a reduction to the Final Adjustment Amount), *minus* (ii) Final Closing Indebtedness, *minus* (iii) Final Unpaid Transaction Expenses, *minus* (iv) Final Closing Additional Adjustment *plus* (v) Final Closing Cash.

"**Final Amounts**" means each of the Final Closing Working Capital Adjustment, Final Closing Additional Adjustment, Final Adjustment Amount, Final Unpaid Transaction Expenses, Final Closing Indebtedness, Final Closing Cash and Final Cash Merger Consideration.

"**Final Cash Merger Consideration**" means (i) the Cash Merger Consideration, *plus* (ii) the Final Adjustment Amount (for the avoidance of doubt, if the Final Adjustment Amount is a negative number, this will result in a reduction to the Final Cash Merger Consideration).

"**Final Closing Additional Adjustment**" means Closing Additional Adjustment (i) as shown in the Surviving Company's calculation delivered pursuant to Section 2.12(a), if no notice of disagreement with respect thereto is duly delivered pursuant to Section 2.12(b), or (ii) if such a notice of disagreement is delivered, (A) as agreed by the Unitholders' Representative and the Surviving Company pursuant to Section 2.12(c) or (B) in the absence of such agreement, as shown in the Accounting Referee's determination delivered pursuant to Section 2.12(c); *provided* that for purposes of calculating the Final Amounts in no event shall Final Closing Additional Adjustment be more than the Surviving Company's calculation of Final Closing Additional Adjustment delivered pursuant to Section 2.12(a) or less than the Unitholders' Representative's calculation of Final Closing Additional Adjustment delivered pursuant to Section 2.12(b).

"**Final Closing Cash**" means Closing Cash (i) as shown in the Surviving Company's calculation delivered pursuant to Section 2.12(a), if no notice of disagreement with respect thereto is duly delivered pursuant to Section 2.12(b), or (ii) if such a notice of disagreement is delivered, (A) as agreed by the Unitholders' Representative and the Surviving Company pursuant to Section 2.12(c) or (B) in the absence of such agreement, as shown in the Accounting Referee's determination delivered pursuant to Section 2.12(c); *provided* that for purposes of calculating the Final Amounts in no event shall Final Closing Cash be less than the Surviving Company's calculation of Closing Cash delivered pursuant to Section 2.12(a) or more than the Unitholders' Representative's calculation of Closing Cash delivered pursuant to Section 2.12(b).

"**Final Closing Indebtedness**" means Closing Indebtedness (i) as shown in the Surviving Company's calculation delivered pursuant to Section 2.12(a), if no notice of disagreement with respect thereto is duly delivered pursuant to Section 2.12(b), or (ii) if such a notice of disagreement is delivered, (A) as agreed by the Unitholders' Representative and the Surviving Company pursuant to Section 2.12(c) or (B) in the absence of such agreement, as shown in the Accounting Referee's determination delivered pursuant to Section 2.12(c); *provided* that for purposes of calculating the Final Amounts in no event shall Final Closing Indebtedness be more than the Surviving Company's calculation of Closing Indebtedness delivered pursuant to Section 2.12(a) or less than the Unitholders' Representative's calculation of Closing Indebtedness delivered pursuant to Section 2.12(b).

"**Final Closing Working Capital**" means Closing Working Capital (i) as shown in the Surviving Company's calculation delivered pursuant to Section 2.12(a), if no notice of disagreement with respect thereto is duly delivered pursuant to Section 2.12(b), or (ii) if such a notice of disagreement is delivered, (A) as agreed by the Unitholders' Representative and the Surviving Company pursuant to Section 2.12(c) or (B) in the absence of such agreement, as shown in the Accounting Referee's determination delivered pursuant to Section 2.12(c); *provided* that for purposes of calculating the Final Amounts in no event shall Final Closing Working Capital be less than the Surviving Company's calculation of Closing Working Capital delivered pursuant to Section 2.12(a) or more than the Unitholders' Representative's calculation of Closing Working Capital delivered pursuant to Section 2.12(b).

"**Final Closing Working Capital Adjustment**" means (i) Final Closing Working Capital ***minus*** (ii) Base Working Capital (which, for the avoidance of doubt, shall be a negative number if Final Closing Working Capital is less than Base Working Capital).

"**Final Unpaid Transaction Expenses**" means Unpaid Transaction Expenses (i) as shown in the Surviving Company's calculation delivered pursuant to Section 2.12(a), if no notice of disagreement with respect thereto is duly delivered pursuant to Section 2.12(b), or (ii) if such a notice of disagreement is delivered, (A) as agreed by the Unitholders' Representative and the Surviving Company pursuant to Section 2.12(c) or (B) in the absence of such agreement, as shown in the Accounting Referee's determination delivered pursuant to Section 2.12(c); *provided* that for purposes of calculating the Final Amounts in no event shall Final Unpaid Transaction Expenses be more than the Surviving Company's calculation of Unpaid Transaction Expenses delivered pursuant to Section 2.12(a) or less than the Unitholders' Representative's calculation of Closing Unpaid Expenses delivered pursuant to Section 2.12(b).

"**GAAP**" means generally accepted accounting principles in the United States.

"**Governmental Authority**" means any transnational, domestic or foreign federal, state or local governmental, regulatory or administrative authority (including self-regulatory authorities), department, court, agency or official, including any political subdivision thereof.

"**Hazardous Substance**" means any pollutant or contaminant or any toxic, radioactive or otherwise hazardous substance, waste or material, or any substance, waste or material having any constituent elements displaying any hazardous, toxic or radioactive characteristics, including petroleum, its derivatives, by-products and other hydrocarbons, asbestos-containing materials and any substance, waste or material regulated under any Environmental Law.

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

"**Indebtedness**" means, with respect to any of the Acquired Companies, all obligations (including all obligations in respect of principal, accrued interest, penalties, fees and premiums) of such Acquired Company (a) for borrowed money (including overdraft facilities), (b) evidenced by notes, bonds, debentures or similar contracts, agreements or securities, (c) created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (d) secured by a purchase money mortgage or other Lien to secure all or part of the purchase price of the property subject to such Lien, (e) for the deferred purchase price of property, goods or services, including all seller notes and "**earn-out**" payments, and purchase price adjustment payments, (f) for capitalized liabilities under GAAP of such Person as lessee under leases that have been or should be, in accordance with GAAP, recorded as capital leases, (g) in respect of letters of credit and bankers' acceptances (to the extent drawn), (h) for contracts or agreements relating to interest rate protection, swap agreements, collar agreements and other hedging agreements, (i) all deferred revenue, deferred rent, accrued compensation, asset retirement obligations and payables related thereto (the items described in this clause (i), as calculated in accordance with GAAP, the "**Deferred Revenue Items**"), (j) in respect of forward sale and purchase agreements, (k) the matters described in Section 1.01(a) of the Company Disclosure Schedule and (l) in the nature of guarantees of the obligations described in clauses (a) through (k) above of any other Person. For purposes of this Agreement, "Indebtedness" does not include (i) any obligations owing from any Acquired Company to another Acquired Company and (ii) any amounts included in Transaction Expenses.

"**Intellectual Property Rights**" means any and all intellectual property and similar proprietary rights throughout the world, including (a) patents and patent applications (including all reissues, divisions, continuations, continuations-in-part, extensions and reexaminations thereof) registered or applied for in the United States and all other nations throughout the world, all improvements to the inventions disclosed in each such registration, patent or patent application, (b) trademarks, service marks, trade dress, logos, domain names, rights of publicity, trade names and corporate names (whether or not registered) in the United States and all other nations throughout the world, including all registrations and applications for registration of the foregoing and all goodwill associated therewith, (c) copyrights (whether or not registered) and registrations and applications for registration thereof in the United States and all other nations

throughout the world, including all derivative works, moral rights, renewals, extensions, reversions or restorations associated with such copyrights, now or hereafter provided by law, regardless of the medium of fixation or means of expression, (d) computer software (including source code, object code, firmware, operating systems and specifications), (e) trade secrets and know-how, (f) databases and data collections, and (g) all rights to sue or recover and retain damages and costs and attorneys' fees for past, present and future infringement or misappropriation of any of the foregoing.

"**IRS**" means the U.S. Internal Revenue Service.

"**IRU**" shall mean any indefeasible rights of use granted to, leased by or held or possessed by any of the Acquired Companies' with respect to the Acquired Companies' network or infrastructure, including with respect to any of the Acquired Company's rights to use Fiber, including the dark fiber of another Person.

"**IT Assets**" means any and all computers, software, firmware, middleware, servers, workstations, routers, hubs, switches, data communications lines and all other information technology equipment (including laptops and mobile devices) and systems, and all associated documentation, owned by, or licensed or leased to, any of the Acquired Companies.

"**Key Employee**" means any of the individuals set forth on Section 1.01(c) of the Company Disclosure Schedule.

"**knowledge**" means (i) in the case of PEG Holdings, the knowledge, after reasonable inquiry, of the individuals set forth on Section 1.01(b)(i) of the Company Disclosure Schedule, (ii) in the case of the Company, the knowledge, after reasonable inquiry, of the individuals set forth on Section 1.01(b)(ii) of the Company Disclosure Schedule; and (iii) in the case of Parent, Purchaser or Merger Sub, the knowledge, after reasonable inquiry, of the General Counsel of Parent.

"**Licensed Intellectual Property Rights**" means all Intellectual Property Rights owned by a third party and licensed or sublicensed to any of the Acquired Companies or for which any of the Acquired Companies has obtained a covenant not to be sued.

"**Lien**" means, with respect to any property or asset, any mortgage, lien, pledge, charge, security interest or similar encumbrance in respect of such property or asset.

"**Liquidation Preference**" means $1,000 per Convertible Preferred Share.

"**Lockup Agreement**" means the Lockup Agreement in the form attached hereto as Exhibit F.

"**Market Price**" per share of Parent Common Stock shall be the volume weighted average closing trading price per share on the NASDAQ for the 20 trading days immediately preceding the date hereof.

"**Multiemployer Plan**" means a "multiemployer plan" as defined in Section 3(37) of ERISA.

"**Operating Agreement**" means the Eighth Amended and Restated Limited Liability Company Agreement of the Company dated as of March 1, 2015.

"**Option**" means any outstanding option or similar right to purchase Class B Common Units granted under the Company Stock Plan.

"**Option Holder**" means a holder of an Option.

"**Owned Intellectual Property Rights**" means all Intellectual Property Rights owned by any of the Acquired Companies.

"**Parent Common Stock**" means a share of Parent's common stock, par value $0.0001 per share.

"**Parent Material Adverse Effect**" means any event, change, circumstance, effect, occurrence, condition, state of facts or development that, individually or in the aggregate, has had or would reasonably be expected to have a material adverse effect on (i) the financial condition, business, assets or results of operations of Parent and its Subsidiaries, taken as a whole, excluding any event, change, circumstance, effect, occurrence, condition, state of facts or development to the extent arising or resulting from (A) changes, developments or conditions in financial or securities markets in the jurisdictions in which the Parent and its Subsidiaries operate generally or in the general economic, business, regulatory or political conditions in the jurisdictions in which the Parent and its Subsidiaries operate, (B) changes, developments or conditions generally affecting the industry in which Parent and its Subsidiaries operate, (C) acts of war, hostilities, sabotage or terrorism or man-made or natural disasters or any other calamity or crisis affecting the jurisdictions in which the Parent and its Subsidiaries operate; (D) changes or proposed changes in Applicable Law or GAAP or the binding interpretation or enforcement of either; (E) the public announcement or pendency of this Agreement or any of the other Transaction Documents or the transactions contemplated hereby or thereby (it being understood that this clause (E) shall not apply to a breach of any representation and warranty related to the announcement or consummation of the transactions contemplated hereby or by the Transaction Documents), (F) any act taken by any Parent or any of its Affiliates at the written request of AP (as defined in the Stockholders' Agreement), PEG Holdings or the Company or (G) any failure of any of Parent to meet, with respect to any period or periods, any internal or industry analyst projections, forecasts, estimates of earnings or revenues or business plans (but not the underlying facts or basis for such failure to meet projections, forecasts, estimates of earnings or revenues or business plans, which may be taken into account in determining whether there has been or would reasonably be expected to be a Parent Material Adverse Effect if not otherwise excluded hereunder); *provided*, *however*, that if any event, change, circumstance, effect, occurrence, condition, state of facts or development described in any of clauses (A) through (D) has a disproportionate effect on Parent, Purchaser and Merger Sub, taken as a whole, relative to other participants in the industry in which Parent operates, the disproportionate impact thereof may be taken into account in determining whether there has been, or would reasonably be expected to be, a Parent Material Adverse Effect or (ii) Parent's, Purchaser's and/or Merger Sub's ability to consummate the Closing.

"**PBGC**" means the Pension Benefit Guaranty Corporation.

"**Person**" means an individual, corporation, partnership, limited liability company, association, trust or other entity or organization, including a Governmental Authority.

"**Post-Closing Tax Period**" means any Tax period beginning after the Closing Date and, with respect to a Straddle Tax Period, the portion of such Tax period beginning after the Closing Date.

"**Pre-Closing Tax Period**" means any Tax period ending on or before the Closing Date and, with respect to a Straddle Tax Period, the portion of such Tax period ending on the Closing Date.

"**Pro Rata Share**" means, with respect to each Unitholder, at the time of determination, a fraction (expressed as a percentage) the numerator of which is the aggregate amount of Merger Consideration paid to such Unitholder and the denominator of which is the aggregate amount of Merger Consideration paid to all Unitholders.

"**Purchase Price Deduction Indebtedness**" means, without duplication, all (i) Indebtedness of the type described in clauses (a) and (b) of the definition of Indebtedness and (ii) payment obligations in respect of Deferred Revenue Items arising out of contracts entered into after the date hereof.

"**REIT Qualifying Property**" means all assets or properties (or portions thereof) of any of the Acquired Companies that constitute "real estate assets" within the meaning of Section 856(c)(4) of the Code (including all rights to use "dark fiber" granted to or held, leased or possessed by any of the Acquired Companies).

"**Required Governmental Approvals**" shall mean the requests for consent, approval, authorization or waiver or notifications required to be filed with any Governmental Authority in connection with the transactions contemplated hereby as set forth on Schedule II.

"**Restricted Unit**" means any outstanding restricted Class B Common Unit granted under the Company Stock Plan.

"**Service Provider**" means any director, officer, employee or individual independent contractor of any of the Acquired Companies.

"**Stockholders' Agreement**" means the Stockholders' and Registration Rights Agreement in the form attached as Exhibit E.

"**Straddle Tax Period**" means a Tax period that begins on or before the Closing Date and ends thereafter.

"**Subsidiary**" means, with respect to any Person, any entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions (of, if there are no such voting securities or voting interests, of which at least a majority of the equity interests) is directly or indirectly owned or controlled by such Person. Unless context otherwise requires, the term Subsidiary as used in this Agreement shall relate to Subsidiaries of the Company.

"**Support Agreement**" means a Support Agreement in the form attached hereto as Exhibit D.

"**Tax**" means any tax, governmental fee or other like assessment or charge of any kind whatsoever (including withholding on amounts paid to or by any Person and any payment required to be made to any Governmental Authority pursuant to an escheat, unclaimed property or similar Applicable Law), together with any interest, penalty, addition to tax or additional amount (including penalties for failure to file or late filing any return, report or other filing), and any liability for any of the foregoing as transferee.

"**Tax Asset**" means any net operating loss, net capital loss, investment tax credit, foreign tax credit, charitable deduction or any other credit or tax attribute that could be carried forward or back to reduce Taxes (including deductions and credits related to alternative minimum Taxes).

"**Tax Consideration**" means the consideration deliverable hereunder to the Unitholders that is treated as purchase price for U.S. federal income Tax purposes, including, to the extent properly taken into account under Applicable Law, the assumption (or deemed assumption) of liabilities.

"**Tax Grant**" means any Tax exemption, Tax holiday or reduced Tax rate granted by a Taxing Authority with respect to any of the Acquired Companies that is not generally available to Persons without specific application therefor.

"**Tax Return**" means any Tax return, statement, report, election, declaration, disclosure, schedule or form (including any estimated tax or information return or report) filed or required to be filed with any Taxing Authority.

"**Tax Sharing Agreement**" means any agreement or arrangement (whether or not written) entered into prior to the Closing binding any of the Acquired Companies that provides for the allocation, apportionment, sharing or assignment of any Tax liability or benefit, or the transfer or assignment of income, revenues, receipts, or gains for the purpose of determining any Person's Tax liability.

"**Taxing Authority**" shall mean any Governmental Authority responsible for the imposition or collection of any Tax.

"**Telecommunications Law**" means any Applicable Law administered by the FCC or any comparable state or local Applicable Law relating to the provision of telecommunications services administered by a public utility commission or analogous regulator in any United States state or the District of Columbia regulating the telecommunications industry and having authority over any of the Acquired Companies and/or any of the property, assets or business of any of the Acquired Companies.

"**Transaction Documents**" means the Support Agreements, the Lockup Agreement, the Escrow Agreement, the Letters of Transmittal and the Stockholders' Agreement.

"**Transaction Expenses**" means all costs, fees and expenses incurred by any of the Acquired Companies at or prior to the Closing related to the transactions contemplated by this Agreement or any of the Transaction Documents whether payable prior to, at or after the Closing, including (a) fees and expenses of investment bankers (including the brokers referred to in Section 4.18), attorneys, accountants and other consultants and advisors, (b) all retention, change of control, transaction or similar bonuses, compensation and/or severance payments incurred or payable by any of the Acquired Companies as a result of the transactions contemplated hereby (including the employer portion of any payroll or similar Taxes related thereto), including amounts in the Retention Pool (as defined in the Company Disclosure Schedule allocated as of the Closing; *provided* that no "double-trigger" severance payments shall be considered Transaction Expenses if such payments are required to be made due to a decision by Parent to terminate an employee of the Acquired Companies after the Closing, (c) incurred as a result of the termination of any Affiliate Contract as contemplated hereby, (d) the cost of any directors' and officers' insurance policy procured by any of the Acquired Companies related to the transactions contemplated hereby, (e) 50% of all Transfer Taxes, (f) 50% of all out-of-pocket costs and expenses incurred by the parties in connection with the submission of any filings or notices to any Governmental Authority, including in respect of any Required Governmental Approvals and (g) the employer portion of any payroll or similar Taxes required to be withheld with respect to the vesting of any Restricted Units pursuant to Section 2.08(d) of this Agreement.

"**Transfer Tax**" means any transfer, documentary, sales, use, stamp, registration, value added or other similar Tax (including any penalties and interest) arising in connection with the transactions contemplated by this Agreement, other than those pursuant to Section 6.05.

"**Unitholder**" means a holder of Company Units.

"Unpaid Transaction Expenses" means the aggregate amount of Transaction Expenses that are unpaid immediately prior to the Closing.

"**WARN**" means the Worker Adjustment and Retraining Notification Act and any comparable foreign, state or local law.

(b) Each of the following terms is defined in the Section set forth opposite such term:

Term	**Section**
Accounting Referee	2.12(c)
Acquired Companies	Recitals
Affiliate Contract	4.22
Agreement	Preamble
Audited Balance Sheet	6.06
Audited Financial Statements	6.06
Basket Amount	11.02(a)(ii)(B)
Books and Records	9.07
Cash Merger Consideration	2.08(b)
Certificate of Merger	2.03
Claim	11.03(a)

Term	Section
Closing	2.02
Closing Date Conditions	2.02
Closing Statement	2.12(a)
Company	Preamble
Company Insurance Policies	4.16
Company Board of Managers Approval	Recitals
Company Securities	4.05(b)
Company Unit Certificate	2.16
Confidential Information	7.03
Covered Employee	8.02(a)
Damages	11.02(a)(i)
Deferred Revenue Items	1.01
DLLCA	2.01(a)
Effective Time	2.03
e-mail	13.01
End Date	12.01(b)
Escrow Account	2.11(a)
Escrow Agent	2.11(a)
Escrow Agreement	2.11(a)
Escrow Amount	2.11(a)
Estimate Statement	2.09(a)
Estimated Closing Cash	2.09(a)(vi)
Estimated Closing Indebtedness	2.09(a)(ii)
Estimated Closing Working Capital	2.09(a)(iii)
Estimated Unpaid Transaction Expenses	2.09(a)(i)
Exchange Act	4.22
Fundamental Representations	11.01
Indemnified Party	11.03(a)
Indemnifying Party	11.03(a)
Letter of Transmittal	2.17(a)
Liability	9.05(a)
Material Contract	4.10(b)
Merger	Recitals
Merger Consideration	2.08(b)
Merger Sub	Preamble
Overpayment Amount	2.13(b)
Parent	Preamble
Parent Indemnified Parties	11.02(a)(i)
Parent Release	9.05(b)
Parent Released Party	9.05(a)
Parent Releasing Party	9.05(b)

Term	Section
Parent Securities	5.09
Parent Warranty Breaches	11.02(a)(ii)(B)
PEG Financial Statements	4.07(a)
PEG Holdings	Preamble
Permits	4.17(a)
Permitted Liens	4.14(b)(viii)
Post-Closing Covenants	11.01
Pre-Closing Covenants	11.01
Purchase Price Allocation	7.01(b)
Purchaser	Preamble
Released Parties	9.05(b)
Releases	9.05(b)
Releasing Parties	9.05(b)
Representatives	6.02
Required Interim Financial Statements	6.06(a)
SEC	5.10
Securities Act	3.06(a)
Significant Customer and Vendor	4.10(d)
Subsidiary Securities	4.06(c)
Surviving Company	2.01(a)
Tax Contest	7.01(g)
Third Party Claim	11.03(b)
Underpayment Amount	2.13(c)
Unitholder Release	9.05(a)
Unitholder Released Party	9.05(b)
Unitholder Releasing Party	9.05(a)

Section 1.02 *Other Definitional and Interpretative Provisions.* The words “hereof”, “herein” and “hereunder” and words of like import used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The captions herein are included for convenience of reference only and shall be ignored in the construction or interpretation hereof. References to Articles, Sections, Exhibits and Schedules are to Articles, Sections, Exhibits and Schedules of this Agreement unless otherwise specified. All Exhibits and Schedules annexed hereto or referred to herein, including the Company Disclosure Schedule, are hereby incorporated in and made a part of this Agreement as if set forth in full herein. Any capitalized terms used in any Exhibit or Schedule but not otherwise defined therein, shall have the meaning as defined in this Agreement. Any singular term in this Agreement shall be deemed to include the plural, and any plural term the singular. Whenever the words “include”, “includes” or “including” are used in this Agreement, they shall be deemed to be followed by the words “without limitation”, whether or not they are in fact followed by those words or words of like import. “Writing”, “written” and comparable terms refer to printing, typing and other means of reproducing words (including electronic media) in a visible form. The word “will” shall be construed to have the same meaning and effect as the word “shall.” The word “or” when used in this Agreement is not exclusive. References to any Applicable Law shall be deemed to refer to

such Applicable Law as amended from time to time and to any rules or regulations promulgated thereunder. References to any agreement or contract are to that agreement or contract as amended, modified or supplemented from time to time in accordance with the terms hereof and thereof; *provided* that with respect to any agreement or contract listed on any schedules hereto, all such amendments, modifications or supplements must also be listed on the appropriate schedule. References to any Person include the successors and permitted assigns of that Person. References from or through any date mean, unless otherwise specified, from and including or through and including, respectively. The parties have participated jointly in the negotiation and drafting of this Agreement and each has been represented by counsel of its choosing and, in the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as jointly drafted by the parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provision of this Agreement.

ARTICLE 2
THE MERGER

Section 2.01 *The Merger.* (a) On the terms and subject to the conditions set forth in this Agreement, and the provisions of the Delaware Limited Liability Company Act (the "**DLLCA**"), Merger Sub shall be merged with and into the Company at the Effective Time. At the Effective Time, the separate existence of Merger Sub shall cease and the Company shall continue as the surviving limited liability company (the "**Surviving Company**").

(b) From and after the Effective Time, the Surviving Company shall possess all the rights, powers, privileges and franchises and be subject to all of the obligations, liabilities, restrictions and disabilities of the Company and Merger Sub, all as provided under the DLLCA.

Section 2.02 *Closing.* Subject to the provisions of Article 10, the closing of the Merger (the "**Closing**") shall take place (i) in New York City at the offices of Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, New York, 10017, on the fifth Business Day following the date on which the conditions set forth in Article 10 (other than conditions that by their nature are to be satisfied at the Closing (the "**Closing Date Conditions**"), but subject to the satisfaction of or, to the extent permissible, waiver by the party or parties entitled to the benefit of, the Closing Date Conditions) have been satisfied or, to the extent permissible, waived by the party or parties entitled to the benefit of such conditions, or (ii) at such other place, at such other time or on such other date as Parent and the Unitholders' Representative, on behalf of the Unitholders, may mutually agree.

Section 2.03 *Effective Time.* Prior to the Closing, the Company and Merger Sub shall prepare, and at the Closing, the Company shall file, or cause to be filed, with the Secretary of State of the State of Delaware, a certificate of merger or other appropriate documents in each case as approved by Parent (in any such case, the "**Certificate of Merger**"), executed in accordance with the relevant provisions of the DLLCA and, on the Closing Date or as soon as practicable thereafter, shall make all other filings or recordings required under the DLLCA. The Merger shall become effective at such time as the Certificate of Merger is duly filed with the Secretary of State of the State of Delaware, or at such other time as Parent and the Company shall agree and specify in the Certificate of Merger (the time the Merger becomes effective being

the "**Effective Time**"). Immediately prior to the Closing, Parent shall file the Certificate of Designations with the State Department of Assessments and Taxation of Maryland.

Section 2.04 *Effects of the Merger*. The Merger shall have the effects set forth in the DLLCA and in this Agreement.

Section 2.05 *Certificate of Formation and Operating Agreement*. The Certificate of Formation and the Operating Agreement of the Company shall be amended as of the Effective Time as desired by Parent and, as so amended, shall become the Certificate of Formation and Operating Agreement, respectively, of the Surviving Company until thereafter changed or amended as provided therein or by Applicable Law.

Section 2.06 *Officers*. The officers of Merger Sub immediately prior to the Effective Time shall be the officers of the Surviving Company, until the earlier of their resignation or removal or until their respective successors are duly elected or appointed and qualified, as the case may be.

Section 2.07 *Board of Managers*. The chief executive officer and senior vice president & general counsel of Merger Sub immediately prior to the Effective Time shall be the members of the board of managers of the Surviving Company, until the earlier of such person's resignation or removal or until such person's successors are duly elected or appointed and qualified, as the case may be.

Section 2.08 *Effect on Capital Stock*. At the Effective Time, by virtue of the Merger and without any action on the part of Parent, Purchaser, Merger Sub, PEG Holdings, the Company or the holders of any of the following securities:

(a) *Conversion of Merger Sub Units*. Each (i) common unit of Merger Sub outstanding immediately prior to the Effective Time shall be converted into one Unit (as defined in the Operating Agreement) in the Surviving Company and, in accordance in accordance with § 18-301(b)(3) of the DLLCA, Parent shall be admitted to the Surviving Company as the sole member of the Surviving Company upon the Effective Time. Concurrently therewith, all Members (as defined in the Operating Agreement) of the Company as of immediately prior to the Effective Time shall cease to be members of the Company and shall not be deemed members of the Surviving Company, the schedules of Members attached to the Operating Agreement as Schedule A, Schedule B and Schedule C thereto shall be amended to reflect the foregoing and the Company shall continue without dissolution.

(b) *Conversion of Company Units*. Subject to Section 2.08(c), each Company Unit issued and outstanding as of immediately prior to the Effective Time shall be canceled and extinguished and be converted into and shall become the right to receive (i) the share of the Merger Consideration as set forth on the Allocation Schedule with respect to such Company Unit, as updated and adjusted pursuant to Section 2.09 (and subject to the payment of any Overpayment Amount in accordance with Section 2.13(b)), *less* the portion in respect of such Company Unit of the Escrow Amount as set forth in the Allocation Schedule, and (ii) the Allocation Percentage in respect of such Company Unit of (x) if any, any Underpayment Amount paid by the Purchaser pursuant to Section 2.13(c) and (y) if any, the Escrow Funds

payable with respect to such Company Unit pursuant to Section 2.13(b). The aggregate consideration for all of the Company Units shall be $315,000,000 in cash (such amount, the "**Cash Merger Consideration**") *plus* 87,500 Convertible Preferred Shares *plus* 1,000,000 shares of Parent Common Stock (such consideration in the aggregate, the "**Merger Consideration**"). The Cash Merger Consideration shall be subject to adjustment as set forth in Section 2.13.

(c) *Cancellation of Company Units Owned by the Company and Parent*. Each Company Unit issued and outstanding as of immediately prior to the Effective Time that is owned by the Company or Parent or any of their respective Subsidiaries shall no longer be outstanding and shall automatically be canceled and retired and shall cease to exist, and no consideration shall be delivered or deliverable in exchange therefor.

(d) *Treatment of Other Equity*. As soon as practicable following the date of this Agreement, the Board of Managers of the Company (or, if appropriate, any committee administering the Company Stock Plan) shall adopt such resolutions or take such other actions as may be required to effect the following:

(i) in the case of each Option outstanding immediately prior to the Closing, each such Option shall be canceled and no consideration shall be delivered or deliverable in exchange therefor; and

(ii) in the case of each Restricted Unit outstanding immediately prior to the Closing, each such Restricted Unit shall vest immediately prior to the Closing and be treated in accordance with Section 2.08(b).

Section 2.09 *Pre-Closing Estimates; Updated Allocation Schedule.* (a) No later than five Business Days prior to the Closing Date, the Company shall prepare and furnish to Parent a statement (the "**Estimate Statement**"), prepared in reasonable detail, reflecting the Company's good faith estimate of (i) Unpaid Transaction Expenses ("**Estimated Unpaid Transaction Expenses**"), (ii) Closing Indebtedness ("**Estimated Closing Indebtedness**"), (iii) Closing Working Capital ("**Estimated Closing Working Capital**"), (iv) the Closing Additional Adjustment (the "**Estimated Closing Additional Adjustment**"), (v) the Estimated Closing Working Capital Adjustment, (vi) Closing Cash ("**Estimated Closing Cash**"), (vii) the Estimated Adjustment Amount and (viii) the Closing Cash Payment.

(b) The Allocation Schedule sets forth the allocation of the payments and deliveries of the Merger Consideration to be made by Parent, Purchaser and/or Merger Sub pursuant to this Agreement at the Closing. The Company, working in cooperation with the Unitholders' Representative, shall deliver to Parent an updated version of the Allocation Schedule, concurrently with its delivery of the Estimate Statement, which shall be updated to reflect the Closing Cash Payment, as reflected on the Estimate Statement, and shall otherwise include the same calculations and follow the same methodologies set forth on the initial Allocation Schedule, except to the extent modified by the Company and the Unitholders' Representative with the consent of any Unitholder affected by any such change to the calculations and methodologies. Parent may until two Business Days prior to the Closing Date provide the Company and the Unitholders' Representative with comments to the Allocation Schedule and the Company and the Unitholders' Representative shall consider such comments in good faith. The

updated Allocation Schedule delivered by the Company, in cooperation with the Unitholders' Representative, pursuant to this Section 2.09, as it may be modified by the Company in response to Parent's comments, shall be the Allocation Schedule for all purposes hereunder. It is expressly acknowledged and agreed that the preparation of the Allocation Schedule and the allocation set forth therein are the sole responsibility of the Company (prior to the Closing) and the Unitholders' Representative and that Parent, Purchaser and Merger Sub (and, on and after the Closing, the Surviving Company) shall be entitled to rely thereon and that Parent shall be entitled to make the Closing Date payments set forth in Section 2.11 below as well as the payment of any Underpayment Amount as set forth in Section 2.13(c), and receive any Overpayment Amount in accordance therewith, in each case, without any obligation to investigate or verify the accuracy or correctness thereof.

Section 2.10 Closing Deliverables. At the Closing:

(a) Parent shall deliver:

(i) an executed counterpart to each of the Stockholders' Agreement and Lockup Agreement;

(ii) the certificate described in Section 10.03(c); and

(iii) all documents reasonably requested by the Unitholders' Representative relating to the existence of Parent, Purchaser and Merger Sub and the authority of Parent, Purchaser and Merger Sub to execute and deliver, and perform their respective obligations under, this Agreement, in form and substance reasonably satisfactory to the Unitholders' Representative.

(b) PEG Holdings shall deliver:

(i) the certificate described in Section 10.02(d)(i);

(ii) an executed counterpart to each of the Stockholders' Agreement and the Lockup Agreement; and

(iii) all documents reasonably requested by Parent relating to the existence of PEG Holdings and the authority of PEG Holdings to execute and deliver, and perform its obligations under, this Agreement, in form and substance reasonably satisfactory to Parent.

(c) the Company and/or PEG Holdings shall deliver:

(i) the certificate described in Section 10.02(d)(ii);

(ii) all documents reasonably requested by Parent relating to the existence of the Company and the authority of the Company to execute and deliver, and perform its obligations under, this Agreement, in form and substance reasonably satisfactory to Parent;

(iii) at least three Business Days prior to the Closing, payoff letters on customary terms from each lender or other counterparty relating to the Closing Indebtedness, including with respect to the Credit Agreement, evidencing the aggregate amount of such Closing Indebtedness outstanding as of the Closing Date (including, for the avoidance of doubt, any interest accrued thereon and any prepayment, breakage or similar penalties and expenses associated with the prepayment of such Indebtedness on the Closing Date) and an agreement that, if such aggregate amount so identified is paid to such lender on the Closing Date, such Closing Indebtedness shall be repaid in full and that all Liens affecting any real property, personal property or securities of the Acquired Companies will be released and the Acquired Companies shall have no further obligations thereunder; and

(iv) copies of all the consents, approvals, waivers, licenses and authorizations associated with the Required Governmental Approvals and submitted by any of the Acquired Companies to the applicable Governmental Authority.

Section 2.11 *Closing Payments*. At the Effective Time, Parent, Purchaser or Merger Sub shall pay, or shall cause the Surviving Company to pay, as follows:

(a) $5,500,000 (such amount, the "**Escrow Amount**") shall be deposited into an escrow account designated by the Escrow Agent at least two Business Days prior to the Closing Date (the "**Escrow Account**"), which shall be established pursuant to an escrow agreement (the "**Escrow Agreement**"), which Escrow Agreement shall be entered into on the Closing Date among Purchaser, the Unitholders' Representative and PNC Bank, N.A. (the "**Escrow Agent**") and be substantially in the form of Exhibit G attached hereto;

(b) the Closing Cash Payment, *minus* the Escrow Amount, shall be deposited with the Unitholders' Representative, in trust for the benefit of the Unitholders entitled thereto, in cash, to the account designated by the Unitholders' Representative at least two Business Days prior to the Closing Date;

(c) the portion of the Merger Consideration consisting of the Convertible Preferred Shares and Parent Common Stock shall be delivered to the Unitholders' Representative, in trust for the benefit of the Unitholders entitled thereto; and

(d) the amounts set forth in the applicable payoff letter delivered pursuant to Section 2.10(c)(iii) shall be delivered to the holders of the Closing Indebtedness, on behalf of the Acquired Companies, in accordance with the terms of such payoff letters.

Section 2.12 *Closing Statement.* (a) As promptly as practicable, but no later than 120 days after the Closing, the Surviving Company will prepare and deliver, or cause to be prepared and delivered, to the Unitholders' Representative a statement setting forth the Surviving Company's calculation of (i) Closing Working Capital, (ii) Unpaid Transaction Expenses, (iii) Closing Indebtedness, (iv) Closing Cash, (v) the Closing Working Capital Adjustment, (vi) the Closing Additional Adjustment, (vii) the Final Adjustment Amount and (viii) the Final Cash Merger Consideration (assuming, solely for purposes of delivery pursuant to this Section 2.12(a), of the Closing Statement, in the case of the Final Adjustment Amount and the Final Cash Merger

Consideration, that the amounts proposed in this Section 2.12(a) are not objected to by the Unitholders' Representative or otherwise determined to be a different amount pursuant to this Section 2.12) (the "**Closing Statement**").

(b) If the Unitholders' Representative disagrees with the Surviving Company's calculation of any of the amounts set forth on the Closing Statement, the Unitholders' Representative may, within 90 days after receipt of the Closing Statement, deliver a written notice to the Surviving Company disagreeing with such calculation(s) and setting forth the Unitholders' Representative's calculation of such amount(s). Any such notice of disagreement shall specify those items or amounts as to which the Unitholders' Representative disagrees, and the Unitholders' Representative shall be deemed to have agreed with all other items and amounts contained in the Closing Statement. If the Unitholders' Representative fails to deliver such a written notice within such 90 day period, the Surviving Company's calculations set forth in the Closing Statement shall be binding upon the parties.

(c) If a notice of disagreement is duly delivered pursuant to Section 2.12(b), the Unitholders' Representative and the Surviving Company shall, during the 30 days following such delivery, use reasonable best efforts to reach agreement on the disputed items or amounts in order to determine, as may be required, the Final Amounts. If, after the expiration of such period or any mutually agreed extension thereof, the Unitholders' Representative and the Surviving Company are unable to reach such agreement, they shall promptly thereafter submit the disputed items to an independent accounting firm of nationally recognized standing (the "**Accounting Referee**") for resolution of any and all matters included in the Closing Statement that remain in dispute. The Accounting Referee shall be Deloitte or, if such firm is unable or unwilling to act, such other independent accounting firm of nationally recognized standing as shall be mutually agreed upon in writing by the Surviving Company and the Unitholders' Representative. In resolving the matters submitted to it pursuant to Section 2.12(b), the Accounting Referee shall review this Section 2.12, the disputed calculations in the Closing Statement, the Unitholders' Representative's notice of disagreement and the definitions related hereto and thereto, as applicable. In making such determination, the Accounting Referee (i) shall consider only those items or amounts in the Closing Statement as to which the Unitholders' Representative has disagreed and which have not been resolved prior to submission to the Accounting Referee, (ii) shall not be entitled to hold any hearings or take or order the taking of depositions or other testimony under oath and (iii) with respect to each matter submitted to it, shall not resolve such matter in a manner that is more favorable to the Surviving Company than the Closing Statement or more favorable to the Unitholders' Representative than the notice of disagreement. The Accounting Referee is not authorized to, and shall not, make any other determination including (A) any determination with respect to any matter included in the Closing Statement or the Unitholders' Representative's notice of disagreement that was not submitted for resolution to the Accounting Referee or (B) any determination as to compliance by the Company, any Unitholder, Parent, Purchaser, Merger Sub or the Surviving Company with any of its covenants in this Agreement. Any disputes not within the scope of the disputes to be resolved by the Accounting Referee pursuant to this Section 2.12(c) (as well as any disputes about the scope of disputes to be resolved by the Accounting Referee pursuant to this Section 2.12(c)) shall be resolved pursuant to Section 13.07.

(d) The Accounting Referee shall deliver to the Unitholders' Representative and the Surviving Company, as promptly as practicable and no later than 90 days after its appointment, a report setting forth such determination which shall be final and binding upon the Unitholders' Representative, the Unitholders and the Surviving Company absent fraud, bad faith or manifest error. The dispute resolution by the Accounting Referee under this Section 2.12 shall constitute an expert determination and shall not constitute an arbitration. The fees and expenses of the Accounting Referee shall be borne one-half by the Surviving Company, on the one hand, and one-half by the Unitholders' Representative (for the account of the Unitholders), on the other hand.

(e) The Unitholders' Representative and the Surviving Company agree that they will cooperate and assist in the preparation and review of the Closing Statement and the determination of the Final Amounts, including the making available of books, records, work papers and personnel.

Section 2.13 *Updated Allocation Schedule; Adjustment of the Cash Merger Consideration.* (a) Within five Business Days after the final determination of the Final Amounts, the Unitholders' Representative shall deliver to the Surviving Company an updated Allocation Schedule, which shall be updated solely to reflect the determination of the Final Cash Merger Consideration and shall otherwise include the same calculations and follow the same methodologies set forth on the initial Allocation Schedule. Such updated Allocation Statement shall also include a calculation of any Underpayment Amount (as defined below) to be paid in respect of each Company Unit.

(b) Within five Business Days of receipt of such updated Allocation Schedule, if (x) the Closing Cash Payment exceeds (y) the Final Cash Merger Consideration (the amount of the excess of (x) over (y) being referred to as the "**Overpayment Amount**"), then the Purchaser and the Unitholders' Representative shall deliver joint written instructions to the Escrow Agent instructing the Escrow Agent to (i) if the Overpayment Amount exceeds the Escrow Amount, disburse to the Purchaser the entire Escrow Amount and (ii) if the Overpayment Amount is less than the Escrow Amount, (A) disburse to the Purchaser a portion of the Escrow Amount equal to the Overpayment Amount and (B) to an account designated by the Unitholders' Representative, in trust for the benefit of the Unitholders entitled thereto, any funds remaining in the Escrow Account; *provided* that, in the event the Overpayment Amount exceeds the Escrow Amount, the Unitholders' Representative (for the account of the Unitholders) shall pay, or cause to be paid, to the Purchaser an amount in cash, without interest, equal to the difference between the Overpayment Amount and the Escrow Amount.

(c) Within five Business Days of receipt of such updated Allocation Schedule, if (x) the Closing Cash Payment is less than (y) the Final Cash Merger Consideration (the amount by which (x) is less than (y) being referred to as the "**Underpayment Amount**"), then the Purchaser shall pay, or cause to be paid, to the Unitholders' Representative, in trust for the benefit of the Unitholders entitled thereto, an amount in cash, without interest, equal to the Underpayment Amount, and shall, with the Unitholders' Representative, deliver joint written instructions to the Escrow Agent instructing to the Escrow Agent to disburse the entire Escrow Amount to an account designated by the Unitholders' Representative in trust for the benefit of the Unitholders entitled thereto.

Section 2.14 *Fractional Shares*. No fractional Convertible Preferred Shares or shares of Parent Common Stock shall be issued in connection with the transactions contemplated hereby and, in lieu thereof, the party entitled to receive such a fractional share shall receive an amount in cash, without interest, determined by multiplying (i) in the case of Convertible Preferred Shares, (A) the fraction of a Convertible Preferred Share to which such holder would otherwise have been entitled by (B) the Liquidation Preference or (ii) in the case of Parent Common Stock, (A) the fraction of a share of Parent Common Stock to which such holder would otherwise have been entitled by (B) the Market Price.

Section 2.15 *Withholding Rights.* Notwithstanding anything herein to the contrary, each of Parent, Purchaser, Merger Sub, the Surviving Company, the Escrow Agent and the Unitholders' Representative shall be entitled to deduct and withhold from the consideration otherwise payable to any Person pursuant to this Agreement or any Transaction Document such amounts as it is required to deduct and withhold with respect to the making of such payment under any provision of federal, state, local or foreign Tax law. Any amounts so deducted and withheld shall be treated for all purposes of this Agreement and the other Transaction Documents as having been paid to the Person in respect of which such deduction and withholding was made.

Section 2.16 *Closing of the Company's Transfer Books*. At the Effective Time, holders of certificates representing the Company Units that were outstanding immediately prior to the Effective Time shall cease to have any rights as Members (as defined in the Operating Agreement) of the Company. The unit transfer books of the Company shall be closed with respect to all Company Units outstanding immediately prior to the Effective Time and no further transfer of any such Company Units shall be made on such unit transfer books after the Effective Time. If, after the Effective Time, a valid certificate previously representing any of the Company Units (a "**Company Unit Certificate**") is presented to the Surviving Company, such Company Unit Certificate shall be canceled and, if applicable, shall be exchanged as provided in Section 2.17.

Section 2.17 *Surrender of Certificates*. (a) As promptly as practicable after the date of this Agreement, the Unitholders' Representative shall mail to each holder of record of Company Units a letter of transmittal in substantially the form attached hereto as Exhibit H (the "**Letter of Transmittal**"), to be completed and delivered by each Unitholder to effect the exchange of such Unitholder's Company Units for the payment of the portion of the Merger Consideration payable pursuant to Section 2.08(b)(i) and the amounts payable pursuant to Section 2.08(b)(ii), in each case, in respect of each Company Unit represented thereby, without any interest thereon. Upon completion and delivery of a duly executed Letter of Transmittal and such other documents as the Unitholders' Representative shall reasonably require and surrender of the applicable Company Unit Certificate(s), following the Effective Time, the Unitholder shall be entitled to receive from the Unitholders' Representative in exchange therefor a check or wire transfer and, if applicable, delivery of Convertible Preferred Shares or shares of Parent Common Stock, in the aggregate amounts equal to the applicable portion of the Merger Consideration payable to such Unitholder pursuant to Section 2.08(b) in respect of each Company Unit evidenced by such certificate exchanged by such Unitholder pursuant to this Section 2.17.

(b) Following the Effective Time, each holder of a Company Unit Certificate shall look only to the Unitholders' Representative for payment of the portion of the Merger Consideration

payable pursuant to Section 2.08(b)(i) and the amounts payable pursuant to Section 2.08(b)(ii), in each case, in respect of such Company Units, and may surrender such Company Unit Certificate to the Unitholders' Representative and (subject to applicable abandoned property, escheat and similar Laws) receive in exchange therefor the portion of the Merger Consideration payable pursuant to Section 2.08(b)(i) and the amounts payable pursuant to Section 2.08(b)(ii).

(c) If any Company Unit Certificate shall have been lost, stolen or destroyed, upon the making of an affidavit of, and agreeing to indemnify the Unitholders' Representative, the Surviving Company and Parent, in form and substance reasonably acceptable to the Unitholders' Representative and Parent, with respect to, that fact by the person claiming such Company Unit Certificate to be lost, stolen or destroyed, the Unitholders' Representative shall, following the Effective Time, issue in exchange for such lost, stolen or destroyed Company Unit Certificate, the payment deliverable in respect thereof determined in accordance with this Article 2.

(d) Except as required by Applicable Law, no dividends or other distributions with respect to capital stock of the Surviving Company with a record date after the Effective Time shall be paid to the holder of any Company Unit Certificate (whether surrendered or unsurrendered).

(e) All consideration paid in respect of the surrender or exchange of Company Units in accordance with the terms hereof shall be deemed to be in full satisfaction of all rights pertaining to such Company Units. If, after the Effective Time, Company Unit Certificates are presented to the Surviving Company for any reason, they shall be canceled and submitted to the Unitholders' Representative for exchange as provided in this Section 2.17.

Section 2.18 *Adjustments.* If during the period between the date of this Agreement and the Effective Time, any change in the outstanding equity of the Company shall occur by reason of any reclassification, recapitalization, equity split or combination, exchange or readjustment of equity, the amounts payable hereunder in exchange for Company Units shall be appropriately adjusted solely to account for such event.

ARTICLE 3
Representations and Warranties of PEG Holdings

PEG Holdings represents and warrants to Parent, Purchaser and Merger Sub as of the date hereof and as of the Closing Date that:

Section 3.01 *Existence and Power*. PEG Holdings (a) is duly organized, validly existing and (where applicable) in good standing under the laws of its jurisdiction of organization, (b) has all organizational powers and (where applicable) all material governmental licenses, authorizations, permits, consents and approvals required to carry on its business as now conducted and (c) is duly qualified to do business as a foreign entity and is in good standing in each jurisdiction where such qualification is necessary, except for those jurisdictions where failure to have such powers, licenses, authorizations, permits, consents and approvals or be so qualified would not reasonably be expected, individually or in the aggregate, to prevent, enjoin

or materially delay the performance by PEG Holdings of its obligations under this Agreement or any of the Transaction Documents to which it is a party.

Section 3.02 *Authorization*. The execution, delivery and performance by PEG Holdings of this Agreement and each Transaction Document to which it is or will be a party and the consummation of the transactions contemplated hereby and thereby are within PEG Holdings' organizational powers and have been duly authorized by all necessary organizational action on the part of PEG Holdings. This Agreement has been, and the Transaction Documents to which it is or will be a party have been (or will be at Closing), duly executed and delivered by PEG Holdings and each constitutes (or will constitute) the valid and binding agreement of PEG Holdings enforceable against it in accordance with their applicable terms (subject to applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws affecting creditors' rights generally and general principles of equity).

Section 3.03 *Noncontravention*. The execution, delivery and performance by PEG Holdings of this Agreement and each of the Transaction Documents to which it is or will be a party and the consummation by PEG Holdings of the transactions contemplated hereby and thereby do not and will not (i) violate the organizational documents of PEG Holdings, (ii) assuming compliance with Sections 4.03 and 5.03 of this Agreement, violate any Applicable Law, (iii) result in the creation or imposition of any Lien (other than Permitted Liens) on any asset of PEG Holdings, or (iv) require any consent or other action by any Person under, constitute a default or an event that, with or without notice or lapse of time or both, would constitute a default under, or give rise to any right of termination, cancellation or acceleration of any right or obligation of PEG Holdings or to a loss of any benefit to which PEG Holdings is entitled under any provision of any agreement or other instrument binding upon PEG Holdings except for such exceptions, in the case of clauses (ii), (iii) and (iv), as would not reasonably be expected, individually or in the aggregate, to prevent, enjoin or materially delay the performance by PEG Holdings of its obligations under this Agreement or any of the Transaction Documents to which it is a party.

Section 3.04 *Litigation*. There is no action, suit, investigation or proceeding pending, or to the knowledge of PEG Holdings, threatened, against PEG Holdings before any arbitrator or any Governmental Authority as of the date of this Agreement that, if determined or resolved adversely in accordance with the plaintiff's demands, would reasonably be expected, individually or in the aggregate, to have a material adverse effect on the ability of PEG Holdings to perform its obligations under this Agreement or the Transaction Documents, or in any manner seeks to prevent, enjoin or materially delay the performance by PEG Holdings of its obligations under this Agreement or any Transaction Document. PEG Holdings is not subject as of the date of this Agreement to any judgment, decree, injunction, rule or order of any Governmental Authority that is or would reasonably be expected, individually or in the aggregate, to have a material adverse effect on the ability of PEG Holdings to perform its obligations under this Agreement or the Transaction Documents to which it is or will be a party or the transactions contemplated by this Agreement or the Transaction Documents, or seeks to prevent, enjoin or materially delay the performance by PEG Holdings of its obligations under this Agreement or any of the Transaction Documents to which it is or will be a party.

Section 3.05 *Finders' Fees*. No investment banker, broker, finder or other intermediary is entitled to any fee or commission in connection with the transactions contemplated by this Agreement or the Transaction Documents by reason of any action taken by PEG Holdings or any of its Affiliates (other than any of the Acquired Companies).

Section 3.06 *Investment Purpose.* (a) PEG Holdings will be acquiring the Parent Common Stock and the Convertible Preferred Shares for the purpose of investment and not with a view to, or for resale in connection with, the distribution thereof in violation of applicable federal, state or provincial securities laws. PEG Holdings acknowledges that the issuance of the Parent Common Stock and the Convertible Preferred Shares hereunder has not been registered under the Securities Act of 1933 (the "**Securities Act**") or any state securities laws, and that the Parent Common Stock and the Convertible Preferred Shares may not be sold, transferred, offered for sale, pledged, hypothecated, or otherwise disposed of without registration under the Securities Act, pursuant to an exemption from the Securities Act or in a transaction not subject thereto.

(b) PEG Holdings represents that it is an "Accredited Investor" as that term is defined in Rule 501 of Regulation D of the Securities Act. PEG Holdings agrees that it will not take any action that could have an adverse effect on the availability of the exemption from registration provided by Regulation D promulgated under the Securities Act with respect to the Convertible Preferred Shares and the Parent Common Stock.

Section 3.07 *Exclusivity of Representations*. The representations and warranties made by PEG Holdings in this Agreement and the Transaction Documents are the exclusive representations and warranties made by PEG Holdings in connection with the transactions contemplated by this Agreement or the Transaction Documents. PEG Holdings hereby disclaims any other express or implied representations or warranties, including regarding any pro forma financial information, financial projections or other forward-looking statements provided by or on behalf of the Company or PEG Holdings.

ARTICLE 4
Representations and Warranties of the Company

Subject to Section 13.03, except as set forth in the Company Disclosure Schedule, the Company represents and warrants to Parent, Purchaser and Merger Sub as of the date hereof and as of the Closing Date that:

Section 4.01 *Existence and Power*. (a) The Company is a limited liability company duly incorporated, validly existing and in good standing under the laws of the state of Delaware, and has all limited liability company powers required to carry on its business as now conducted.

(b) The Company is duly qualified to do business as a foreign entity and is in good standing in each jurisdiction where such qualification is necessary, except for those jurisdictions where failure to be so qualified would not reasonably be expected to be, individually or in the aggregate, material to the Acquired Companies, taken as a whole.

(c) The Company has all material governmental licenses, authorizations, permits, consents and approvals required to carry on its business as now conducted. The Company has heretofore made available to Parent, Purchaser and Merger Sub true and complete copies of the certificate of formation and operating agreement of the Company as currently in effect.

(d) PEG Holdings does not have any assets, employees or operations and does not conduct any business, other than its ownership of Company Units and immaterial business conducted in connection with the maintenance of its limited liability company existence and matters incidental thereto.

Section 4.02 *Authorization*. The execution, delivery of, and performance by the Company of its obligations under, this Agreement and the consummation of the transactions contemplated hereby are within the Company's limited liability company powers and have been duly authorized by all necessary limited liability company action on the part of the Company. This Agreement has been duly executed and delivered by the Company and constitutes a valid and binding agreement of the Company enforceable against it in accordance with its terms (subject to applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws affecting creditors' rights generally and general principles of equity). The Company Board of Managers Approval is the only approval or consent of the Company or the holders of the Company's capital stock or other equity of the Company necessary in connection with execution and delivery of, or the performance by the Company of its obligations under, this Agreement and the Transaction Documents to which it is or will be a party, or the consummation of the transactions contemplated hereby or thereby, and there are no votes, approvals or consents of the holders of any of the Acquired Company's capital stock (other than those that have been obtained prior to the execution of this Agreement) necessary in connection with execution and delivery of, or the performance by the Company of its obligations under, this Agreement and the Transaction Documents to which it is or will be a party, or the consummation of the transactions contemplated hereby or thereby.

Section 4.03 *Governmental Authorization.* The execution, delivery and performance by the Company of this Agreement and the consummation by the Company of the transactions contemplated hereby require no consent, approval, authorization or permit of, or filing with or notification to, or other action in respect of, any Governmental Authority other than (i) the filing of the Certificate of Designations with the State Department of Assessments and Taxation of Maryland, (ii) compliance with any applicable requirements of the HSR Act, (iii) the filings in respect of the Required Governmental Approvals, and receipt of the consents, approvals, waivers, licenses and authorizations contemplated thereby; (iv) any consent, approval, authorization or permit required to be obtained solely by reason of Parent's, Purchaser's or the Merger Sub's (as opposed to any third party's) participation in the transactions contemplated by this Agreement or any Transaction Document and (v) any actions or filings the absence of which, individually or in the aggregate, would not and would not reasonably be expected to be material to the Acquired Companies, taken as a whole, or to prevent, enjoin or materially delay the consummation by the Company of the transactions contemplated by, or the performance by the Company of its obligations under, this Agreement and the Transaction Documents.

Section 4.04 *Noncontravention*. The execution, delivery and performance by the Company of this Agreement and the consummation of the transactions contemplated hereby and

by the Transaction Documents do not and will not (i) violate the certificate of formation of the Company or the Operating Agreement, (ii) assuming compliance with the matters referred to in Section 4.03, violate any Applicable Law, (iii) result in the creation or imposition of any Lien (other than Permitted Liens) on any asset of any Acquired Company, or (iv) require any consent or other action by any Person under, constitute a default or an event that, with or without notice or lapse of time or both, would constitute a default under, or give rise to any right of termination, cancellation or acceleration of any right or obligation of any Acquired Company or to a loss of any benefit to which any Acquired Company is entitled under any provision of any agreement or other instrument binding upon any Acquired Company with only such exceptions, in the case of clauses (ii), (iii) and (iv), as would not and would not reasonably be expected, individually or in the aggregate, to be material to the Acquired Companies, taken as a whole, or to prevent, enjoin or materially delay the consummation by the Company of the transactions contemplated by, or the performance by the Company of its obligations under, this Agreement and the Transaction Documents.

Section 4.05 *Capitalization*. (a) The authorized equity interests of the Company consist of (i) 60,000,000 Class A Preferred Units, (ii) 60,000,000 Class A-1 Preferred Units, (iii) 156,000,000 Class A-2 Preferred Units, (iv) 50,000,000 Class A-3 Preferred Units, (v)65,000,000 Class A-4 Preferred Units, (vi) 80,000,000 Class B Common Units and (vii) 800,000,000 Class C Common Units. As of the date hereof, there are outstanding (i) 60,000,000 Class A Preferred Units, (ii) 56,603,774 Class A-1 Preferred Units, (iii) 155,416,780 Class A-2 Preferred Units, (iv) 43,779,375 Class A-3 Preferred Units, (v) 61,082,836 Class A-4 Preferred Units, (vi) 40,717,007 Class B Common Units and 2,446,220 Restricted Units, and (vii) 372,574,965 Class C Common Units. Section 4.05(a) of the Company Disclosure Schedule sets forth a true and correct description of each record holder of such outstanding Company Units and contains a complete and correct list of each outstanding Option award, including the Option Holder, date of grant, exercise price, vesting schedule and terms and number of Company Units subject thereto.

(b) All outstanding equity interests, voting securities or other ownership interests in the Company have been duly authorized and validly issued. Except as set forth in Section 4.05(a), there are no outstanding (i) equity interests, voting securities or other ownership interests of the Company, (ii) securities of the Company convertible into or exchangeable for ownership interests or voting securities of the Company or (iii) options, warrants or other rights to acquire from the Company, or other obligation of the Company to issue, or rights (including phantom equity or appreciation rights) relating to, any ownership interest, voting securities or securities convertible into or exchangeable for ownership interests or voting securities of any Acquired Company (the items in Sections 4.05(b)(i), 4.05(b)(ii) and 4.05(b)(iii) being referred to collectively as the "**Company Securities**"). Other than pursuant to the Operating Agreement, there are no outstanding obligations of any of the Acquired Companies to repurchase, redeem or otherwise acquire any Company Securities or to vote any Company Securities in accordance with the interests of any Person. Other than this Agreement and the Operating Agreement, there are no agreements or other instruments relating to the issuance, sale or transfer of any Company Securities.

(c) The Company has caused to be taken (or will cause to be taken prior to Closing) all such actions as are necessary or appropriate to provide for the treatment of all Options in accordance with Article 2.

Section 4.06 *Subsidiaries*. (a) Each Subsidiary of the Company is a limited liability company or other entity duly incorporated or formed, validly existing and (where applicable) in good standing under the laws of its jurisdiction of incorporation.

(b) Each Subsidiary of the Company (i) has all powers and all material governmental licenses, authorizations, permits, consents and approvals required to carry on its business as now conducted, (ii) is duly qualified to do business as a foreign corporation or other entity and (iii) is in good standing in each jurisdiction where such qualification is necessary, except for those jurisdictions where failure to be so qualified would not reasonably be expected to be, individually or in the aggregate, material to the Acquired Companies, taken as a whole. All Subsidiaries of the Company, their respective jurisdictions of incorporation or formation and each jurisdiction where such Subsidiary is qualified to do business as a foreign entity are identified on Section 4.06(b) of the Company Disclosure Schedule.

(c) All of the outstanding capital stock or other voting securities of each Subsidiary of the Company is owned by the Company, directly or indirectly, free and clear of any Lien (other than Liens that will be extinguished at Closing) and of any limitation or restriction on the right to vote, sell or otherwise dispose of such capital stock or other voting security (other than those imposed by Applicable Law). There are no outstanding (i) securities of any Subsidiary of the Company convertible into or exchangeable for shares of capital stock or voting securities of such Subsidiary or (ii) options, warrants or other rights to acquire from any Subsidiary of the Company, or other obligation of any Subsidiary of the Company to issue, or other rights (including phantom equity or appreciation rights, relating to) any capital stock, voting securities or securities convertible into or exchangeable for capital stock or voting securities of such Subsidiary (the items in Sections 4.06(c)(i) and 4.06(c)(ii) being referred to collectively as the "**Subsidiary Securities**"). Except as set forth in the Operating Agreement, there are no outstanding obligations of any of the Subsidiaries of the Company to repurchase, redeem or otherwise acquire any outstanding Subsidiary Securities or to vote any Subsidiary Securities in accordance with the interests of any Person. Other than this Agreement, the Operating Agreement, there are no agreements or other instruments relating to the issuance, sale or transfer of the Subsidiary Securities.

Section 4.07 *Financial Statements*. (a) The audited consolidated balance sheets as of December 31, 2012, 2013 and 2014, the related audited consolidated statements of operations and cash flows for each of the years then ended (such balance sheet as of December 31, 2014 and such statement of operations and cash flows for the year then-ended, the "**PEG Financial Statements**"), the unaudited interim consolidated balance sheet as of September 30, 2015 and the related unaudited interim consolidated statements of operations and cash flows for the nine months ended September 30, 2015 of PEG Holdings and its Subsidiaries fairly present, in conformity with GAAP applied on a consistent basis (except as may be indicated in the notes thereto), the consolidated financial position of the Acquired Companies as of the dates thereof and their consolidated results of operations and cash flows for the periods then ended (subject to

normal year-end adjustments and the absence of footnote disclosures and other presentation items in the case of any unaudited interim financial statements).

(b) Section 4.07(b) of the Company Disclosure Schedule accurately describes the aggregate amount of any payment obligations of the Acquired Companies in respect of the Deferred Revenue Items as of November 30, 2015.

Section 4.08 *Absence of Certain Changes*. (a) Since the Balance Sheet Date, the business of the Acquired Companies has been conducted in the ordinary course consistent with past practice and there has not been any Company Material Adverse Effect.

(b) From the Balance Sheet Date until the date hereof, there has not been any action taken by the Acquired Companies that, if taken during the period from the date of this Agreement through the Closing Date without Merger Sub's consent, would constitute a breach of Section 6.01.

Section 4.09 *No Undisclosed Material Liabilities.* There are no liabilities or obligations of the Acquired Companies of any kind whatsoever, whether accrued, contingent, absolute, determined, determinable or otherwise, other than:

(a) liabilities provided for in the Balance Sheet or expressly set forth in the notes thereto;

(b) liabilities incurred in the ordinary course of business since the Balance Sheet Date and, with respect to liabilities incurred on or prior to September 30, 2015, reflected on the unaudited interim consolidated balance sheet of PEG Holdings and its Subsidiaries as of September 30, 2015; and

(c) other undisclosed liabilities which, individually or in the aggregate, are not material to the Acquired Companies, taken as a whole.

Section 4.10 *Material Contracts*. (a) Section 4.10(a) of the Company Disclosure Schedule sets forth as of the date of this Agreement:

(i) (A) any lease, license or Easement of real property or personal property under which any of the Acquired Companies is the lessee and is obligated to make payments of more than $75,000 per annum or more than $250,000 in the aggregate over the term of the lease, license or Easement; and (B) any master agreement pursuant to which any of the Acquired Companies leases or licenses space at a cell tower site;

(ii) (A) any IRU or (B) any other agreement or contract pursuant to which any of the Acquired Companies use or have the right to use network infrastructure, including Fiber, conduit, space, power and other associated property necessary to operate a network, in each case, that provides for either (1) annual payments by any of the Acquired Companies of $75,000 or more or (2) aggregate payments over the term of such IRU or such other agreement or contract by any of the Acquired Companies of $250,000 or more;

(iii) (A) (x) any material contract or agreement with one of the top four (4) customers by revenue of the Acquired Companies, taken as a whole, for the year ended September 30, 2015, and (y) to the knowledge of the Company, all other contracts or agreements with each of the customers described in clause (x); and (B) any other sales, distribution, license or other similar agreement providing for the sale or license by any Acquired Company of materials, services, equipment or other assets that provides for either (1) annual payments to the Acquired Companies of $75,000 or more or (2) aggregate payments to the Acquired Companies of $250,000 or more;

(iv) (A) any contract or agreement with one of the top twenty (20) vendors that provide the Acquired Companies with equipment or telecommunications services by dollar amount paid to such vendors by the Acquired Companies, taken as a whole, for the year ended September 30, 2015; and (B) any other contract or agreement for the purchase of materials, supplies, goods, services, equipment or other assets providing for either (1) annual payments by the Acquired Companies of $75,000 or more or (2) aggregate payments by the Acquired Companies of $250,000 or more;

(v) any contracts or agreements with a Governmental Authority or any currently outstanding bids, proposals or other offers related to contracts or agreements with a Governmental Authority;

(vi) any contracts relating to the formation, creation, governance or control of any partnership, joint venture or other similar agreement or arrangement to which any Acquired Company is a party or otherwise holds any interest in;

(vii) any agreement relating to the acquisition or disposition of any business of any Person (whether by merger, sale of stock, sale of assets or otherwise), for aggregate consideration in excess of $1,000,000 entered into on or after January 1, 2012 and pursuant to which any of the Acquired Companies has any material actual, contingent or other liabilities or obligations as of the date of this Agreement;

(viii) any agreement relating to Indebtedness;

(ix) any option, license, franchise or similar agreement that is material to the Acquired Companies, taken as a whole;

(x) any agency, dealer, sales representative, marketing or other similar agreement that is material to the Acquired Companies, taken as a whole;

(xi) any agreement that limits the freedom of the Acquired Companies to compete in any line of business or with any Person or in any area or which would so limit the freedom of the Acquired Companies after the Closing Date or which would so limit the freedom of the Surviving Company or any of its Affiliates after the Closing;

(xii) any agreement that contains exclusivity or “most favored nation” obligations or restrictions binding on the Acquired Companies or that would be binding on the Surviving Company or any of its Affiliates after the Closing;

(xiii) any agreement (including license agreements, research agreements, development agreements, distribution agreements, settlement agreements, consent to use agreements and covenants not to sue, but excluding licenses for commercial off the shelf computer software (including shrink wrap agreements) that are generally available on nondiscriminatory pricing terms which have an aggregate acquisition cost of $10,000 or less) granting or restricting any right to use, exploit or practice any Intellectual Property Right that is material to the Acquired Companies, taken as a whole;

(xiv) any Affiliate Contract;

(xv) any agreement (including employment agreements and agreements containing non-competition, non-solicitation or confidentiality covenants) with any Key Employee;

(xvi) any agreement providing for material indemnification by the Acquired Companies, or in favor of the Acquired Companies, other than indemnification provisions arising in the ordinary course of business consistent with past practice; and

(xvii) any other agreement, commitment, arrangement or plan not made in the ordinary course that is material to the Acquired Companies, taken as a whole (other than those of the type described in clauses (i) through (xvi) above).

(b) Each agreement, contract, plan, lease, arrangement or commitment disclosed in Section 4.10(a) of the Company Disclosure Schedule or required to be disclosed pursuant to Section 4.10(a) (each, a "**Material Contract**") is a valid and binding agreement of the applicable Acquired Company or Acquired Companies, as the case may be, and is in full force and effect, and none of the Acquired Companies or, to the knowledge of the Company, any other party thereto is in default or breach in any material respect under the terms of any such Material Contract, and, to the knowledge of the Company, no event or circumstance has occurred that, with notice or lapse of time or both, would constitute any event of default thereunder. True and complete copies of each Material Contract have been made available to Parent, Purchaser and Merger Sub prior to the date of this Agreement.

(c) Since the Balance Sheet Date, none of the Acquired Companies has received any written or, to the Company's knowledge, oral indication of an intention to terminate or, in the case of a Material Contract related to an ongoing relationship in the ordinary course of business with the party thereto, fail to renew any Material Contract by any of the parties to any Material Contract.

(d) Section 4.10(d) of the Company Disclosure Schedule sets forth a true and complete list of the (x) top four customers, (y) top twenty vendors and (z) top twenty Fiber lessors or providers of Fiber IRUs (in each case, measured by aggregate contract value for the year ended September 30, 2015) of the Acquired Companies, taken as a whole (each such customer, vendor, lessor or provider, a "**Significant Customer and Vendor**"). Since the Balance Sheet Date, no Significant Customer or Vendor has ceased its purchases from or sales or provision of services to or from the Acquired Companies or, to the knowledge of the Company, threatened to cease such purchases or sales or provision of services. Since the Balance Sheet Date, (i) no Significant

Customer or Vendor has materially reduced its purchases from or sales or provision of services to or from, or has materially delayed or interrupted purchases from or provision of sales or services to or from, the Acquired Companies, as applicable, other than in the ordinary course of business, (ii) to the knowledge of the Company, threatened to cease or materially reduce such purchases or sales or provision of services, (iii) to the knowledge of the Company, there have been no material disputes or controversies with any Significant Customer or Vendor and (iv) to the knowledge of the Company, since December 31, 2014, no Significant Customer or Vendor has given notice of an intent to cease or materially reduce its purchases from or sales or provision of services to or from the Acquired Companies, as applicable.

(e) None of the Acquired Companies is party to a contract or arrangement with one of the customers described in Section 4.10(a)(iii)(A)(x) with substantially different pricing terms, restrictions on network usage or other material terms than such similar terms contained in the service orders, purchase orders and addendums listed on Section 4.10(a)(iii)(A) of the Company Disclosure Schedule.

Section 4.11 *Tax Matters*. (a) *Filing and Payment*. Except as set forth on Section 4.11(a) of the Company Disclosure Schedule, (i) all material Acquired Company Returns have been filed when due in accordance with all applicable laws; (ii) all Acquired Company Returns that have been filed were true and complete in all material respects; (iii) all Taxes shown as due and payable on any Acquired Company Return have been timely paid, or withheld and remitted, to the appropriate Taxing Authority and (iv) each of the Acquired Companies has withheld and paid all material Taxes required to have been withheld and paid by it in connection with any amounts paid or owing to any Person.

(b) *Financial Records*. Except as set forth on Section 4.11(b) of the Company Disclosure Schedule, (i) the charges, accruals and reserves for Taxes with respect to the Acquired Companies reflected on the Balance Sheet (excluding any provision for deferred income taxes) are adequate to cover Tax liabilities accruing through the Balance Sheet Date; (ii) since the Balance Sheet Date, none of the Acquired Companies has engaged in any transaction, or taken any other action, other than in the ordinary course of business, that would materially impact any Tax Asset or Tax liability of any of the Acquired Companies; and (iii) all information set forth in the Balance Sheet (including the notes thereto) relating to Tax matters is true and complete in all material respects.

(c) *Procedure and Compliance*. Except as set forth on Section 4.11(c) of the Company Disclosure Schedule, (i) all Acquired Company Returns filed through the Tax year ended December 31, 2011 have been examined and closed or are Acquired Company Returns with respect to which the applicable period for assessment under applicable law, after giving effect to extensions or waivers, has expired; (ii) none of the Acquired Companies (or any member of any affiliated, consolidated, combined or unitary group of which any of the Acquired Companies is or has been a member) has granted any extension or waiver of the statute of limitations period applicable to any Acquired Company Return, which period (after giving effect to such extension or waiver) has not yet expired; (iii) there is no claim, audit, action, suit, proceeding or investigation now pending or threatened, in writing, against or with respect to any of the Acquired Companies in respect of any Tax or Tax Asset; (iv) no adjustment that would increase the Tax liability, or reduce any Tax Asset, of any of the Acquired Companies has been

threatened, proposed or made by a Taxing Authority, in writing, during any audit of a Pre-Closing Tax Period which could reasonably be expected to be threatened, proposed or made in an audit of any subsequent Tax period; (v) there are no requests for rulings or determinations in respect of any Tax or Tax Asset pending between any of the Acquired Companies and any Taxing Authority and no Acquired Company has received a ruling with respect to any Tax or Tax Asset from any Taxing Authority; (vi) in the past five taxable years, none of the Acquired Companies has received a formal, written tax opinion with respect to any transaction relating to any of the Acquired Companies, other than a transaction in the ordinary course of business; and (vii) none of the Acquired Companies will be required to include in or for, or allocate with respect to, a Post-Closing Tax Period taxable income attributable to income economically realized in a Pre-Closing Tax Period (nor has any deduction economically attributable to a Post-Closing Tax Period been claimed in a Pre-Closing Tax Period).

(d) *Taxing Jurisdictions*. Section 4.11(d) of the Company Disclosure Schedule contains a list of all jurisdictions (whether foreign or domestic) in which any of the Acquired Companies files a Tax Return. No claim has been made by any Taxing Authority in a jurisdiction where an Acquired Company does not file Tax Returns that such Acquired Company is or may be subject to taxation by, or required to file any Tax Return in, that jurisdiction.

(e) *Tax Sharing, Consolidation and Similar Arrangements*. Except as set forth on Section 4.11(e) of the Company Disclosure Schedule, (i) none of the Acquired Companies has been a member of an affiliated, consolidated, combined or unitary group other than one of which the Company was the common parent, or made any election or participated in any arrangement whereby any Tax liability or any Tax Asset of any of the Acquired Companies was determined or taken into account for Tax purposes with reference to or in conjunction with any Tax liability or any Tax Asset of any other Person; (ii) none of the Acquired Companies is party to any Tax Sharing Agreement; (iii) no amount of the type described in clause (B) or (C) of the definition of "Covered Tax" is currently payable by any of the Acquired Companies, regardless of whether such Tax is imposed on any of the Acquired Companies; and (iv) none of the Acquired Companies has entered into any agreement or arrangement with any Taxing Authority with regard to the Tax liability of any of the Acquired Companies affecting any Tax period for which the applicable statute of limitations, after giving effect to extensions or waivers, has not expired.

(f) *Certain Agreements and Arrangements*. Except as set forth on Section 4.11(f) of the Company Disclosure Schedule, none of the Acquired Companies is a party to any understanding or arrangement described in Section 6662(d)(2)(C)(ii) of the Code, or has participated in a "reportable transaction" within the meaning of Treasury Regulations Section 1.6011-4.

(g) *Property and Leases*. Except as set forth on Section 4.11(g) of the Company Disclosure Schedule, (i) none of the Acquired Companies owns an interest in real property in any jurisdiction in which a Tax is imposed, or the value of the interest is reassessed, on the transfer of an interest in real property and which treats the transfer of an interest in an entity that owns an interest in real property as a transfer of the interest in real property; and (ii) none of the property owned by any of the Acquired Companies is "tax-exempt use property" within the meaning of Section 168(h) of the Code.

(h) *Entity Status.* (i) The Company is treated as a partnership for U.S. federal income tax purposes. (ii) Each of the other Acquired Companies is an entity that is treated as disregarded from its owner for U.S. federal income tax purposes (except for PEG Bandwidth NY I, Inc., which is an entity that is treated as a corporation for U.S. Federal income tax purposes). (iii) To the knowledge of the Company, no Tax Return has been filed in any jurisdiction in which any of the Acquired Companies was treated, for U.S. Federal income tax purposes, other than as described in Section 4.11(h)(i) or (ii), as applicable.

(i) *Tax Exemptions*. Section 4.11(i) of the Company Disclosure Schedule contains a list of each Tax Grant. Each of the Acquired Companies has complied in all material respects with the conditions stipulated in each Tax Grant, no submissions made to any Taxing Authority in connection with obtaining any Tax Grant contained any material misstatement or omission and the transactions expressly contemplated by this Agreement will not adversely affect the eligibility of any of the Acquired Companies for any Tax Grant.

(j) At no point during the two-year period ending on the date hereof was PEG Bandwidth NY I, Inc. a distributing corporation of a controlled corporation in a transaction intended to be governed in whole or in part by Section 355 of the Code.

Section 4.12 *Litigation*. There is no action, suit, investigation or proceeding pending against, or to the knowledge of the Company, threatened against, any of the Acquired Companies or any Person for whom any Acquired Company may be liable or any of their respective properties, before any Governmental Authority or arbitrator that, if determined or resolved adversely in accordance with the plaintiff's demands, would reasonably be expected, individually or in the aggregate, to be material to the Acquired Companies, taken as a whole, or seeks to prevent, enjoin or materially delay the consummation by the Company of the transactions contemplated by, or the performance by the Company of its obligations under, this Agreement and the Transaction Documents.

Section 4.13 *Compliance with Laws and Court Orders*. None of the Acquired Companies is in violation of, and has not since January 1, 2012 violated, and to the knowledge of the Company, is not under investigation with respect to and has not been threatened to be charged with or given notice of any violation of, any Applicable Law, including any Telecommunications Law, except for violations that are not and would not reasonably be expected to be, individually or in the aggregate, material to the Acquired Companies, taken as a whole. No Acquired Company is subject to any outstanding judgment, decree, injunction, rule or order of any arbitrator or Governmental Authority that is or would reasonably be expected to be, individually or in the aggregate, material to the Acquired Companies, taken as whole, or that seeks to prevent, enjoin or materially delay the consummation by the Company of the transactions contemplated by, or the performance by the Company of its obligations under, this Agreement and the Transaction Documents.

Section 4.14 *Properties*. (a) As of the date hereof, none of the Acquired Companies owns any real property.

(b) The Acquired Companies, in the case of personal property, have good and marketable title to such property, in the case of leased or licensed property and assets, have valid

leasehold interests or licenses in, or, in the case of Easements, valid rights to use all property and assets (whether personal, tangible or intangible) reflected on the Balance Sheet or acquired after the Balance Sheet Date, and such property, assets and rights constitute all the material property, assets and rights used to conduct the business of the Acquired Companies as presently conducted. None of such property, assets or rights is subject to any Lien, except:

(i) Liens for Taxes not yet due or, if due, being contested in good faith and for which adequate accruals or reserves have been established on the Balance Sheet;

(ii) mechanic's, materialman's, carrier's, repairer's and other similar Liens arising or incurred in the ordinary course of business and that are not yet due and payable or, if due and payable, are being contested in good faith and for which adequate accruals or reserves have been established on the Balance Sheet;

(iii) (x) zoning, building codes and other land use laws regulating the use or occupancy of real property or the activities conducted thereon which are imposed by any Governmental Authority having jurisdiction over such real property which, individually or in the aggregate, have not and would not reasonably be expected to materially and adversely affect the conduct of the business thereon as currently conducted; (y) easements, covenants, rights-of-way and other similar restrictions of record which, individually or in the aggregate, have not and would not reasonably be expected to materially and adversely affect the conduct of the business thereon as currently conducted; and (z) Liens encumbering the real property of any third party owner, landlord or developer over which the Acquired Companies have Easement rights or tenant's or other occupancy rights and subordination or similar agreements relating thereto so long as the matters contemplated in this clause (iii) do not materially interfere with the conduct of the business by the Acquired Companies as currently conducted on any such real property;

(iv) the terms and conditions of any lease or Easement agreement which the Acquired Companies are party to, including any statutory landlord's lien, which terms and conditions are customary for similar leases or Easements negotiated on commercially reasonable terms;

(v) in respect of Intellectual Property, non-exclusive licenses of Intellectual Property granted in the ordinary course of business, consistent with past practice;

(vi) Liens that will be released or extinguished at the Closing;

(vii) Liens specifically disclosed in the financial statements described in Section 4.07; or

(viii) Liens which do not materially detract from the value, materially interfere with any present or intended use or materially and adversely affect the marketability of any such property or assets (clauses (i) through (viii) of this Section 4.14(b) are, collectively, the "**Permitted Liens**").

(c) The plants, buildings, structures, equipment and personal property owned by the Acquired Companies have no material defects, are in good operating condition and repair and have been reasonably maintained consistent with standards generally followed in the industry (giving due account to the age and length of use of same, ordinary wear and tear excepted).

(d) None of the Acquired Companies has received any written notice that any condemnation proceedings have been instituted with respect to any material real property that it owns in fee, leases or licenses.

Section 4.15 *Intellectual Property.* (a) Section 4.15(a) of the Company Disclosure Schedule contains a true and complete list of all registrations or applications for registration included in the Owned Intellectual Property Rights.

(b) The Acquired Companies own or have a valid, enforceable and sufficient right to use all Intellectual Property Rights used or held for use in, the conduct of the business of the Acquired Companies as currently conducted except where the failure to so own or have the right to use would not, individually or in the aggregate, reasonable be expected to have a Company Material Adverse Effect. The consummation of the transactions contemplated by this Agreement will not alter, encumber, impair or extinguish any Owned Intellectual Property Rights or Licensed Intellectual Property Rights. There exist no restrictions on the transfer of the Owned Intellectual Property Rights.

(c) None of the Acquired Companies has infringed, misappropriated or otherwise violated, or is infringing, misappropriating or otherwise violating, any Intellectual Property Right of any Person. There is no claim, action, suit, investigation or proceeding pending against, or, to the knowledge of the Company, threatened against, the Acquired Companies or any present or former officer, director or employee of the Acquired Companies (i) based upon, or challenging or seeking to deny or restrict, the rights of the Acquired Companies in any of the Owned Intellectual Property Rights or the Licensed Intellectual Property Rights, (ii) alleging that the use of the Owned Intellectual Property Rights or the Licensed Intellectual Property Rights or any services provided or processes used by the Acquired Companies conflict with, misappropriate, infringe or otherwise violate any Intellectual Property Right of any third party or (iii) alleging that the Acquired Companies have infringed, misappropriated or otherwise violated any Intellectual Property Right of any Person.

(d) None of the Owned Intellectual Property Rights has been adjudged invalid or unenforceable in whole or part, and, to the knowledge of the Company, all Owned Intellectual Property Rights and Licensed Intellectual Property Rights are valid and enforceable. The Acquired Companies are the sole and exclusive owners of all Owned Intellectual Property Rights and hold all right, title and interest in and to all Owned Intellectual Property Rights, free and clear of any Lien (other than Permitted Liens).

(e) The Acquired Companies have taken all actions necessary to maintain and protect the Owned Intellectual Property Rights that are material to the business or operations of the Acquired Companies and registered or have applications for registrations pending therefor, including payment of applicable maintenance fees and filing of applicable statements of use.

(f) To the knowledge of the Company, within the last three (3) years, no Person has infringed, misappropriated or otherwise violated any Owned Intellectual Property Right or the Acquired Companies' rights in any Licensed Intellectual Property Right. The Acquired Companies have taken reasonable steps in accordance with normal industry practice to maintain the confidentiality of all Intellectual Property Rights that are of a confidential nature used in and are material to the business or operation of the Acquired Companies and no such Intellectual Property Rights have been disclosed other than to employees, representatives and agents of the Acquired Companies all of whom are bound by written confidentiality agreements substantially in the form previously made available to Parent, Purchaser and Merger Sub. To the knowledge of the Company, within the last three (3) years, the Acquired Companies' have not suffered any material breaches of any such confidential Intellectual Property Rights that have resulted in the unauthorized disclosure of or loss of any such confidential Intellectual Property.

(g) The IT Assets operate and perform substantially in a manner that permits the Acquired Companies to conduct their business as currently conducted except where the failure to so operate and perform would not, individually or in the aggregate, reasonably be expected to have Company Material Adverse Effect. To the knowledge of the Company, the Acquired Companies have taken commercially reasonable actions, consistent with current industry standards, to protect the confidentiality, integrity and security of the IT Assets (and all information and transactions stored or contained therein or transmitted thereby) against any unauthorized use, access, interruption, modification or corruption, including the implementation of commercially reasonable (i) data backup, (ii) disaster avoidance and recovery procedures and (iii) business continuity procedures.

(h) The Acquired Companies have at all times materially complied with all Applicable Laws relating to privacy, data protection and the collection and use of personal information and user information gathered or accessed in the course of their operations. No claims have been asserted or, to the knowledge of the Company, threatened against the Acquired Companies by any Person alleging a violation of such Person's privacy, personal or confidentiality rights under any such Applicable Laws.

Section 4.16 *Insurance Coverage*. A list of all insurance policies and fidelity bonds held by the Acquired Companies or their Affiliates relating to the assets, business, operations, employees, officers and directors of the Acquired Companies is set forth in Section 4.16 of the Company Disclosure Schedule (the "**Company Insurance Policies**") and true and complete copies thereof have been made available to Parent, Purchaser and Merger Sub. There are no material claims by the Acquired Companies pending under any such policies or bonds as to which coverage has been denied or disputed by the underwriters of such policies or bonds or in respect of which such underwriters have reserved their rights. As of the date hereof, all premiums due and payable under all such policies and bonds have been timely paid in full. None of the Acquired Companies is in material default under any such policy or bond and, to the Company's knowledge, no event or circumstance has occurred that, with notice or lapse of time or both, would permit termination or modification of such policy or bond.

Section 4.17 *Licenses and Permits*. (a) Section 4.17 of the Company Disclosure Schedule sets forth each license, franchise, permit, certificate, approval or other similar authorization issued by a Governmental Authority affecting, or relating to, the assets or business

of the Acquired Companies (the "**Permits**") together with the name of the Governmental Authority issuing such Permit. The Permits are valid and in full force and effect. Each of the Acquired Companies is in material compliance with, and has fulfilled and performed, in all material respects, all of its obligations with respect to the Permits held by it. The Permits listed on Section 4.17 of the Company Disclosure Schedule are all the material licenses, franchises, permits, certificates, approvals or other similar authorizations issued by a Governmental Authority required to carry on the business of the Acquired Companies as now conducted and to own the properties of the Acquired Companies.

(b) None of the Acquired Companies is in material default under, and since January 1, 2012, none of the Acquired Companies has been in material default under, any Permit held or required to be held by it and none of such Permits have been terminated, impaired or have been terminable, in whole or in part, due to the actions or inactions of the Acquired Companies (except for terminations or impairments occurring as a result of the expiration of such Permits solely due to lapse of time in accordance with the terms thereof).

(c) Except as would be immaterial to the Acquired Companies, the appropriate Acquired Company has accurately filed all reports and paid all fees, assessments, and contributions (including, federal and state regulatory fees, contributions to state or federal universal service support mechanisms, to intrastate or interstate telecommunications relay services, to the administration of the North American Numbering Plan, and/or to the shared costs of local number portability administration) required by the Permits and Applicable Laws. Since January 1, 2012, no notices have been received by any of the Acquired Companies alleging the failure to hold any Permit required to be held by the Acquired Companies to conduct their respective businesses or own their respective assets. To the knowledge of the Company, no Permit is subject to (i) any material conditions or requirements that have not been imposed generally upon permits of the same type and (ii) any pending regulatory proceeding or judicial review before a Governmental Authority seeking to suspend, revoke, cancel or adversely modify such Permit.

Section 4.18 *Finders' Fees*. No investment banker, broker, finder or other intermediary is entitled to any fee or commission in connection with the transactions contemplated by this Agreement or the Transaction Documents by reason of any action taken by any of the Acquired Companies prior to Closing.

Section 4.19 *Environmental Matters*. Except as disclosed in Section 4.19 of the Company Disclosure Schedule:

(a) (i) no notice, demand, request for information, citation, summons or complaint has been received; (ii) no order, judgment, decree or injunction has been issued or is otherwise in effect; (iii) no penalty has been assessed; and (iv) no investigation, action, claim, suit, proceeding or review is pending, or to the knowledge of the Company, threatened, in each case, with respect to any Acquired Company (or any of their respective predecessors) that relates to any Environmental Law or Hazardous Substance reasonably likely to result in material liability of any Acquired Company;

(b) there has been no Environmental Release of any Hazardous Substance at, on, under, to, in or from (i) any location by or arising from the operations of, (ii) any property or facility now or previously owned, leased or operated by, or (iii) any property or facility to which any Hazardous Substance has been transported for disposal, recycling or treatment by or on behalf of, in each of case (b) (i), (ii) and (iii), any Acquired Company (or any of their respective predecessors) that is reasonably likely to result in material liability under Environmental Laws of any Acquired Company;

(c) each Acquired Company (i) is and has since January 1, 2012, been in compliance with all Environmental Laws in all material respects; (ii) possesses and maintains all required Environmental Permits and is in material compliance with the terms thereof; and (iii) has timely made all appropriate filings necessary for the issuance or renewal thereof; and

(d) there is no written part of any environmental investigation, study, audit, test, review, analysis or other environmental assessment in the possession, custody or control of any of the Acquired Companies, PEG Holdings or to the knowledge of the Company, any other Unitholders, that identifies any material unresolved liability under Environmental Laws of the Acquired Companies or any of their respective legal predecessors in interest (including in respect of any property now or previously owned, leased or operated by the Acquired Companies or any of their respective legal predecessors in interest) that has not been made available to Parent, Purchaser and Merger Sub at least five days prior to the date hereof.

Section 4.20 *Employees and Labor Matters.* (a) As of the date hereof, with respect to each employee of the Acquired Companies (each, an "**Acquired Company Employee**"), the Company has provided to Parent, Purchaser and Merger Sub such employee's (i) name, (ii) title, (iii) original date of hire and, if applicable, date of rehire, (iv) whether active or on leave (and, if on leave, the nature of the leave and expected return date), (v) annual salary or wage rate and (vi) current annual bonus opportunity. No later than ten (10) Business Days after the date hereof, the Company shall provide to Parent, Purchaser and Merger Sub, each Acquired Company Employee's (i) worksite, (ii) status as to whether exempt from the Fair Labor Standards Act, and (iii) most recent annual bonus. The Company has provided to Parent, Purchaser and Merger Sub for each individual independent contractor engaged by the Acquired Companies whose annual compensation exceeds $100,000, such contractor's name, duties and rate of compensation. Five days prior to the Closing Date, the Company shall provide to Parent, Purchaser and Merger Sub a written statement indicating any changes to the information provided under or set forth in Section 4.20 of the Company Disclosure Schedule as of the Closing Date.

(b) No Key Employee has provided notice to the Company that he or she intends to resign or retire as a result of the transactions contemplated by this Agreement or otherwise within one year after the Closing Date.

(c) The Acquired Companies are, and have been since January 1, 2012, in material compliance with all Applicable Laws relating to labor and employment, including those relating to labor management relations, wages, hours, overtime, employee classification, discrimination, sexual harassment, civil rights, affirmative action, work authorization, immigration, safety and health, information privacy and security, workers compensation, continuation coverage under group health plans and the payment and withholding of Taxes.

(d) None of the Acquired Companies is, or since January 1, 2012 has been, a party to or subject to, or is currently negotiating in connection with entering into, any Collective Bargaining Agreement, and, to the Company's knowledge, there has not been any organizational campaign, petition or other unionization activity seeking recognition of a collective bargaining unit relating to any Service Provider or any grievances or job actions involving any current or former Service Provider. The consent or consultation of, or the rendering of formal advice by, any labor or trade union, works council or other employee representative body is not required for the Company to enter into this Agreement or to consummate any of the transactions contemplated hereby.

(e) There are no, and since January 1, 2012, there have not been any, labor strikes, slowdowns, stoppages, picketing, interruptions of work or lockouts pending or, to the Company's knowledge, threatened against or affecting any of the Acquired Companies. There are no material unfair labor practice complaints pending or, to the Company's knowledge, threatened against any of the Acquired Companies before the National Labor Relations Board or any other Governmental Authority or any current union representation questions involving Service Providers.

(f) The Acquired Companies are, and have been since January 1, 2012, in compliance with WARN and has no liabilities or other obligations thereunder.

(g) None of the Acquired Companies has taken any action that would reasonably be expected to cause the Surviving Company or any of its Affiliates to have any liability or other obligation following the Closing Date under WARN.

Section 4.21 *Employee Benefits.* (a) Section 4.21(a) of the Company Disclosure Schedule sets forth each material Employee Plan. Prior to the date hereof, Parent, Purchaser and Merger Sub have been furnished a true and complete copy of each material Employee Plan (or a description, if such plan is not written) and all amendments thereto and, as applicable, (i) all related trust agreements, insurance contracts or other funding arrangements and amendments thereto, (ii) the current prospectus or summary plan description and all summaries of material modifications, (iii) the most recent annual report (Form 5500 including audited financial statements and, if applicable, Schedule B thereto) and actuarial valuation report prepared in connection therewith and (iv) the most recent determination or opinion letter from the Internal Revenue Service relating thereto.

(b) None of the Acquired Companies nor any of its ERISA Affiliates (nor any predecessor of any such entity) sponsors, maintains, administers or contributes to (or has any obligation to contribute to), or has in the past six years sponsored, maintained, administered or contributed to (or had any obligation to contribute to), or has or is reasonably expected to have any direct or indirect liability with respect to, any plan subject to Title IV of ERISA, including any Multiemployer Plan.

(c) With respect to any Employee Plan covered by Subtitle B, Part 4 of Title I of ERISA or Section 4975 of the Code, no non-exempt prohibited transaction has occurred that has caused or would reasonably be expected to cause any of the Acquired Companies to incur any material liability under ERISA or the Code.

(d) None of the Acquired Companies has any current or projected liability for, and no Employee Plan provides or promises, any post-employment or post-retirement medical, dental, disability, hospitalization, life or similar benefits (whether insured or self-insured) to any current or former Service Provider (other than coverage mandated by Applicable Law, including COBRA).

(e) Each Employee Plan that is intended to be qualified under Section 401(a) of the Code has received a favorable determination or opinion letter from the IRS or has applied to the IRS for such a letter within the applicable remedial amendment period or such period has not expired and, to the Company's knowledge, no circumstances exist that would reasonably be expected to result in any such letter being revoked or not being reissued or a penalty under the IRS Closing Agreement Program if discovered during an IRS audit or investigation. Each trust created under any such Employee Plan is exempt from Tax under Section 501(a) of the Code and has been so exempt since its creation.

(f) Each Employee Plan (including, without limitation, the Company Stock Plan and all awards thereunder) comply, and have been operated in compliance, in all material respects with the requirements of Section 409A of the Code.

(g) None of the Acquired Companies has any obligation to gross-up, indemnify or otherwise reimburse any current or former Service Provider for any tax incurred by such Service Provider, including under Section 409A or 4999 of the Code.

(h) Each Employee Plan has been maintained in all material respects in compliance with its terms and all Applicable Law, including ERISA and the Code.

(i) No action, suit, investigation, audit, proceeding or claim (other than routine claims for benefits) is pending against or involves or, to the Company's knowledge, is threatened against or threatened to involve, any Employee Plan before any court or arbitrator or any Governmental Authority, including the IRS, the Department of Labor or the PBGC.

(j) There has been no amendment to, written interpretation of or announcement (whether or not written) by any of the Acquired Companies or any of their Affiliates relating to, or change in employee participation or coverage under, any Employee Plan that would materially increase the expense of maintaining such plan above the level of expense incurred in respect thereof for the most recent fiscal year ended prior to the date hereof.

(k) No Employee Plan, individually or collectively, would reasonably be expected to result in the payment of any amount that would not be deductible under Section 280G of the Code.

(l) Neither the execution of this Agreement nor the consummation of the transactions contemplated hereby (either alone or together with any other event) will (i) entitle any current or former Service Provider to any payment or benefit, including any bonus, retention, severance, retirement or job security payment or benefit, (ii) enhance any benefits or accelerate the time of payment or vesting or trigger any payment or funding (through a grantor trust or otherwise) of compensation or benefits under, or increase the amount payable or trigger any other obligation

under, any Employee Plan or (iii) limit or restrict the right of the Acquired Companies or, after the Closing, the Surviving Company or any of its Affiliates, to merge, amend or terminate any Employee Plan.

Section 4.22 *Affiliate Transactions.* Other than this Agreement, the Transaction Documents and the Operating Agreement and ordinary course agreements incident to the employment of any Unitholder by the Acquired Companies, none of the Unitholders and none of the members, directors, officers, employees, Affiliates or "associates" (or members of any of their "immediate family") (as such terms are respectively defined in Rule 12b-2 and Rule 16a-1 of the Securities Exchange Act of 1934 (the "**Exchange Act**") of the Unitholders (other than any of the Acquired Companies) (i) is, or has in the past three years been, involved, directly or indirectly, in any material business arrangement or other material relationship with the Acquired Companies (whether written or oral) (other than director, officer or employment relationships or as an equity holder of the Company), (ii) directly or indirectly owns, or otherwise has any right, title or interest in, to or under, any material property or right, tangible or intangible, that is used by the Acquired Companies (other than the Company Units), (iii) licenses Intellectual Property (either to or from the Acquired Companies), (iv) has any material obligations to the Acquired Companies, including to purchase or sell any material tangible or intangible asset, (v) is the beneficiary of any management or other fees paid by the Acquired Companies; (vi) is indebted to or, in the past three years, has borrowed money from or lent money to, or is a guarantor or indemnitor of any Acquired Company (other than any such indebtedness, guarantee or indemnity that will be discharged or extinguished at or prior to Closing), or (vii) is providing, or has in the past three years provided, or been engaged to provide, any material services to the Acquired Companies (other than in its or his capacity as a director, officer or employee of the Acquired Companies) (any agreement related to the arrangements described in clauses (i) through (vii) hereof , including any such agreements listed on Section 4.22 of the Company Disclosure Schedule or required to be listed on Section 4.22 of the Company Disclosure Schedule, an "**Affiliate Contract**").

Section 4.23 *Network Operations*. (a) *Overall Network*. The network of the Acquired Companies is in good working condition and is without any material defects or defects necessary to operating the business of the Acquired Companies as operated by the Acquired Companies. Section 4.23 of the Company Disclosure Schedule sets forth for the Acquired Companies' current operations, a complete list of all outage details reasonably applicable to material incidents for the twelve-month period ending November 30, 2015 (and for the twelve-month period ending December 31, 2015 for Contact Network, LLC), including any incidents in each market where the Acquired Companies failed to meet applicable "Service Level Agreements" under any Material Contract.

(b) *Fiber Network*. The description of the Fiber comprising the Acquired Companies' Fiber networks and the list of equipment and the location thereof used by the Acquired Companies to "light" such Fiber set forth in Section 4.23(b) of the Company Disclosure Schedule including in any .KMZ file referenced on such Section of the Company Disclosure Schedule and delivered in connection with execution of this Agreement) is complete and correct in all material respects.

(c) *Network Performance*. Section 4.23(c) of the Company Disclosure Schedule sets forth an accurate list of network availability statistics related to the network of the Acquired Companies performing services for the Acquired Company's top four customers for the twelve-month period ending September 30, 2015. The network of the Acquired Companies, including the Ethernet Virtual Connection provided thereby, provides sufficient functionality such that the Acquired Companies meet in all material respects the performance criteria defined in the "Service Level Agreements" with the customers of the Acquired Companies.

(d) *Microwave Network*. Section 4.23(d) of the Company Disclosure Schedule sets forth a true and correct list of all sites operated by the Acquired Companies as part of their microwave network. Each such microwave site operated by the Acquired Companies includes one or more licensed microwave transmit/receive facilities.

(e) *Maintenance*. The Acquired Companies have good and valid title to or otherwise have the right to use, and adequate rights of access to, all items and equipment used to operate and maintain the network of the Acquired Companies and such items and equipment are in good operating condition and repair, free from all material defects, subject only to normal wear and tear.

(f) *Access*. The Acquired Companies have adequate rights of access to the buildings and other property served by their Fiber facilities and microwave facilities that are consistent with reasonable industry standards.

(g) *Field Service Technicians*. All field service technicians employed or engaged by the Acquired Companies are reasonably qualified to perform maintenance services in the markets where the Acquired Companies employs or engages them to provide services.

(h) *Network Monitoring Capabilities*. The Acquired Companies have provisioned and maintain remote monitoring tools capable of capturing hourly and/or daily performance data with respect to the entirety of the Acquired Companies' network. Such remote monitoring tools enable the Acquired Companies to create monthly reports as per customer specifications.

(i) *Tower Leases*. Section 4.23(i) of the Disclosure Schedule sets forth a true and correct list of the cell tower sites where the Acquired Companies lease or license space, which list includes the location of the cell tower and the identity of the lessor or licensor. The Acquired Companies have a good and valid lease interest or license in the leased or licensed, as applicable, space at each of such tower sites. For each of the tower leases or licenses identified on Section 4.23(i) of the Disclosure Schedule where Verizon Wireless or one of its Affiliates (including Cellco Partnership) was the party that entered into the lease, the Acquired Companies are not required to pay any rent to the lessor or any of its Affiliates (so long as the lessor only provides services to Verizon Wireless or one of its Affiliates (including Cellco Partnership)) using the leased space and the term of each such lease (including any extensions thereof) is at least 15 years.

Section 4.24 *Exclusivity of Representations*. The representations and warranties made by the Company in this Agreement are the exclusive representations and warranties made by the Company in connection with the transactions contemplated by this Agreement or the Transaction

Documents. The Company hereby disclaims any other express or implied representations or warranties, including regarding any pro forma financial information, financial projections or other forward-looking statements provided by or on behalf of the Company.

ARTICLE 5
Representations and Warranties of Parent, Purchaser and Merger Sub

Subject to Section 13.03, except as disclosed in the reports, schedules, forms, statements and other documents filed by Parent with the Securities and Exchange Commission and publicly available subsequent to January 1, 2014 and prior to the date of this Agreement (excluding any information contained in any part of any such report, schedule, form statement or other document in any section entitled "Risk Factors" or set forth in any "Forward Looking Statements" disclaimer), each of Parent, Purchaser and Merger Sub represents and warrants to the Company and PEG Holdings as of the date hereof and as of the Closing Date that:

Section 5.01 *Existence and Power*. (a) Each of Parent, Purchaser and Merger Sub is an entity duly formed, validly existing and in good standing under the laws of its jurisdiction of incorporation and has all powers required to carry on its business as now conducted.

(b) Each of Parent, Purchaser and Merger Sub has all material governmental licenses, authorizations, permits, consents and approvals required to carry on its business as now conducted.

(c) Each of Parent, Purchaser and Merger Sub is duly qualified to do business as a foreign entity and is in good standing in each jurisdiction where such qualification is necessary, except as would not reasonably be expected to be, individually or in the aggregate, material to Parent and its Subsidiaries, taken as a whole, or to prevent, enjoin or materially delay the consummation by Parent, Purchaser or Merger Sub of the transactions contemplated by, or the performance by Parent, Purchaser or Merger Sub of their respective obligations under, this Agreement and the Transaction Documents.

(d) Merger Sub was formed on January 6, 2016 for the sole purpose of effecting the transactions contemplated by this Agreement and has had no assets or operations and has not conducted any business other than immaterial business conducted in connection with the maintenance of Merger Sub's existence, performance of this Agreement and matters incidental thereto.

Section 5.02 *Authorization*. The execution, delivery of, and performance by each of Parent, Purchaser and Merger Sub of their respective obligations under, this Agreement and the Transaction Documents to which it is or will be a party, and the consummation of the transactions contemplated hereby and thereby are within the corporate powers of each of Parent, Purchaser and Merger Sub and have been duly authorized by all necessary corporate action on the part of each of Parent, Purchaser and Merger Sub. This Agreement has been, and the Transaction Documents to which it is or will be a party have been (or will be at Closing), duly executed and delivered by each of Parent, Purchaser and Merger Sub and each constitutes (or will constitute) the valid and binding agreement of each of Parent, Purchaser and Merger Sub

enforceable against Parent, Purchaser and Merger Sub, respectively, in accordance with their respective terms (subject to applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and other laws affecting creditors' rights generally and general principles of equity). No votes, approvals or consents of the holders of any of Parent's, Purchaser's or Merger Sub's capital stock (other than any that have been obtained prior to the date hereof or that will be obtained immediately after execution of this Agreement) are necessary in connection with execution and delivery of, or the performance by Parent, Purchaser or Merger Sub of their respective obligations under, this Agreement and the Transaction Documents or the consummation by Parent, Purchaser or Merger Sub of the transactions contemplated hereby or thereby.

Section 5.03 *Governmental Authorization*. The execution, delivery and performance by each of Parent, Purchaser and Merger Sub of this Agreement and the Transaction Documents to which it is a party and the consummation by each of Parent, Purchaser and Merger Sub of the transactions contemplated hereby and, to the extent applicable, thereby require no consent, approval, authorization or permit of, or filing with or notification to, or other action in respect of, any Governmental Authority other than (i) the filing of the Certificate of Designations with the State Department of Assessments and Taxation of Maryland; (ii) compliance with any applicable requirements of the HSR Act; (iii) the filings in respect of the Required Governmental Approvals, and receipt of the consents, approvals, waivers, licenses and authorizations contemplated thereby; (iv) any consent, approval, authorization or permit required to be obtained solely by reason of PEG Holdings', the other Unitholders or the Acquired Companies' (as opposed to any third party's) participation in the transactions contemplated by this Agreement or any Transaction Document and (v) any actions or filings, except as would not reasonably be expected to be, individually or in the aggregate, material to Parent and its Subsidiaries, taken as a whole, or to prevent, enjoin or materially delay the consummation by Parent, Purchaser or Merger Sub of the transactions contemplated by, or the performance by Parent, Purchaser or Merger Sub of their respective obligations under, this Agreement and the Transaction Documents.

Section 5.04 *Noncontravention*. The execution, delivery and performance by each of Parent, Purchaser and Merger Sub of this Agreement and the Transaction Documents to which it is a party and the consummation of the transactions contemplated hereby and thereby do not and will not (i) violate the articles of incorporation or bylaws of Parent, Purchaser or Merger Sub, (ii) assuming compliance with the matters referred to in Section 5.03, violate any Applicable Law, (iii) result in the creation or imposition of any Lien (other than Permitted Liens) on any asset of the Parent or any of its Subsidiaries, or (iv) require any consent or other action by any Person under, constitute a default or an event that, with or without notice or lapse of time or both, would constitute a default under, or give rise to any right of termination, cancellation or acceleration of any right or obligation of Parent or any of its Subsidiaries or to a loss of any benefit to which Parent or such Subsidiary is entitled under any provision of any agreement or other instrument binding upon Parent or any of its Subsidiaries with only such exceptions, in the case of clauses (ii), (iii) and (iv), as would not reasonably be expected to be, individually or in the aggregate, material to Parent and its Subsidiaries, taken as a whole, or to prevent, enjoin or materially delay the consummation by Parent, Purchaser or Merger Sub of the transactions

contemplated by, or the performance by Parent, Purchaser or Merger Sub of their respective obligations under, this Agreement and the Transaction Documents.

Section 5.05 *Financing; Convertible Preferred Shares; Parent Common Stock*. (a) Parent has, or will have prior to the Closing, sufficient cash, available lines of credit or other sources of immediately available funds to enable it to make payment of the Closing Cash Payment, any Underpayment Amount and any other payments required by Section 2.13(c), in each case, if and when due.

(b) When issued in accordance with the terms hereof, the Convertible Preferred Shares and shares of Parent Common Stock to be delivered at Closing will be (i) duly authorized, validly issued, fully paid and nonassessable and (ii) free and clear of all Liens (other than Liens imposed by Applicable Law). The Convertible Preferred Shares, when issued, will have the designations, preferences and relative participating, optional and other special rights and qualifications, limitations and restrictions set forth in the Certificate of Designations.

Section 5.06 *Litigation*. There is no action, suit, investigation or proceeding pending, or to the knowledge of Parent, threatened, against Parent, Purchaser or Merger Sub before any Governmental Authority or arbitrator as of the date of this Agreement that, if determined or resolved adversely in accordance with the plaintiff's demands, would reasonably be expected, individually or in the aggregate, to have a Parent Material Adverse Effect, or seeks to prevent, enjoin or materially delay the consummation by Parent, Purchaser or Merger Sub of the transactions contemplated by, or the performance by Parent, Purchaser or Merger Sub of their respective obligations under, this Agreement and the Transaction Documents. None of Parent, Purchaser or Merger Sub is subject to any judgment, decree, injunction, rule or order of any Governmental Authority as of the date of this Agreement that is or would reasonably be expected, individually or in the aggregate, to prevent, enjoin or materially delay the consummation by Parent, Purchaser or Merger Sub of the transactions contemplated by, or the performance by Parent, Purchaser or Merger Sub of their respective obligations under, this Agreement and the Transaction Documents.

Section 5.07 *Finders' Fees*. Other than Citigroup Global Markets Inc. and Stephens Inc., no investment banker, broker, finder or other intermediary is entitled to any fee or commission in connection with the transactions contemplated by this Agreement by reason of any action taken by Parent, Purchaser or Merger Sub.

Section 5.08 *Investment Purpose*. Purchaser will be acquiring the Company Units for the purpose of investment and not with a view to, or for resale in connection with, the distribution thereof in violation of applicable federal, state or provincial securities laws.

Section 5.09 *Parent Capitalization*. The authorized equity interests of Parent consist of (i) 50,000,000 preferred shares of Parent, par value $0.0001 per share, and (ii) 500,000,000 shares of Parent Common Stock. As of the date hereof, there are (i) no outstanding preferred shares of Parent, par value $0.0001 per share, and (ii) 150,524,063 outstanding shares of Parent Common Stock, including restricted Parent Common Stock. All outstanding equity interests, voting securities or other ownership interests in Parent have been duly authorized and validly issued. Except as set forth in this Section 5.09, there are no outstanding (a) equity interests,

voting securities or other ownership interests of Parent, (b) securities of Parent convertible into or exchangeable for ownership interests or voting securities of Parent or (c) options, warrants or other rights to acquire from Parent, or other obligation of Parent to issue, or rights (including phantom equity or appreciation rights) relating to, any ownership interest, voting securities or securities convertible into or exchangeable for ownership interests or voting securities of Parent (the items in Sections 5.09(a), 5.09(b) and 5.09(c) being referred to collectively as the "**Parent Securities**"). Other than this Agreement and the Stockholder's and Registration Rights Agreement between Parent and Windstream Services, LLC, as of the date hereof, there are no agreements or other instruments relating to the issuance, sale or transfer of any Parent Securities (other than agreements related to employee equity awards).

Section 5.10 *SEC Documents*. As of its filing date, each of Parent's reports, statements, schedules and registration statements filed with the Securities and Exchange Commission (the "**SEC**") since October 24, 2014 complied, and each such report, statement, schedule and registration statement filed subsequent to the date hereof but prior to the Closing will comply in all material respects as to form with the applicable requirements of the Securities Act and Exchange Act, as the case may be. As of its filing date, each of Parent's reports, statements, schedules and registration statements filed with the SEC pursuant to the Exchange Act since October 24, 2014 did not, and each such report, statement, schedule and registration statement filed subsequent to the date hereof but at or prior to Closing will not, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. Parent has not taken any action prohibited by Section 402 of the Sarbanes-Oxley Act.

Section 5.11 *Absence of Material Adverse Effect*. Since December 31, 2014, there has not been any Parent Material Adverse Effect.

Section 5.12 *Exclusivity of Representations*. The representations and warranties made by Parent, Purchaser and Merger Sub in this Agreement and the Transaction Documents are the exclusive representations and warranties made by Parent, Purchaser and Merger Sub in connection with the transactions contemplated by this Agreement or the Transaction Documents. Each of Parent, Purchaser and Merger Sub hereby disclaims any other express or implied representations or warranties.

ARTICLE 6
COVENANTS OF THE COMPANY

Section 6.01 *Conduct of the Acquired Companies*. (a) From the date hereof until the Closing Date, except as set forth in Section 6.01 of the Company Disclosure Schedule, as otherwise expressly contemplated by this Agreement or any Transaction Document, as required by Applicable Law or consented to by Merger Sub in writing (which consent shall not be unreasonably withheld or delayed), the Company shall and shall cause its Subsidiaries to conduct its business in the ordinary course consistent with past practice and use their commercially reasonable efforts to (i) preserve intact its present business organization, (ii) maintain in effect all Permits, (iii) keep available the services of its directors, officers and employees, including by

paying performance bonuses for the 2015 calendar year in the ordinary course in accordance with the past practice of the Acquired Companies, (iv) maintain satisfactory relationships with its customers, lenders, suppliers, lessors, providers of IRUs and others having material business relationships with it, (v) manage its working capital (including the timing of collection of accounts receivable and of the payment of accounts payable and the management of inventory) in the ordinary course of business consistent with past practice, and (vi) continue to make capital expenditures consistent with the Capex Budget.

(b) Without limiting the generality of the foregoing, except as set forth in Section 6.01 of the Company Disclosure Schedule, as otherwise expressly contemplated by this Agreement or any Transaction Document, as required by Applicable Law or consented to by Merger Sub in writing (which consent shall not be unreasonably withheld or delayed), the Company shall and shall cause its Subsidiaries not to:

(i) adopt or propose any change in the certificate of formation or equivalent organizational document of any of the Acquired Companies or the Operating Agreement, bylaws or similar organizational documents of any of the Acquired Companies;

(ii) split, combine or reclassify any ownership interests of the Acquired Companies or declare, set aside or pay any non-cash dividend or other non-cash distribution (whether in stock, ownership interests or property or any combination thereof) in respect of the equity of the Acquired Companies (other than any such dividend or distribution to any other wholly owned Acquired Company), or redeem, repurchase or otherwise acquire or offer to redeem, repurchase, or otherwise acquire any Company Securities or any Subsidiary Securities;

(iii) (A) issue, deliver or sell, or authorize the issuance, delivery or sale of, any shares of any Company Securities or Subsidiary Securities (other than any issuance or sale of such securities to any other wholly owned Acquired Company) or (B) amend any term of any Company Security or any Subsidiary Security (in each case, whether by merger, consolidation or otherwise);

(iv) incur any capital expenditures or any obligations or liabilities in respect thereof, except for (A) those contemplated by the Capex Budget and (B) any unbudgeted capital expenditures not to exceed $260,000 individually or $2,600,000 in the aggregate;

(v) (A) acquire (by merger, consolidation, acquisition of stock or assets or otherwise), directly or indirectly, any assets, properties or businesses that exceed $25,000 individually or $100,000 in the aggregate, other than construction materials, supplies and equipment in the ordinary course of business of the Acquired Companies in a manner that is consistent with past practice or (B) acquire any real property;

(vi) sell, lease or otherwise transfer, abandon or allow to lapse or create or incur any Lien (other than Permitted Liens) on, any of the Acquired Company's assets, securities, properties, interests or businesses, other than sales of inventory, sales or abandonment of obsolete equipment or leases or grants of IRUs in dark fiber, in each case, in the ordinary course of business consistent with past practice;

(vii) sell, lease, license or otherwise transfer or dispose of, abandon or permit to lapse, fail to take any action reasonably expected to be necessary to maintain, enforce or protect, or create or incur any Lien (other than Permitted Liens) on, any material Owned Intellectual Property Right;

(viii) make any loans, advances or capital contributions to, or investments in, any other Person other than in other wholly owned Acquired Companies and advances to employees in the ordinary course of business consistent with past practice;

(ix) create, incur, assume, suffer to exist or otherwise become liable with respect to any Indebtedness other than Purchase Price Deduction Indebtedness of up to $10,000,000 in the aggregate;

(x) enter into, or amend or modify in any material respect, or terminate any Material Contract or any agreement or arrangement that would be a Material Contract if such agreement or arrangement were in effect as of the date of this Agreement or (ii) otherwise waive, release or assign any material rights, claims or benefits of the Acquired Companies under any such contract or arrangement, in each case, other than in the ordinary course of business consistent with past practice; *provided* that any Material Contract or any other such agreement or arrangement entered into, or any amendment or modification thereof, shall not contain any terms of the type described in Section 4.10(a)(xi);

(xi) except as required by Applicable Law or the terms of any Employee Plan as in effect on the date hereof (A) grant or increase any severance, retention or termination pay to, or enter into or amend any severance, retention, termination, employment, consulting, bonus, deferred compensation, change in control or severance agreement with, any current or former Service Provider or increase benefits payable under any existing severance or termination pay policies or employment or consulting agreements; other than payments of severance or termination payable to any employee below the level of vice president in connection with the termination of such employee's employment for any reason other than for cause (as determined by the Company in its reasonable discretion); *provided* that (1) such severance shall not exceed three months of such employee's then-current base salary furnished pursuant to Section 4.20 and (2) shall be paid prior to the Closing Date and the Company shall obtain from any such employee a release of claims prior to making such payment; (B) establish, adopt, enter into or amend any Employee Plan or Collective Bargaining Agreement, other than routine amendments to health and welfare plans relating to open enrollments that do not result in materially increased administrative costs; (C) increase the compensation, bonus or other benefits payable or provided to any current or former Service Provider, other than to increase salary or wages for employees who are not officers by not more than 3.0% in the aggregate and by not more than 5.0% per employee in the ordinary course consistent with past practice and the Company's 2016 annual budget; *provided* that Parent will be consulted regarding any such increase before such increase is communicated to such Service Provider; (D) (x) hire any employees other than to fill vacancies arising due to terminations of employment of employees (1) with annual salaries less than $65,000 or (2) to the extent set forth on the 2016 Budget-Open Headcount Schedule provided to

Parent by the Company as of the date hereof; provided that Parent will be consulted regarding any such hires prior to an offer being extended or (y) terminate the employment of any employee with annual salary in excess of $65,000 (other than for cause or for performance reasons); or (E) grant any equity or equity-based awards to, or discretionarily accelerate the vesting or payment of any such awards held by, any current or former Service Provider;

(xii) change any of the Acquired Companies' methods of accounting, except as required by concurrent changes in GAAP, as agreed to by their independent public accountants;

(xiii) settle, or offer or propose to settle, (A) any litigation, investigation, arbitration, proceeding or other claim involving or against any of the Acquired Companies that is material to the Acquired Companies, taken as a whole, or would involve cash payments of over $100,000, or (B) any litigation, arbitration, proceeding or dispute that relates to the transactions contemplated hereby;

(xiv) make or change any Tax election, change any annual Tax accounting period, adopt or change any method of Tax accounting, amend any material Tax Returns or file claims for material Tax refunds, enter any closing agreement, settle any material Tax claim, audit or assessment, or surrender any right to claim a material Tax refund, offset or other reduction in Tax liability consent to any extension or waiver of the limitations period applicable to any Tax claim or assessment or, if it would have the effect of increasing the Tax liability or reducing any Tax Asset of any of the Acquired Companies, Parent or any Affiliate of Parent, take any other action outside of the ordinary course of business; or

(xv) agree, resolve or commit to do any of the foregoing.

Section 6.02 *Access to Information*. From the date hereof until the Closing Date, PEG Holdings and the Company shall, and the Company shall cause its Subsidiaries to, (i) upon reasonable advance notice, give each of Merger Sub, Purchaser, Parent and their respective directors, officers, employees, counsel, financial advisors, auditors and other authorized representatives (such persons, "**Representatives**") reasonable access to the offices, properties, books and records of PEG Holdings and the Acquired Companies, (ii) furnish to each of Merger Sub, Purchaser, Parent and their respective Representatives such financial, operating and human resources data and other information relating to PEG Holdings and the Acquired Companies as such Persons may reasonably request, including as it relates to facilitating Purchaser's and its Representatives' determination of whether any property or asset of the Acquired Companies is REIT Qualifying Property, and (iii) instruct the Representatives of PEG Holdings and the Acquired Companies to cooperate with Parent, Purchaser, Merger Sub and their respective Representatives in their investigation of the Acquired Companies. Any request for data or other information, any request for access or cooperation or any investigation pursuant to this Section 6.02 shall be made or conducted in such manner as not to interfere unreasonably with the conduct of the business of PEG Holdings and the Acquired Companies and no books, records or information relating to (a) income Taxes (other than income Taxes of PEG Bandwidth NY I, Inc.), (b) subject to attorney-client privilege such that the disclosure thereof would result in a

reduction or waiver of such privilege, Section 6.03 subject to a confidentiality agreement prohibiting the disclosure thereof or Section 6.04 the disclosure of which is prohibited by Applicable Law shall be provided or disclosed; *provided* that Parent, Purchaser, Merger Sub and the Acquired Companies shall cooperate in good faith to develop substitute arrangements, to the extent reasonably possible, that do not result in the loss or reduction of such privilege, breach of such agreement or violation of Applicable Law. No investigation by Parent, Purchaser, Merger Sub or their respective Representatives or other information received by Parent, Purchaser, Merger Sub or their respective Representatives shall operate as a waiver or otherwise affect any representation, warranty or agreement given or made by the Company hereunder. Nothing in this Section 6.02 shall entitle Parent, Purchaser, Merger Sub or any of their respective Affiliates or Representatives to contact any third party doing business with the Acquired Companies or any Unitholder or access the offices, properties, books or records of any such third party other than in the ordinary course of Parent and its Subsidiaries' business consistent with past practice and not in connection with the transactions contemplated by this Agreement.

Section 6.03 *Affiliate Contracts.* (a) The Company shall, and shall cause its Subsidiaries to, terminate, or cause to be terminated, all Affiliate Contracts at or prior to Closing with no further liability or obligation, directly or indirectly, of any kind thereunder on the part of any of the Acquired Companies.

(b) Prior to Closing, The Company shall cause each of its Affiliates (other than the Acquired Companies) to be removed as named insureds on the Company Insurance Policies.

(c) Prior to Closing, the Company shall cause its applicable Affiliates to negotiate in good faith to enter into the contracts set forth on Section 6.03 of the Company Disclosure Schedule on commercially reasonable terms.

Section 6.04 *Resignations*. At or prior to Closing, the Company shall, and shall cause its Subsidiaries to, deliver to Parent the resignations of all officers and directors of the Acquired Companies requested by Parent.

Section 6.05 *REIT Qualifying Property*. Prior to the Closing Date, the Company shall, and shall cause the other Acquired Companies to, cooperate with Parent and Purchaser to (a) identify all REIT Qualifying Property and (b) effectuate at or in connection with, and conditioned on, the Closing (and, to the extent reasonably necessary, execute such amendments to this Agreement to provide for) such transactions as are necessary to permit Purchaser or the Surviving Company or any of its Subsidiaries to incur indebtedness, at or after the Closing, that is secured by the REIT Qualifying Property; *provided* that (i) such cooperation shall not interfere unreasonably with the conduct of the business of the Acquired Companies and (ii) the Acquired Companies and the Unitholders shall have no responsibility for, nor any liability with respect to, the determination of whether any property is REIT Qualifying Property.

Section 6.06 *Financial Information*. (a) Not later than February 29, 2016, the Company shall provide Parent with (i) the audited combined statements of income, equity and cash flows of the Acquired Companies for the fiscal year ended December 31, 2015 and the two preceding fiscal years and (ii) the audited combined balance sheets of the Acquired Companies as of December 31, 2015 (the "**Audited Balance Sheet**") and the preceding year end, in each case

together with the notes thereto and accompanied by unqualified opinions of the independent accountants (collectively, the "**Audited Financial Statements**"). As soon as reasonably practicable and no later than 40 days after the end of the applicable fiscal quarter (even if such delivery date occurs after the Closing Date), the Company shall deliver unaudited combined financial statements for any interim quarterly period or periods ended after the date of the Audited Balance Sheet and on or prior to the Closing Date, together with interim financial statements for the same period in the prior year, which interim financial statements shall be prepared in accordance with GAAP on the same basis as the Audited Financial Statements and shall have been reviewed by the Acquired Companies' independent auditors using professional standards and procedures for conducting such reviews as required by Rule 10-01 of Regulation S-X for interim financial statements filed in a periodic report with the Securities and Exchange Commission. The interim financial statements described in the two preceding sentences are the "**Required Interim Financial Statements**". In addition, if the Closing Date does not coincide with the last day of a fiscal quarter, PEG Holdings shall deliver, or cause to be delivered, within 40 days after the end of the fiscal quarter in which the Closing Date occurs, any such financial information in it or its Affiliates' possession for the portion of such fiscal quarter ending on the Closing Date that is reasonably requested by Parent and required by Parent for purposes of preparing pro forma financial statements (which financial information need not be reviewed as set forth above).

(b) Prior to the Closing, the Company shall use its commercially reasonable efforts to cooperate with Parent in connection with its compliance with the federal securities laws or in connection with any financing that Parent intends to consummate, including (i) furnishing financial and other pertinent information relating to the Acquired Companies to the extent reasonably requested by Parent to assist in preparation of customary offering or information documents to be used for the completion of any such financing, (ii) participating in a reasonable number of meetings due diligence sessions, drafting sessions (including accounting due diligence sessions) and sessions with rating agencies in connection with any financing and cooperating reasonably with the any financing provider's due diligence, (iii) assisting with the preparation of (A) any customary offering documents or memoranda, bank information memoranda, prospectuses and similar documents and (B) materials for rating agency presentations and bank information memoranda and similar documents required in connection with any financing, (iv) using commercially reasonable efforts to cause its independent auditors to provide accountants' comfort letters and consents of accountants for use of their reports in connection with any filings required to be made by Parent pursuant to the Securities Act or the Exchange Act, where the Audited Financial Statements are included or incorporated by reference and to participate in due diligence sessions, (v) facilitating the obtaining of guarantees, pledging of collateral and executing and delivering customary pledge and security documents or other definitive financing documents and other certificates and documents as may be reasonably requested by Parent, consistent with the terms of this Agreement, to obtain and perfect security interests in assets of the Acquired Companies that are intended to constitute collateral securing Parent's secured credit facility; *provided* that any obligations contained in all such agreements and documents shall be executed and effective no earlier than the Closing, and (vi) providing authorization letters authorizing the distribution of information to prospective lenders or investors and containing a representation that the public side versions of such documents, if any, do not include material non-public information about the Acquired Companies or securities; *provided*, *however*, that

nothing herein shall require such cooperation to the extent it would interfere unreasonably with the business or operations of the Acquired Companies. None of the Acquired Companies shall be required to take any action that would subject it to actual or potential liability, to bear any cost or expense or to pay any commitment or other similar fee or make any other payment (other than documented and reasonable out-of-pocket costs) or incur any other liability or provide or agree to provide any indemnity in connection with any financing or any of the foregoing prior to the Closing. Parent shall, promptly upon request by the Acquired Companies, reimburse the Acquired Companies for all documented and reasonable out-of-pocket costs incurred by the Acquired Companies in connection with this Section 6.06. The Acquired Companies hereby consents to the reasonable use of the Acquired Companies' logos in connection with any financing. Parent shall promptly, upon request by the Company, reimburse the Company and/or PEG Holdings for all reasonable and documented out-of-pocket costs and expenses (including reasonable attorneys' fees) incurred by any of the Acquired Companies and/or PEG Holdings in connection with such cooperation and shall indemnify and hold harmless the Acquired Companies and their respective Affiliates and Representatives from and against any and all Damages suffered or incurred by any of them in connection with (x) the arrangement of the financing contemplated by this Section 6.06(b) and any information used in connection therewith, except with respect to any information provided by any of the Acquired Companies or PEG Holdings.

Section 6.07 *Support Agreements*. Prior to the Closing, the Company shall use commercially reasonable efforts to obtain executed copies of the Support Agreement from each Unitholder who has not signed a Support Agreement prior to the date hereof and deliver such executed Support Agreements to Parent.

Section 6.08 *Property Tax Filings*. Prior to the Closing Date, the Company shall file all property Tax returns for property Taxes assessed for calendar year 2015 and for all unfiled prior periods in each jurisdiction on Schedule 6.08 of the Company Disclosure Schedule unless no property Taxes were assessed against any of the Acquired Companies or their property in such jurisdiction. The Company shall use commercially reasonable efforts to consult with Parent regarding, and keep Parent informed of, actions taken by the Company pursuant to this Section 6.08 and to allow Parent to review drafts of such Tax Returns prior to filing. The company shall consider in good faith revisions to such Tax Returns proposed by Parent.

ARTICLE 7
COVENANTS OF PEG HOLDINGS

Section 7.01 *Tax Matters*. (a) The parties intend that, for U.S. federal income tax purposes and in accordance with Revenue Ruling 99-6, 1991-1 C.B. 432, the Merger shall be treated (A) with respect to the Unitholders, as a sale of their Company Units and (B) with respect to Purchaser, as a purchase of all of the assets and assumption of all of the liabilities of the Acquired Companies (other than PEG Bandwidth NY I, Inc.) and a purchase of the stock of PEG Bandwidth NY I, Inc. Parent, Purchaser, Merger Sub, the Surviving Company, each of the Acquired Companies and each Unitholder agree to prepare and file their income Tax Returns consistently with the foregoing treatment.

(b) The Tax Consideration shall be allocated among the underlying assets of the Acquired Companies in accordance with the rules of Section 1060 of the Code and the Treasury Regulations thereunder (the "**Purchase Price Allocation**"). No later than 120 days following the Closing Date, Parent shall deliver a draft Purchase Price Allocation to the Unitholders' Representative for its review and comment. If, within 30 days after the delivery of the draft Purchase Price Allocation, the Unitholders' Representative notifies Parent in writing that the Unitholders' Representative objects to any allocation set forth thereon, Parent and the Unitholders' Representative shall negotiate in good faith to resolve such objection. In the event that Parent and the Unitholders' Representative are unable to resolve such dispute within 20 days following the Unitholders' Representative's notification of such objection, Parent and the Unitholders' Representative shall submit the disputed items to the Accounting Referee for resolution. Upon resolution of the disputed items, the allocation reflected on the Purchase Price Allocation shall be adjusted to reflect such resolution. The fees and expenses of the Accounting Referee shall be borne one-half by Parent, on the one hand, and one-half by the Unitholders' Representative (for the account of the Unitholders), on the other hand. Parent, the Unitholders, the Acquired Companies and their respective Affiliates shall file all Tax Returns in a manner consistent with the final Purchase Price Allocation. Any adjustments to the Tax Consideration shall be allocated in a manner that is consistent with the final Purchase Price Allocation.

(c) Parent shall cause all Transfer Taxes to be remitted to the appropriate Taxing Authority when due, and shall cause all necessary Tax Returns to be filed with respect to all such Taxes, and, if required by Applicable Law, the Unitholders will, and will cause their respective Affiliates to, join in the execution of any such Tax Returns. One half of all Transfer Taxes shall be borne by Parent, and the other half shall be borne by the Unitholders' Representative (for the account of the Unitholders).

(d) (i) The Unitholders' Representative shall cause to be prepared, and Parent agrees to promptly cause the Surviving Company to file when so directed by the Unitholders' Representative, all U.S. federal and state partnership income Tax Returns for the Company that solely relate to a Pre-Closing Tax Period and are filed after the Closing Date. All costs and expenses of preparing and filing such Tax Returns shall be borne by the Unitholders' Representative (for the account of the Unitholders). Unitholders' Representative shall (1) provide Parent with a copy of each such Tax Return at least thirty (30) calendar days prior to the earlier of (x) the date such Tax Return is filed and (y) the due date for filing such return (taking into account any extensions thereof) and (2) promptly deliver such additional information regarding such Tax Return as may be reasonably be requested by Parent. Unitholders' Representative shall reasonably and in good faith consider any revisions to such Tax Returns as are requested by Surviving Company, provided that such revisions are requested no more than 15 days after such Tax Return is delivered to Parent. The Unitholders shall include any income, gain, loss, deduction or other Tax items for such periods on their Tax Returns in a manner consistent with the Schedules K-1 furnished by the Surviving Company to the Unitholders for such periods.

(ii) Except as set forth in Section 7.01(d)(i), Parent shall prepare or cause to be prepared and cause to be filed all Tax Returns of the Acquired Companies required to be filed following the Closing Date. To the extent that any such Tax Return includes a Pre-Closing Tax Period, Parent shall (A) provide the Unitholders' Representative with a copy of each such draft Tax Return at least thirty (30) calendar days prior to the earlier of

(x) the date such Tax Return is filed and (y) the due date for filing such return (taking into account any extensions thereof) and (B) promptly deliver such additional information regarding such Tax Return as may reasonably be requested by the Unitholders' Representative. Parent shall reasonably and in good faith consider any revisions to such Tax Returns as are requested by the Unitholders' Representative, provided that such revisions are requested no more than 15 days after such Tax Return is delivered to the Unitholders' Representative. Any Covered Taxes for any Tax Period with respect to which such Tax Returns were filed shall be borne by the Unitholders' Representative (for the account of the Unitholders) as provided in Article 10. To the extent permitted under Applicable Law, Parent and the Unitholders agree to cause the Acquired Companies to file all Tax Returns for the periods including the Closing Date on the basis that the relevant Tax period ended on the Closing Date.

(iii) Parent shall not, and shall not cause any of the Acquired Companies to, (A) amend any Tax Returns of any of the Acquired Companies with respect to any Pre-Closing Tax Period, or (B) make any Tax election in respect of any of the Acquired Companies that has retroactive effect to any Tax Return for a Pre-Closing Tax Period, in each such case, except (1) if such action would have no effect on the liability of the Unitholders' Representative (for the account of the Unitholders) to indemnify the Parent Indemnified Parties hereunder, (2) with the prior written consent of the Unitholders' Representative (which shall not be unreasonably withheld, delayed, or conditioned) or (3) if such amended Tax Return relates to a property Tax and the amount of such property Tax shown as due on such amended Tax return is consistent with the accruals for such property Tax that were taken into account in the calculation of Final Closing Working Capital, Parent shall be permitted to file original Tax returns relating to a property Tax for Pre-Closing Tax Periods; provided that the amount of such property Tax shown as due on such original Tax Returns is consistent with the accruals for such property tax that were taken into account in the calculation of Final Closing Working Capital..

(e) Parent and the Unitholders and their respective Affiliates shall cooperate fully, as and to the extent reasonably requested by the other party, in connection with the filing of Tax Returns and any audit or other proceeding with respect to Taxes of any of the Acquired Companies. Such cooperation shall include the retention and (upon the other party's reasonable request) the provision of records and information which are reasonably relevant to any such audit or other proceeding and within such party's possession or obtainable without material cost or expense, and making employees or other representatives available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder.

(f) For purposes of the determination of Covered Taxes in respect of a Straddle Tax Period, (x) in the case of any Taxes other than escheat, gross receipts, sales or use Taxes and Taxes based upon or related to income, Covered Taxes shall be deemed to include the amount of such Tax for the entire Straddle Tax Period multiplied by a fraction the numerator of which is the number of days in the Straddle Tax Period ending on and including the Closing Date and the denominator of which is the number of days in the entire Straddle Tax Period, and (y) in the case of any Tax based upon or related to income and any escheat, gross receipts, sales or use Tax, the definition of Covered Taxes shall be deemed to include the amount that would be payable if the relevant Straddle Tax Period ended on and included the Closing Date. The amount of any item

that is taken into account only once for each taxable period (e.g., the benefit of graduated Tax rates, exemption amounts, etc.) shall be allocated between the two portions of the Straddle Tax Period in proportion to the number of days in each portion.

(g) Parent shall have the right to control the conduct of any Tax audit or administrative or judicial proceeding or of any demand or claim on the Surviving Company or any of the Acquired Companies relating to Taxes (collectively, a "**Tax Contest**") which could give rise to an indemnification claim under this Agreement; *provided*, *however*, that (i) the Unitholders' Representative shall be entitled to participate in such Tax Contest at its sole expense (including having the opportunity to consult with Parent regarding significant actions and the opportunity to review and comment on significant written materials furnished in connection with such actions) and (ii) Parent shall not settle, compromise or abandon any such Tax Contest without obtaining the prior written consent of the Unitholders' Representative (which shall not be unreasonably withheld, delayed or conditioned).

(h) To the extent that any obligation or responsibility pursuant to Article 11 may conflict with any obligation or responsibility pursuant to this Section 7.01, the provisions of this Section 7.01 shall control.

(i) Notwithstanding anything in this Agreement to the contrary, the provisions of this Section 7.01 shall survive for the full period of all applicable statutes of limitations (giving effect to any waiver, mitigation or extension thereof).

Section 7.02 *Exclusivity*. From the date hereof until the Closing, except for the transactions contemplated by this Agreement, the Company and PEG Holdings shall not, and shall cause their respective Affiliates and Representatives not to, directly or indirectly, solicit, initiate, enter into any contract, or encourage or entertain the submission of any proposal or offer from any Person relating to the direct or indirect acquisition of any of PEG Holdings' or the Company's equity or any Company Units or all or any material portion of the capital stock or other equity interests or the assets of the Company (other than the acquisition of inventory in the ordinary course of business) or PEG Holdings, any of the Acquired Companies (including any acquisition structured as a merger, consolidation, or exchange or otherwise by operation of law) or participate in any discussions or negotiations regarding, furnishing any information with respect to, assisting or participating in, or knowingly facilitating in any other manner any effort or attempt by any Person to do or seek any of the foregoing. Each of the Company and PEG Holdings shall, and shall cause its Affiliates and Representatives to, immediately cease and cause to be terminated any existing discussions or negotiations with any Person (other than Parent, Purchaser and Merger Sub) conducted heretofore with respect to any of the matters addressed in this Section 7.02.

Section 7.03 *Confidentiality*. PEG Holdings acknowledges that the success of the Acquired Companies after the Closing depends upon the continued preservation of the confidentiality of information regarding the business, operations and affairs of the Acquired Companies (including trade secrets, confidential information and proprietary materials, which may include the following categories of information and materials: methods, procedures, computer programs and architecture, databases, customer information, lists and identities, employee lists and identities, pricing information, research, methodologies, contractual forms,

and other information, whether tangible or intangible, which is not publicly available generally) (collectively, "**Confidential Information**") accessed or possessed by PEG Holdings and its Affiliates and that the preservation of the confidentiality of such Confidential Information by PEG Holdings and its Affiliates is an essential premise of the transactions contemplated by this Agreement. Accordingly, PEG Holdings hereby agrees that from and after the Closing Date, PEG Holdings will not, and will not permit its Affiliates or its and their Representatives to, disclose or use (other than for or on behalf of Parent, the Surviving Company or their respective Affiliates, including the Acquired Companies), any Confidential Information of the Acquired Companies; *provided*, *however*, that Confidential Information shall not include (i) any information generally available to, or known by, the public (other than as a result of disclosure in violation hereof), (ii) information lawfully acquired after the Closing Date by PEG Holdings or its Affiliates or its and their Representatives from sources other than Parent, the Surviving Company and their respective Affiliates and Representatives (including the Acquired Companies) (provided that such sources are not known by such party to be bound by a confidentiality agreement or other known restriction on disclosing the information), (iii) information independently developed by PEG Holdings or its Affiliates without reliance on, or reference to, the Acquired Companies' Confidential Information, (iv) information the disclosure of which is required by Applicable Law (but only to the extent that such information is required by Applicable Law to be disclosed and subject to the requirement that the disclosing party use commercially reasonable efforts to seek a protective order causing such information so disclosed to be kept confidential) or (v) financial and tax related financial information to the extent related to any period prior to Closing (to the extent used or disclosed for a bona fide business purpose of the disclosing party). The covenant set forth in this Section 7.03 shall terminate five years after the Closing Date.

ARTICLE 8
COVENANTS OF PARENT, PURCHASER AND MERGER SUB

Section 8.01 *Obligations of Parent, Purchaser and Merger Sub; No Issuance*. (a) Parent will cause Purchaser and Merger Sub to perform their respective obligations under this Agreement and to consummate the transactions contemplated hereby on the terms and subject to the conditions set forth in this Agreement. None of Parent, Purchaser or Merger Sub shall acquire any Person or assets, enter into or form any joint venture if such action would reasonably be expected to prevent the Closing from occurring prior to the five-month anniversary of this Agreement.

(b) From the date hereof until the Closing, the provisions set forth in Section 7(c)(i) of the Certificate of Designations shall apply as though the Convertible Preferred Shares to be issued pursuant to Article 2 hereof at the Closing were outstanding, with every reference in such Section 7(c) to "Holders" being deemed to be a reference to PEG Holdings.

(c) Prior to the Closing Date, the Parent shall increase the number of directors then constituting its board of directors by one and, effective upon Closing, Parent's board of directors shall act to appoint a director designated by PEG Holdings, and reasonably acceptable to Parent.

Section 8.02 *Employee Matters.* (a) For a period of one year following the Closing Date (or such shorter period of employment, as the case may be), Parent shall provide (or cause to be provided) to each Acquired Company Employee who is employed by the Acquired Companies on the Closing Date (each, a "**Covered Employee**"): (i) base salary and short-term cash incentive opportunities (including such opportunities under sales and commission plans and programs), in each case, that are no less favorable than the base salary and short-term cash incentive opportunities (including such opportunities under sales and commission plans and programs) in effect immediately prior to the Closing Date (excluding, in each case, transaction based bonus opportunities or other similar extraordinary compensation arrangements under the Employee Plans) and (ii) employee benefits that are substantially comparable in the aggregate to those provided by the Acquired Companies to each such Acquired Company. Prior to the Closing Date, the Company shall take all actions necessary to terminate, or cause to be terminated, effective no later than immediately prior to the Closing Date, the participation of individuals who are currently or formerly employed or engaged by AP Service Company, LLC in the Employee Plans.

(b) With respect to any employee benefit plan of Parent or any of its Subsidiaries in which any Covered Employee becomes a participant following the Closing, such employee shall receive full credit for such employee's service with the Acquired Companies to the same extent that such service was recognized under an analogous plan of the Acquired Companies in which such Covered Employee participated as of immediately prior to the Closing for vesting and eligibility purposes (but not for benefit accrual purposes, except for vacation and severance, as applicable); provided that the foregoing shall not apply to the extent that its application would result in a duplication of benefits.

(c) In the event of any change in the welfare benefits provided to an Acquired Company Employee following the Closing Date, Parent shall, or shall cause its Subsidiaries to, use its commercially reasonable efforts to (i) waive all limitations as to preexisting conditions exclusions and all waiting periods with respect to participation and coverage requirements applicable to each Acquired Company Employee under any welfare benefit plan in which an Acquired Company Employee is eligible to participate on or after the Closing Date to the same extent as such conditions and waiting periods have been waived under the applicable Employee Plans and (ii) credit each Acquired Company Employee for any co-payments, deductibles and other out-of-pocket expenses paid prior to the Closing Date under the terms of any corresponding Employee Plan in satisfying any applicable deductible, co-payment or out-of-pocket requirements for the plan year in which the Closing Date occurs under any welfare benefit plan in which the Acquired Company Employee participates on and after the Closing Date.

(d) Nothing in this Section 8.02 shall (i) be treated as an amendment of, or undertaking to amend, any Employee Plan, (ii) prohibit Parent or any of its Subsidiaries from amending any Employee Plan, (iii) require Parent or any of its Subsidiaries to continue the employment of any Acquired Company Employee for any period of time or, subject to any applicable arrangement covering such employee, to provide such employee with any payments or benefits upon any termination of such employee's employment or (iv) confer any rights or benefits on any Person other than the parties to this Agreement.

ARTICLE 9
ADDITIONAL COVENANTS

Section 9.01 *Efforts; Further Assurances*. (a) Subject to the terms and conditions of this Agreement, each of Parent, Purchaser, Merger Sub, the Surviving Company, PEG Holdings and the Company will use reasonable best efforts to take, or cause to be taken (including, in the case of the Company, by causing the other Acquired Companies to take), all actions and to do, or cause to be done, all things necessary or desirable under Applicable Laws to consummate the transactions contemplated by this Agreement, including (i) determining whether any action by or in respect of, or filing with, any Governmental Authority (in addition to the Required Governmental Approvals) is required in connection with the consummation of the transactions contemplated by this Agreement, (ii) preparing and filing as promptly as practicable with any Governmental Authority all documentation to effect all necessary filings, notices, petitions, statements, registrations, submissions of information, applications and other documents, or taking any other required action, including the filings in respect of the Required Governmental Approvals, and (iii) obtaining and maintaining all approvals, consents, registrations, permits, authorizations and other confirmations required to be obtained from any Governmental Authority that are necessary, proper or advisable to consummate the transactions contemplated by this Agreement, including the Required Governmental Approvals. Each of Parent, Purchaser, Merger Sub, PEG Holdings and the Company agree to execute and deliver, or cause to be executed and delivered (including, the case of the Company, by causing the other Acquired Companies to execute and deliver), such other documents, certificates, agreements and other writings and to take such other actions as may be necessary or desirable in order to consummate or implement expeditiously the transactions contemplated by this Agreement and the Transaction Documents. Each of Parent, Purchaser, Merger Sub and the Company shall promptly notify the other parties hereto of any written notice from any Governmental Authority in connection with the transactions contemplated by this Agreement or the Transaction Documents.

(b) In furtherance and not in limitation of the foregoing, as promptly after the date hereof as reasonably practicable, (i) each of Parent and the Company shall make an appropriate filing of a Notification and Report Form pursuant to the HSR Act with respect to the transactions contemplated hereby as promptly as practicable after the date hereof and supply as promptly as practicable any additional information and documentary material that may be requested pursuant to the HSR Act and take all other actions necessary to cause the expiration or termination of the applicable waiting periods under the HSR Act as soon as practicable, and (ii) Purchaser shall prepare and the relevant party shall submit the filings and notices associated with the Required Governmental Approvals. Each of Parent and the Company shall furnish to the other such necessary information and reasonable assistance as the other may request in connection with its preparation of any filing or submission that is necessary under the HSR Act and shall keep each other apprised of the status of any communications with, and any inquiries or requests for additional information from, any Governmental Authority in connection with such filing or submission.

Section 9.02 *Public Announcements; Confidentiality*. (a) The parties agree to consult with each other before issuing or making (and the Company agrees to cause the other Acquired Companies to consult with Parent, Purchaser and Merger Sub), and shall mutually agree upon the content and timing of, any press release or any public statement with respect to this Agreement

or the transactions contemplated hereby and, except for any press releases and public statements the making of which is or is reasonably believed to be required by Applicable Law or any listing agreement with any national securities exchange (in which case, the party proposing to issue such press release or make such public announcement shall to the extent reasonably permissible under such Applicable Law or listing agreement and reasonably practicable under the circumstances consult in good faith with the other party before issuing any such press release or making any such public announcement), will not issue any such press release or make any such public statement prior to such consultation and agreement.

(b) The terms of the Confidentiality Agreement shall continue in full force and effect up to the Closing in accordance with its terms (and any information shared under Section 6.02 shall be subject to the Confidentiality Agreement) and are incorporated by reference herein. Except as required by Applicable Law or any listing agreement with any national securities exchange, each party hereto shall maintain the confidentiality of the terms of this Agreement and the Transaction Documents and the transactions contemplated hereby and thereby. If this Agreement is, for any reason, terminated prior to the Closing, the Confidentiality Agreement shall continue in full force and effect. At the Closing, each of Parent and PEG Holdings shall cause the Confidentiality Agreement to be terminated with respect to information to the extent relating to the Acquired Companies; *provided*, *however*, that Parent and the Surviving Company acknowledge that any and all information provided to them or any of their Representatives by any Unitholder or its Representatives to the extent relating exclusively to any Unitholder or its Affiliates shall remain subject to the terms and conditions of the Confidentiality Agreement.

Section 9.03 *Notices and Consents*. Each of Parent, Purchaser, Merger Sub, PEG Holdings and the Company shall cooperate with one another, and the Company shall cause the other Acquired Companies to cooperate with Parent, Purchaser and Merger Sub in determining whether any actions are required to be taken or any consents, approvals or waivers are required to be obtained from parties to any Material Contracts or other contracts, in connection with the consummation of the transactions contemplated by this Agreement. Upon Merger Sub's, Purchaser's or Parent's request, the Company and PEG Holdings shall, and shall cause the other Acquired Companies to, use commercially reasonable efforts (including by cooperating with the Merger Sub and Parent) in connection with the giving of notices of the transactions contemplated by this Agreement to any third parties, including pursuant to any contracts or agreements to which any of the Acquired Companies is a party. Prior to the Closing, Parent, Purchaser, Merger Sub and the Company shall use their respective commercially reasonable efforts (and the Company shall cause the other Acquired Companies to use their respective commercially reasonable efforts) to obtain any third party consents, waivers or novations required pursuant to the terms of any contracts or agreements that are necessary or appropriate to operate the Acquired Companies after the Closing. Parent, Purchaser, Merger Sub and the Company shall each bear their own costs and expenses incurred in connection with obtaining any such consents; *provided* that in connection with obtaining any such third party consent, waiver or novation, none of Parent, Purchaser, Merger Sub or any Acquired Company will be required to (and, without the written consent of Parent, Purchaser or Merger Sub, will any Acquired Company) make or agree to make more than a de minimis payment (one half of which shall be promptly reimbursed by Parent, Purchaser or Merger Sub upon notice from the Acquired Company) or

accept any material conditions or obligations, including amendments to existing conditions and obligations.

Section 9.04 *Notices of Certain Events*. (a) Each party shall promptly notify the other party in writing of the occurrence of any matter or event that would cause any of the conditions set forth in Section 10.01 not to be satisfied.

(b) Each of PEG Holdings and the Company shall promptly notify the other parties in writing of the occurrence of any matter or event that would cause any of the conditions in Section 10.02 not to be satisfied

(c) Each of Parent, Purchaser and Merger Sub shall promptly notify the other parties in writing of the occurrence of any matter or event that would cause any of the conditions in Section 10.03 not to be satisfied.

(d) The Company shall promptly notify Parent, Purchaser and Merger Sub of any notice or other communication from any Person asserting such Person is entitled to compensation or consideration from any of Merger Sub, Parent, Purchaser, the Acquired Companies or any of their respective Affiliates in connection with the transactions contemplated by this Agreement and the Transaction Documents other than as reflected on the Allocation Schedule.

(e) The delivery of any notice pursuant to this Section 9.04 shall not limit or otherwise affect the remedies available hereunder to the party receiving such notice.

Section 9.05 *Releases*. (a) From and after the Closing, subject to the proviso set forth below in this Section 9.05(a), PEG Holdings, on behalf of itself, its Affiliates (other than the Acquired Companies, the Surviving Company and any Affiliate that has entered into a Support Agreement) and any of their respective successors, assigns, heirs and legal representatives (each, a "**Unitholder Releasing Party**"), hereby releases, remises and forever discharges the Acquired Companies, Parent, the Surviving Company, their respective (current, former and future) Affiliates, and their respective current and former equityholders, directors, officers, employees agents, representatives, successors and assigns of each of the foregoing, in each case, other than the Unitholders and any other Unitholder Releasing Party (each, a "**Parent Released Party**"), from any and all liability whatsoever whether known or unknown, asserted or unasserted, absolute or contingent, accrued or unaccrued and whether due or payable (each, a "**Liability**") that any of the Parent Released Parties may have to any of the Unitholder Releasing Parties, in any capacity, including in the capacity as a director, officer, and/or employee, whether directly or derivatively through any of the Acquired Companies, and whether asserted contemporaneously with, prior to or after consummation of the transactions contemplated hereby or by the Transaction Documents, but solely on account of or arising out of (i) any acts, omissions, transactions, matters, causes or events occurring prior to, contemporaneously with or up to and including the Closing Date, (ii) the approval or consummation of the transactions contemplated hereby or by any Transaction Document or any other agreement contemplated herein or therein, and (iii) any alleged inaccuracy or miscalculation in, or otherwise relating to the preparation of, the Allocation Schedule and the allocation set forth therein or the payments (or allocation of forms of consideration) made in accordance therewith (the release of matters set forth in

clauses (i), (ii) and (iii), the "**Unitholder Release**"); *provided*, *however*, that nothing in the foregoing Unitholder Release shall limit in any manner any rights to (w) enforce the rights of PEG Holdings, the other Unitholders or any other Unitholder Releasing Party under this Agreement or any Transaction Document, (x) full and complete payment of the consideration contemplated by this Agreement or any Transaction Document as calculated in accordance with the Allocation Schedule, (y) indemnification under Article 11 or (z), if PEG Holdings, such Unitholder or such other Unitholder Releasing Party is an officer, director or employee of any Parent Released Party, (1) any rights to earned but unpaid wages or compensation, unpaid vacation or unreimbursed business expenses and (2) any claims to indemnification and exculpation provisions under the applicable organizational documents by PEG Holdings, such Unitholder or such other Unitholder Releasing Party, as applicable, in such capacity as a director or officer or under directors' and officers' liability insurance policies. Notwithstanding anything herein to the contrary, this Unitholder Release and related covenant not to sue will not be effective so as to benefit a particular Parent Released Party in connection with any matter or event that would otherwise constituted released matter, but involved fraud or criminal behavior on the part of such Parent Released Party.

(b) From and after the Closing, subject to the proviso set forth below in this Section 9.05(b), each of the Parent and the Surviving Company, on behalf of itself, its Affiliates and any of their respective successors, assigns, heirs and legal representatives (each, a "**Parent Releasing Party**" and, together with the Unitholder Releasing Party, the "**Releasing Parties**") hereby releases, remises and forever discharges the Unitholders, PEG Holdings, their respective (current, former and future) Affiliates, and their respective current and former equityholders, directors, officers, employees agents, representatives, successors and assigns of each of the foregoing (each, a "**Unitholder Released Party**" and, together with the Parent Released Party, the "**Released Parties**"), from any and all Liability that any of the Unitholder Released Parties may have to any of the Parent Releasing Parties, in any capacity, including in the capacity as a director, officer, and/or employee, whether directly or derivatively through any of the Acquired Companies, and whether asserted contemporaneously with, prior to or after consummation of the transactions contemplated hereby or by the Transaction Documents, but solely on account of or arising out of (i) any acts, omissions, transactions, matters, causes or events occurring prior to, contemporaneously with or up to and including the Closing Date and (ii) the approval or consummation of the transactions contemplated hereby or by any Transaction Document or any other agreement contemplated herein or therein (the release of matters set forth in clauses (i) and (ii), the "**Parent Release**" and, together with the Unitholder Release, the "**Releases**"); *provided*, *however*, that nothing in the foregoing Parent Release shall limit in any manner any rights (w) in respect of performance obligations after the Closing Date under any employment, consulting or other similar arrangements with a Unitholder Released Party, (x) to enforce Parent's or the Surviving Company's rights under this Agreement or any Transaction Document and (y) to indemnification under Article 11. Notwithstanding anything herein to the contrary, this Parent Release and related covenant not to sue will not be effective so as to benefit a particular Unitholder Released Party in connection with any matter or event that would otherwise constituted released matter, but involved fraud or criminal behavior on the part of such Unitholder Released Party.

(c) Each Releasing Party hereby irrevocably covenants to refrain from, directly or indirectly, through the Company or otherwise, asserting any claim or demand, or commencing, instituting or causing to be commenced any action, suit, proceeding, investigation or other claim, of any kind against any Released Party before any Governmental Authority or other forum by reason of any matters covered by the Releases. Each Releasing Party represents to the Released Parties that it has not assigned or transferred or purported to assign or transfer to any Person all or any part of, or any interest in, any claim, contention, demand, cause of action (at law or in equity) or Liability of any nature, character or description whatsoever, which is or which purports to be released or discharged by the Releases. Each Releasing Party hereby represents that it understands and acknowledges that it may hereafter discover facts and legal theories concerning the Releases and the subject matter hereof in addition to or different from those of which it now believes to be true. Each Releasing Party understands and hereby agrees that the Releases shall remain effective in all respects notwithstanding those additional or different facts and legal theories or the discovery of those additional or different facts or legal theories. Each Releasing Party assumes the risk of any mistake of fact or Applicable Law with regard to any potential claim or with regard to any of the facts that are now unknown to it relating thereto. Notwithstanding anything to the contrary set forth herein, each Release and all obligations assumed thereunder shall remain binding on the relevant Releasing Party.

Section 9.06 *Certain Acknowledgements*. Each of the Company and PEG Holdings acknowledges that Parent, Purchaser and Merger Sub would be unwilling to enter into, or consummate the transactions contemplated by, this Agreement in the absence of the covenants contemplated by Section 7.02, Section 7.03, Section 9.05(a) and Section 9.05(c) and that the covenants contemplated by Section 7.02, Section 7.03, Section 9.05(a) and Section 9.05(c) constitute a material inducement to Parent, Purchaser and Merger Sub to enter into, and consummate the transactions contemplated by (including payments of the amounts contemplated by) this Agreement. Each of Parent, Purchaser and Merger Sub acknowledge that the Company and PEG Holdings would be unwilling to enter into, or consummate the transactions contemplated by, this Agreement in the absence of the covenants contemplated by Section 9.05(b) and Section 9.05(c) and that the covenants contemplated by Section 9.05(b) and Section 9.05(c) constitute a material inducement to the Company and PEG Holdings to enter into, and consummate the transactions contemplated by (including payments of the amounts contemplated by) this Agreement.

Section 9.07 *Books and Records.* For a period of six years after the Closing Date or such longer time as may be required by Applicable Law (i) Parent shall not, and shall cause its Affiliates not to, dispose of or destroy any of the books and records of the Acquired Companies in the possession of Parent or its Affiliates for periods prior to the Closing (the "**Books and Records**") without first offering to turn over possession thereof to the Unitholder by written notice to Unitholders' Representative at least 60 days prior to the proposed date of such disposition or destruction and (ii) upon reasonable advance notice, Parent shall, and shall cause its Affiliates to, give the Unitholders and the Unitholders' Representatives reasonable access, during normal business hours and without undue interruption of Parent's or such Affiliate's business, to all Books and Records at reasonable times, and the Unitholders' Representative shall have the right, at its own expense, to make copies of any Books and Records, but in the case of each of clauses (i) and (ii) solely to the extent (x) reasonably required by a Unitholder in

connection with any Tax audit or other action by a Governmental Authority with respect to such Unitholder's ownership of Company Units prior to the Closing, (y) necessary to comply with Applicable Law and (z) related to the defense of a claim made by a third Person (other than Parent or its Affiliates). Notwithstanding anything herein to the contrary, no such access, disclosure or copying shall be permitted for a purpose related to a dispute or potential dispute with Parent, the Surviving Company or any of their respective Affiliates.

ARTICLE 10
CONDITIONS TO CLOSING

Section 10.01 *Conditions to Obligations of Parent, Purchaser, Merger Sub and the Company*. The obligations of Parent, Purchaser, Merger Sub and the Company to consummate the Closing are subject to the satisfaction of the following conditions (or, to the extent permitted by Applicable Law, waiver by each of (i) Parent, on behalf of Parent, Purchaser and Merger Sub, and (ii) the Company):

(a) Any applicable waiting period under the HSR Act relating to the transactions contemplated hereby shall have expired or been terminated.

(b) The Required Governmental Approvals shall have been obtained, or in the case of required notices, shall have been filed.

(c) No provision of any Applicable Law and no judgment, injunction, order or decree shall prohibit, restrain or make illegal the consummation of the transactions contemplated hereby or the Transaction Documents.

Section 10.02 *Conditions to Obligation of Parent, Purchaser and Merger Sub*. The obligations of Parent, Purchaser and Merger Sub to consummate the Closing is subject to the satisfaction (or, to the extent permitted by Applicable Law, waiver by Parent, on behalf of itself and Merger Sub) of the following further conditions:

(a) Each of PEG Holdings and the Company shall have performed in all material respects all of its obligations hereunder required to be performed by it on or prior to the Closing Date.

(b) (i) The representations and warranties of PEG Holdings contained in Section 3.02 and the representations and warranties of the Company contained in Sections 4.02 and 4.05 shall be true and correct in all respects other than in de minimis respects at and as of the Closing Date, as if made at and as of such date (other than such representations and warranties that by their terms address matters only as of another specified time, which shall be so true and correct only as of such time); (ii) the representations and warranties of PEG Holdings contained in Sections 3.01, 3.03(i) and 3.05 and the representations and warranties of the Company contained in Sections 4.01(a), 4.01(d), 4.04(i), 4.06(a), 4.06(c), 4.11, 4.18 and 4.22 (in each case, disregarding all materiality and Company Material Adverse Effect qualifications contained therein) shall be true and correct in all material respects at and as of the

Closing Date, as if made at and as of such date (other than such representations and warranties that by their terms address matters only as of another specified time, which shall be so true and correct only as of such time); and (iii) the other representations and warranties of PEG Holdings and the Company contained in this Agreement (disregarding all materiality and Company Material Adverse Effect qualifications contained therein) shall be true and correct at and as of the Closing Date as if made at and as of such date (other than such representations and warranties that by their terms address matters only as of another specified time, which shall be so true and correct only as of such time) except for such exceptions as would not, individually or in the aggregate, have, or reasonably be expected to have, a Company Material Adverse Effect.

(c) Since the date of this Agreement there shall not have occurred any Company Material Adverse Effect.

(d) Parent, Purchaser and Merger Sub shall have received a certificate signed by (i) PEG Holdings certifying as to the satisfaction of the conditions set forth in Section 10.02(a) (with respect to PEG Holdings' compliance with its obligations contained in this Agreement) and Section 10.02(b) (with respect to PEG Holdings' representations in Article 3) and (ii) an executive officer of the Company certifying as to the satisfaction of the conditions set forth in Sections 10.02(a) (with respect to the Company's compliance with its obligations contained in this Agreement) and 10.02(b) (with respect to the Company's representations in Article 4).

(e) Merger Sub shall have received from the Company a certificate described in Treasury Regulations Section 1.1445 11T(d)(2), in form and substance reasonably satisfactory to Parent, signed by the Managing Member of the Company under penalties of perjury no earlier than 30 days before the Closing Date.

Section 10.03 *Conditions to Obligation of the Company*. The obligation of the Company to consummate the Closing is subject to the satisfaction (or, to the extent permitted by Applicable Law, waiver by the Company) of the following further conditions:

(a) Each of Parent and Merger Sub shall have performed in all material respects all of its respective obligations hereunder required to be performed by it at or prior to the Closing Date.

(b) (i) The representations and warranties of Parent, Purchaser and Merger Sub contained in Sections 5.01(a), 5.01(d), 5.02, 5.04(i), 5.05(b), 5.07 and 5.09 (disregarding all materiality and Parent Material Adverse Effect qualifications contained therein) shall be true and correct in all material respects at and as of the Closing Date as if made at and as of such date (other than such representations and warranties that by their terms address matters only as of another specified time, which shall be so true and correct only as of such time) and (ii) the other representations and warranties of Parent, Purchaser and Merger Sub contained in this Agreement shall be true at and as of the Closing Date as if made at and as of such date (other than such representations and warranties that by their terms address matters only as of another specified time, which shall be so true and correct

only as of such time), except for such exceptions as would not, individually or in the aggregate, have, or reasonably be expected to have, a Parent Material Adverse Effect.

(c) The Company shall have received a certificate signed by an officer of Parent certifying as to Parent's, Purchaser's and Merger Sub's satisfaction of the conditions set forth in Sections 10.03(a) and 10.03(b).

(d) Parent shall have adopted the Certificate of Designations and the Certificate of Designations shall have been filed with and accepted by, the State Department of Assessments and Taxation of Maryland and in accordance with the laws of the State of Maryland.

ARTICLE 11
SURVIVAL; INDEMNIFICATION

Section 11.01 *Survival*. The representations and warranties of the parties hereto contained in this Agreement shall not survive the Closing; *provided* that the representations and warranties of PEG Holdings contained in Sections 3.01, 3.02, 3.03(i) and 3.05, the representations and warranties of the Company contained in Sections 4.01(a), 4.01(d), 4.02, 4.04(i), 4.05, 4.06(a), 4.06(c), 4.18 and 4.22 and the representations and warranties of Parent, Purchaser and Merger Sub contained in Sections 5.01(a), 5.01(d), 5.02, 5.04(i), 5.05(b), 5.07 and 5.09 (collectively, the "**Fundamental Representations**") shall survive indefinitely or until the latest date permitted by Applicable Law, the representations and warranties of the Company contained in Section 4.11 shall survive the closing until 60 days after the expiration of the applicable statute of limitations and the representations and warranties of Parent, Purchaser and Merger Sub contained in Section 5.10 shall survive the Closing for a period of one year. The covenants and agreements of the Company that (i) by their terms are to be performed in full prior to the Closing shall not survive the Closing; *provided* that indemnification claims for breach of Section 6.01, Section 6.02, Section 6.03 and Section 8.01(b) (the "**Pre-Closing Covenants**") pursuant to Section 11.02(a)(i)(B) and Section 11.02(b)(ii) may be brought for up to one year following the Closing and (ii) by their terms are to be performed in full or in part at or after the Closing (the "**Post-Closing Covenants**") shall survive the Closing. Notwithstanding the preceding sentences, any breach of representation, warranty, covenant or agreement in respect of which indemnity may be sought under this Agreement shall survive the time at which it would otherwise terminate pursuant to the preceding sentences if requisite written notice pursuant to Section 11.03 of the breach thereof giving rise to such right of indemnity shall have been given to Parent (if the indemnity is sought against the Surviving Company) or the Unitholders' Representative (if the indemnity is sought against the Unitholders), as applicable, prior to such time.

Section 11.02 *Indemnification.* a) Subject to the limitations set forth in this Article 11, effective at and after the Closing,

(i) the Unitholders' Representative (for the account of the Unitholders) hereby indemnifies Parent, Purchaser, Merger Sub, their Affiliates and their respective successors and assignees and, effective as of the Closing, without duplication, the

Surviving Company, the Acquired Companies and their respective successors and assignees (collectively, the "**Parent Indemnified Parties**") against and agrees to hold each of them harmless from any and all damage, loss, liability, fines, penalties, diminution in value and expense (including reasonable expenses of investigation and reasonable attorneys' fees and expenses in connection with any action, suit or proceeding whether involving a Third Party Claim or a claim solely between the parties hereto to enforce the provisions hereof but not including (1) punitive, exemplary or multiplied damages of any kind or (2) indirect, incidental, consequential or lost profits damages of any kind to the extent such damages set forth in this clause (2) are not foreseeable; *provided* that damages set forth in clause (1) and (2) shall be included to the extent such damages are payable by an Indemnified Party to an unaffiliated third party in connection with a Third Party Claim) ("**Damages**"), incurred or suffered by the Surviving Company or any other Parent Indemnified Party arising out of or resulting from:

(A) subject to Section 11.01, any breach of any Fundamental Representation made by the Company pursuant to this Agreement (determined without regard to any qualification or exception contained therein relating to materiality, Company Material Adverse Effect or similar qualification or standard);

(B) any breach of a Pre-Closing Covenant made or to be performed by the Company pursuant to this Agreement (subject to Section 11.01);

(C) any Unpaid Transaction Expenses, to the extent not taken into account in the calculation of the Final Cash Merger Consideration pursuant to Section 2.12;

(D) any Closing Indebtedness, to the extent not taken into account in the calculation of the Final Cash Merger Consideration pursuant to Section 2.12;

(E) any inaccuracy in the Allocation Schedule or Damages arising out of claims from any Unitholder or Option Holder related to or arising out of the Allocation Schedule, or the treatment of any Option or Restricted Unit pursuant to Section 2.08(d), including to the extent any Unitholder or Option Holder is entitled to receive any amounts (in its capacity as a Unitholder or Option Holder) in excess of the amounts (as applicable) indicated in the Allocation Schedule;

(F) any Covered Taxes, to the extent not taken into account in the calculation of the Final Closing Working Capital;

(G) any demand for appraisal by any Unitholder or other owner of ownership interests of the Company in connection with the Merger;

(H) any claim by any Unitholder or other owner of ownership interests of the Company in connection with the Merger or the other transactions contemplated by this Agreement, including any alleged breach of any duty by

any officer, manager, director, Unitholder or other owner of ownership interests of the Company in connection with this Agreement and the transactions contemplated hereby; and

(I) any amounts payable by any Parent Indemnified Party pursuant to indemnification obligations under the Escrow Agreement.

Notwithstanding anything herein to the contrary, each Unitholder's obligations to reimburse the Unitholders' Representative under this Section 11.02(a)(i) and Section 11.09(c) shall be several, and not joint with the other Unitholders, in proportion to such Unitholder's Pro Rata Share.

Notwithstanding anything herein to the contrary, (i) Section 11.02(a)(i)(F) shall be the sole and exclusive remedy of the Parent Indemnified Parties with respect to Taxes of the Acquired Companies and (ii) in no event shall any Parent Indemnified Party be indemnified for Taxes of any Acquired Company that relate to a Post-Closing Tax Period, except to the extent that such Taxes arise out of or result from a breach of Section 4.11(h).

(ii) PEG Holdings hereby indemnifies the Parent Indemnified Parties against and agrees to hold each of them harmless from any and all Damages incurred or suffered by any of the Parent Indemnified Parties arising out of or resulting from

(A) any breach of any Fundamental Representation made by PEG Holdings pursuant to this Agreement (determined without regard to any qualification or exception contained therein relating to materiality or similar qualification or standard);

(B) any breach of any Post-Closing Covenant made or to be performed by PEG Holdings pursuant to this Agreement; and

(C) any failure by PEG Holdings acting as Unitholders' Representative to pay or deliver to the Unitholders the Merger Consideration or other amounts paid or delivered by Parent or its Affiliates to PEG Holdings as Unitholders' Representative for the benefit of or in trust for the Unitholders.

(b) Effective at and after the Closing, Parent shall indemnify each Unitholder and its Affiliates and its successors and assignees against and agrees to hold each of them harmless from any and all Damages incurred or suffered by such Unitholder or any of their respective Affiliates or any of its successors and assignees arising out of or resulting from:

(i) subject to Section 11.01, (A) any breach of any Fundamental Representation made by Parent, Purchaser or Merger Sub (determined without regard to any qualification or exception contained therein relating to materiality, Parent Material Adverse Effect or similar qualification or standard) or (B) any breach of any representation or warranty made in Section 5.10 made by Parent, Purchaser or Merger Sub pursuant to this Agreement;

(ii) any breach of a Pre-Closing Covenant or Post-Closing Covenant made or to be performed by Parent, Purchaser or Merger Sub pursuant to this Agreement; and

(iii) any costs, fees and expenses (including any Taxes) incurred by such Unitholder and its Affiliates or any Acquired Company or any of their respective Affiliates in connection with the transactions contemplated by Section 6.05;

provided; *however*, that only such Unitholders and their Affiliates and their respective successors and assignees who receive Convertible Preferred Shares and/or Parent Common Stock under Article 2 of this Agreement shall be indemnified for breaches of any representation or warranty in Section 5.10 (such breaches, "**Parent Warranty Breaches**") made by Parent, Purchaser or Merger Sub; *provided, further*, that in the case of indemnification for Parent Warranty Breaches (1) Parent shall not be liable for any Damages related to a Parent Warranty Breach unless the aggregate amount of Damages with respect to such Parent Warranty Breach exceeds $1,500,000 (the "**Basket Amount**") and then only to the extent such aggregate amount exceeds the Basket Amount; and (2) Parent's maximum liability for all such Parent Warranty Breaches shall not exceed $106,000,000; *provided, further,* that the foregoing limitations shall not apply to the extent such Damages are the result of fraud.

Notwithstanding anything herein to the contrary, the Unitholders' Representative shall have the sole right to enforce the indemnity set forth in Section 11.02(b) on behalf of the Unitholders.

Section 11.03 *Procedures.* (a) The party seeking indemnification under Section 11.02 (the "**Indemnified Party**") agrees to give prompt notice in writing to the party against whom indemnity is to be sought (or to the Unitholders' Representative in the case of an indemnification claim pursuant to Section 11.02(a)) (the "**Indemnifying Party**") of the assertion of any claim or the commencement of any suit, action or proceeding ("**Claim**") in respect of which indemnity may be sought under such Section 11.02. Such notice shall set forth in reasonable detail such Claim and the basis for indemnification (taking into account the information then available to the Indemnified Party). The failure to so notify the Indemnifying Party shall not relieve the Indemnifying Party of its obligations hereunder, except to the extent such failure shall have materially and adversely prejudiced the Indemnifying Party.

(b) The Indemnifying Party (or the Unitholders' Representative in the case of an indemnification claim pursuant to Section 11.02(a)(i)) shall be entitled to participate in the defense of any Claim asserted by any third party ("**Third Party Claim**") and, subject to the limitations set forth in this Section 11.03, shall be entitled to control and appoint lead counsel for such defense, in each case at its own expense.

(c) If the Indemnifying Party (or the Unitholders' Representative in the case of an indemnification claim pursuant to Section 11.02(a)(i)) desires to assume the control of the defense of any Third Party Claim in accordance with the provisions of this Section 11.03, the Indemnifying Party shall give written notice to the Indemnified Party within twenty days after the Indemnified Party has given written notice to the Indemnifying Party (or the Unitholders' Representative in the case of an indemnification claim pursuant to Section 11.02(a)(i)) of the Third Party Claim. If such notice is timely given, the Indemnifying Party (or the Unitholders'

Representative in the case of an indemnification claim pursuant to Section 11.02(a)(i)) shall be entitled to control and appoint lead counsel for such defense so long as (i) the Third Party Claim involves primarily a claim for monetary damages and any claim for an order, injunction or other equitable relief or relief for other than monetary damages against the Indemnified Party as part of such claim is a frivolous or de minimis aspect of such claim (provided that if the Third Party Claim seeks an order, injunction or other equitable relief or relief for other than monetary Damages against the Indemnified Party that are more than frivolous or de minimis and the Indemnified Party reasonably determines, after conferring with its outside counsel, that the portion of such claim relating to the order, injunction or other equitable relief or relief for other than monetary Damages can be readily separated from any related claim for monetary Damages, the Indemnifying Party shall be entitled to assume the control of the defense of the portion relating to monetary Damages), (ii) the Indemnifying Party provides the Indemnified Party with (x) evidence reasonably acceptable to the Indemnified Party that the Indemnifying Party will have adequate financial resources to defend against the Third Party Claim and fulfill its indemnification obligations hereunder and (y) a statement that, based on the facts set forth in the notice required by Section 11.03, the Indemnifying Party would have an indemnity obligation for the Damages resulting from such Third Party Claim, and (iii) the Third Party Claim does not relate to or otherwise arise in connection with any criminal or regulatory enforcement action.

(d) If the Indemnifying Party (or the Unitholders' Representative in the case of an indemnification claim pursuant to Section 11.02(a)(i)) is controlling the defense of a Third Party Claim, the Indemnifying Party shall obtain the prior written consent of the Indemnified Party before entering into any settlement, compromise or discharge of such Third Party Claim; *provided* that the Indemnified Party shall agree to any settlement, compromise or discharge of a Third Party Claim that the Indemnifying Party may recommend and that by its terms (i) obligates the Indemnifying Party to pay the full amount of the Damages in connection with such Third Party Claim and the Indemnifying Party has the financial ability to pay the full amount of such Damages and which releases in full the Indemnified Party completely in connection with such Third Party Claim, (ii) does not impose injunctive or equitable relief or require an admission of liability or wrongdoing on behalf of the Indemnified Party or its Affiliates and (iii) contains a full and unconditional release of the Indemnified Party and its Affiliates from all Damages and obligations with respect to such Third Party Claim.

(e) If the Indemnifying Party does not timely deliver the notice contemplated by Section 11.03(c), or if such notice is given on a timely basis but any of the other conditions in Section 11.03(c) is unsatisfied, the Indemnified Party may defend, and may consent to the entry of any judgment or enter into any compromise or settlement with respect to, the Third Party Claim. Notwithstanding anything in this Section 11.03 to the contrary, whether or not the Indemnifying Party controls the defense of a Third Party Claim, the Indemnified Party shall not admit any liability with respect to, or settle, compromise or discharge, such Third Party Claim without the Indemnifying Party's prior written consent (which consent shall not be unreasonably withheld, conditioned or delayed); *provided* that the Indemnified Party may admit liability with respect to, or settle, compromise or discharge, such Third Party Claim without the Indemnifying Party's prior written consent so long as the Indemnified Party releases, to the reasonable satisfaction of the Indemnifying Party, any claims to indemnification with respect to such Third Party Claim pursuant to this Article 11.

(f) In circumstances where the Indemnifying Party is controlling the defense of a Third Party Claim, the Indemnified Party shall be entitled to participate in the defense of any Third Party Claim and to employ separate counsel of its choice for such purpose, in which case the fees and expenses of such separate counsel shall be borne by the Indemnified Party; *provided* that in such event the Indemnifying Party shall pay the fees and expenses of such separate counsel (1) incurred by the Indemnified Party prior to the date the Indemnifying Party assumes control of the defense of the Third Party Claim (other than during any period in which the Indemnified Party failed to give notice of the Third Party Claim pursuant to Section 11.03(a)), (2) if representation of both the Indemnifying Party and the Indemnified Party by the same counsel would create a conflict of interest or (3) if counsel chosen by the Indemnifying Party requests a conflict wavier or other waiver from the Indemnified Party with respect to such matter.

(g) Each of the Indemnifying Party and the Indemnified Party shall cooperate, and cause their respective Affiliates to cooperate, in the defense or prosecution of any Third Party Claim and shall promptly furnish or cause to be furnished such records, information and testimony, and attend such conferences, discovery proceedings, hearings, trials or appeals, as may be reasonably requested in connection therewith.

Section 11.04 *Calculation of Damages.* The amount of any Damages payable under Section 11.02 by the Indemnifying Party shall be net of any amounts recovered by the Indemnified Party under applicable insurance policies (net of any costs or expenses incurred in the collection thereof, including deductibles and net of any applicable premium adjustments).

Section 11.05 *Characterization of Indemnification Payments.* Any amount paid by an Indemnifying Party to an Indemnified Party in respect of any Claim pursuant to this Article 11 shall be treated for Tax purposes as an adjustment to the Tax Consideration.

Section 11.06 *Exclusivity of Remedy*. Subject to Section 13.12, the parties hereto acknowledge and agree that from and after the Closing, the indemnification provisions in this Article 11 shall be the sole and exclusive monetary remedy of any party with respect to any and all claims arising out of or in connection with breaches of representations, warranties, covenants or agreements contained in this Agreement, other than claims for fraud.

Section 11.07 *Mitigation*. Parent, the Surviving Company and PEG Holdings shall cooperate with each other with respect to resolving any claim for Damages with respect to which one party is obligated to indemnify the other party hereunder, including by making commercially reasonably efforts to mitigate or resolve any such claim for Damages; *provided*, *however*, that no party shall be required to make such efforts if they would be detrimental in any material respect to such party. In the event that Parent, the Surviving Company or PEG Holdings shall fail to make such commercially reasonably efforts to mitigate or resolve any claim or liability, then (unless the proviso to the foregoing sentence shall be applicable) notwithstanding anything else to the contrary contained herein, the other party shall not be required to indemnify any person for any Damages to the extent that such Damages would reasonably be expected to have been avoided if Parent, the Surviving Company or PEG Holdings, as the case may be, had made such commercially reasonable efforts to mitigate.

Section 11.08 *Termination of Indemnification*. The obligations to indemnify and hold harmless any party (i) pursuant to Section 11.02(a)(i)(A), Section 11.02(a)(ii)(A) or Section 11.02(b)(i) shall terminate when the applicable representation or warranty terminates pursuant to Section 11.01, (ii) pursuant to Section 11.02(a)(i)(B), Section 11.02(a)(ii)(B) or Section 11.02(b)(ii) shall terminate when the applicable covenant terminates pursuant to Section 11.01; and (iii) pursuant to Section 11.02(a)(i)(C), Section 11.02(a)(i)(D), Section 11.02(a)(i)(E), Section 11.02(a)(i)(F), Section 11.02(a)(i)(G), Section 11.02(a)(i)(H), Section 11.02(a)(ii)(C) and Section 11.02(b)(iii) shall terminate when the applicable statute of limitations terminates; *provided*, *however*, that such obligations to indemnify and hold harmless shall not terminate with respect to any item as to which the Indemnified Person shall have, before the expiration of the applicable period, previously made a claim by delivering the requisite written notice pursuant to Section 11.03 of the breach giving rise to the right of indemnity.

Section 11.09 *Unitholders' Representative.* (a) PEG Holdings is hereby appointed as the representative of the Unitholders and as the attorney-in-fact and agent for and on behalf of each of the Unitholders for purposes of this Agreement and will take such actions to be taken by the Unitholders' Representative under this Agreement and such other actions on behalf of the Unitholders as it may deem necessary or appropriate in connection with or to consummate the transactions contemplated hereby or thereby, including (i) taking all actions and making all filings on behalf of the Unitholders with any Governmental Authority or other Person necessary to effect the consummation of the transactions contemplated by this Agreement, (ii) agreeing to, negotiating, entering into settlements and compromises of, complying with orders of courts with respect to, and otherwise administering and handling any claims under this Agreement on behalf of the Unitholders, including indemnifications claims, (iii) negotiating and executing any waivers or amendments of this Agreement and (iv) taking all other actions that are either necessary or appropriate in his, her or its judgment for the accomplishment of the foregoing or contemplated by the terms of this Agreement. Unitholders' Representative hereby accepts such appointment. Unitholders' Representative shall use reasonable efforts to keep the Unitholders reasonably informed with respect to actions of the Unitholders' Representative pursuant to the authority granted to the Unitholders' Representative under this Agreement which actions have a material impact on the amounts payable to the Unitholders.

(b) A decision, act, consent or instruction of the Unitholders' Representative hereunder shall constitute a decision, act, consent or instruction of all the Unitholders and shall be final, binding and conclusive upon each of the Unitholders. Parent, Purchaser, Merger Sub and the Surviving Company may rely upon any such decision, act, consent or instruction of the Unitholders' Representative as being the decision, act, consent or instruction of each and every such Unitholder. Parent, Purchaser, Merger Sub and the Surviving Company shall be relieved from any liability to any Person for any acts done by them in accordance with such decision, act, consent or instruction of the Unitholders' Representative.

(c) The Unitholders' Representative will incur no liability to any Unitholder with respect to any action taken or suffered by any party in reliance upon any notice, direction, instruction, consent, statement or other document believed by such Unitholders' Representative to be genuine and to have been signed by the proper person (and shall have no responsibility to determine the authenticity thereof), nor for any other action or inaction, except, in each case, for

any Damages from its own gross negligence, bad faith or willful misconduct. In all questions arising under this Agreement, the Unitholders' Representative may rely on the advice of outside counsel, and the Unitholders' Representative will not be liable to any holder of Company Units or Option Holder for anything done, omitted or suffered in good faith by the Unitholders' Representative based on such advice, except as a result of its own gross negligence, bad faith or willful misconduct.

(d) The Unitholders shall severally (each based on such Unitholder's Pro Rata Share) but not jointly (i) indemnify the Unitholders' Representative and hold the Unitholders' Representative harmless against any loss, liability or reasonable out-of-pocket expense incurred without gross negligence, bad faith or willful misconduct, on the part of the Unitholders' Representative and arising out of or in connection with the acceptance or administration of the Unitholders' Representative's duties hereunder, including the reasonable fees and expenses of any legal counsel retained by the Unitholders' Representative and (ii) reimburse the Unitholders' Representative for any amounts paid by the Unitholders' Representative for the account of the Unitholders in respect of the fees and expenses of the Accounting Referee pursuant to Section 2.12(a), Overpayment Amounts that exceed the Escrow Amount pursuant to Section 2.13(b), Transfer Taxes pursuant to Section 7.01(c), costs and expenses of preparing Tax Returns pursuant to Section 7.01(d)(i), Covered Taxes pursuant to Section 7.01(d)(ii), indemnification obligations pursuant to Section 11.02(a)(i) and any other amounts payable hereunder by the Unitholders' Representative on behalf and for the account of such Unitholder.

(e) In the event that the Unitholders' Representative becomes unable or unwilling to continue in his or its capacity as Unitholders' Representative, or if the Unitholders' Representative resigns as a Unitholders' Representative, PEG Holdings may appoint a new representative as the Unitholders' Representative. Notice of the appointment of such new representative must be delivered to Parent and upon delivery of such notice, the newly appointed representative shall be the Unitholders' Representative for all purposes hereunder.

(f) The Unitholders' Representative, solely in its capacity as the representative of the Unitholders, represents and warrants to Parent, Purchaser and Merger Sub or the Surviving Company, as applicable, as of the date hereof and as of the Closing Date, as follows:

(i) the Unitholders' Representative is duly formed, validly existing and in good standing under the laws of its jurisdiction of formation, and has all requisite limited liability company power and authority and all material Permits required to carry on its business in all material respects as currently conducted;

(ii) the execution and delivery of this Agreement by the Unitholders' Representative, and the performance by the Unitholders' Representative of its obligations hereunder, have been duly authorized by all necessary corporate action on the part of the Unitholders' Representative;

(iii) this Agreement has been duly executed and delivered by the Unitholders' Representative and this Agreement constitutes a legally valid and binding obligation of the Unitholders' Representative, enforceable against the Unitholders' Representative in accordance with its terms (subject to applicable bankruptcy, insolvency, fraudulent

transfer, reorganization, moratorium and other laws affecting creditors' rights generally and general principles of equity); and

(iv) the execution and delivery of this Agreement by the Unitholders' Representative, and the performance by the Unitholders' Representative of its obligations hereunder do not and will not (A) conflict with or result in a violation of the organizational documents of the Unitholders' Representative, (B) violate any Applicable Law or (C) require any consent or approval that has not been given or other action that has not been taken by any Person under any contract binding upon the Unitholders' Representative.

(g) Notwithstanding anything to the contrary in this Agreement, the representations and warranties of the Unitholders' Representative shall survive the Closing until the latest date permitted by the applicable statute of limitations.

(h) Each Unitholder, by its acceptance of its share of the Merger Consideration payable hereunder, accepts and agrees to be bound by the provisions set forth in this Section 11.09.

ARTICLE 12
TERMINATION

Section 12.01 *Grounds for Termination*. This Agreement may be terminated at any time prior to the Closing:

(a) by mutual written agreement of the Unitholders' Representative and Merger Sub;

(b) by either the Unitholders' Representative or Merger Sub if the Closing shall not have been consummated on or before the date that is five months after the date hereof (such date, as it may be extended by the second proviso below, the "**End Date**"); *provided* that the right to terminate this Agreement pursuant to this Section 12.01(b) shall not be available to Merger Sub, if the Merger Sub's or Parent's, or to the Unitholders' Representative, if PEG Holdings' or the Company's, breach of any provision of this Agreement results in the failure of the Closing to occur by such time; *provided*, *further*, that if on the date that is five months after the date hereof, any of the conditions set forth in Article 10 are not satisfied due solely to any Required Governmental Approvals not having been obtained, and all of the other conditions set forth in Article 10 are satisfied (other than the Closing Date Conditions, *provided* that the Closing Date Conditions would reasonably be expected to be satisfied at Closing if Closing were to occur on the date that is five months after the Closing Date), then either the Unitholders' Representative or Merger Sub shall have the right, in its sole discretion, by providing written notice to the other party, to extend the date referred to above in this clause (b) for a period not to exceed 120 days;

(c) by either the Unitholders' Representative or Merger Sub if there shall be any Applicable Law that makes consummation of the transactions contemplated hereby

illegal or otherwise prohibited or if consummation of the transactions contemplated hereby would violate any nonappealable final order, decree or judgment of any Governmental Authority having competent jurisdiction; and

(d) by either the Unitholders' Representative or Merger Sub if there has been a misrepresentation or breach of warranty or breach of covenant or other agreement set forth in this Agreement by Parent or the Merger Sub (in the case of termination by the Unitholders' Representative) or by PEG Holdings or the Company (in the case of termination by Merger Sub) that would cause the condition set forth in Section 10.03(a) or Section 10.03(b) (in the case of termination by the Unitholders' Representative) or Section 10.02(a), Section 10.02(b) or Section 10.02(c) (in the case of termination by Merger Sub) not to be satisfied, and either (A) the relevant party is not using its reasonable best efforts to cure such misrepresentation or breach as promptly as practicable or (B) such condition is incapable of being satisfied by the End Date.

The party desiring to terminate this Agreement pursuant to Section 12.01(b), Section 12.01(c), or Section 12.01(d) shall give notice of such termination to the other party.

Section 12.02 *Effect of Termination*. If this Agreement is terminated as permitted by Section 12.01, such termination shall be without liability of any party (or any equityholder, director, officer, employee, agent, consultant or representative of such party) to any other party to this Agreement; *provided* that if such termination shall result from the willful and material breach by any party hereto of any representation or warranty or agreement contained herein, such party shall be fully liable for any and all Damages incurred or suffered by any other party as a result of such failure or breach. The provisions of this Section 12.02 and Article 13 (other than Section 13.12) shall survive any termination hereof pursuant to Section 12.01.

ARTICLE 13
MISCELLANEOUS

Section 13.01 *Notices*. All notices, requests and other communications to any party hereunder shall be in writing (including electronic mail ("**e-mail**") transmission) and shall be given,

if to Parent, Purchaser, Merger Sub or the Surviving Company, to:

Communications Sales & Leasing, Inc.
10802 Executive Center Drive
Benton Building, Suite 300
Little Rock, AR 72211
Attention: Daniel L. Heard
E-mail: Daniel.Heard@cslreit.com

with a copy to:

Davis Polk & Wardwell LLP
450 Lexington Avenue
New York, New York 10017
Attention: H. Oliver Smith
Facsimile No.: (212) 701-5636
E-mail: oliver.smith@davispolk.com

if to the Company or PEG Holdings to:

c/o Associated Partners GP Limited
3 Bala Plaza East, Suite 502
Bala Cynwyd, Pennsylvania 19004
Attention: Scott Bruce
Facsimile No.: (610) 660-4920
E-mail: SBruce@agrp.com

with copies to:

Jay Birnbaum, Esquire
8004 Split Oak Drive
Bethesda, Maryland 20817
Tel. No.: (301) 469-4930
E-mail: JBirnbaum@agrp.com

Cravath Swaine & Moore LLP
Worldwide Plaza
825 Eighth Avenue
New York, New York 10014
Attention: Thomas E. Dunn
Facsimile No.: (212) 474–3700
E-mail: tdunn@cravath.com

or, in each case, to such other address or facsimile number as such party may hereafter specify for the purpose by notice to the other parties hereto. All such notices, requests and other communications shall be deemed received on the date of receipt by the recipient thereof if received prior to 4:00 p.m. in the place of receipt and such day is a Business Day. Otherwise, any such notice, request or communication shall be deemed not to have been received until the next succeeding business day in the place of receipt.

Section 13.02 *Amendments and Waivers*. (a) Any provision of this Agreement may be amended or waived if, but only if, such amendment or waiver is in writing and is signed, in the case of an amendment, by each party to this Agreement, or in the case of a waiver, by the party against whom the waiver is to be effective.

(b) No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by Applicable Law.

Section 13.03 *Disclosure Schedule References.* The parties hereto agree that any reference in a particular Section of the Company Disclosure Schedule shall only be deemed to be an exception to (or, as applicable, a disclosure for purposes of): (a) the representations and warranties (or covenants and agreements, as applicable) of the relevant party that are contained in the corresponding Section of this Agreement and (b) any other representations and warranties (or covenants and agreements, as applicable) of such party that are contained in this Agreement, but only if the relevance of that reference as an exception to (or a disclosure for purposes of) such representations and warranties (or covenants and agreements, as applicable) would be readily apparent to a reasonable person.

Section 13.04 *Expenses.* Except as otherwise provided herein, all costs and expenses incurred in connection with this Agreement shall be paid by the party incurring such cost or expense.

Section 13.05 *Successors and Assigns*. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; *provided* that no party may assign, delegate or otherwise transfer any of its rights or obligations under this Agreement without the consent of each other party hereto; *provided*, that (a) Parent, Purchaser and Merger Sub, or the Surviving Company, as the case may be, may transfer or assign its rights and obligations under this Agreement, in whole or from time to time in part, to (i) one or more of Parent's Affiliates at any time and (ii) after the Closing Date, to any Person; *provided* that no such transfer or assignment shall relieve any such assigning party of its obligations hereunder or enlarge, alter or change any obligation of any other party hereto or due to the assigning party.

Section 13.06 *Governing Law*. This Agreement shall be governed by and construed in accordance with the law of the State of Delaware, without regard to the conflicts of law rules of such state.

Section 13.07 *Jurisdiction*. The parties hereto agree that any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement or the transactions contemplated hereby shall be brought in the Delaware Chancery Court or, if such court shall not have jurisdiction, any federal court located in the State of Delaware or other Delaware state court, and that any cause of action arising out of this Agreement shall be deemed to have arisen from a transaction of business in the State of Delaware, and each of the parties hereby irrevocably consents to the exclusive jurisdiction of such courts (and of the appropriate appellate courts therefrom) in any such suit, action or proceeding so long as one of such courts shall have subject matter jurisdiction over such suit, action or proceeding, and irrevocably waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding brought in any such

court has been brought in an inconvenient forum. Process in any such suit, action or proceeding may be served on any party anywhere in the world, whether within or without the jurisdiction of any such court. Without limiting the foregoing, each party agrees that service of process on such party as provided in Section 13.01 shall be deemed effective service of process on such party.

Section 13.08 *WAIVER OF JURY TRIAL*. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 13.09 *Counterparts; Effectiveness; Third Party Beneficiaries*. This Agreement may be signed in any number of counterparts (including by electronic means), each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement shall become effective when each party hereto shall have received a counterpart hereof signed by all of the other parties hereto. Until and unless each party has received a counterpart hereof signed by each other party hereto, this Agreement shall have no effect and no party shall have any right or obligation hereunder (whether by virtue of any other oral or written agreement or other communication). No provision of this Agreement is intended to confer any rights, benefits, remedies, obligations, or liabilities hereunder upon any Person other than the parties hereto and their respective successors and assigns, except that Section 2.08(b), Section 11.02(b) and Section 11.09 shall be for the benefit of the Unitholders and each such Unitholder shall be an intended third party beneficiary thereof and shall have the rights, benefits, obligations and remedies provided for therein.

Section 13.10 *Entire Agreement*. This Agreement, the Transaction Documents and the Confidentiality Agreement constitute the entire agreement between the parties with respect to the subject matter of this Agreement and supersede all prior agreements and understandings, both oral and written, between the parties with respect to the subject matter of this Agreement.

Section 13.11 *Severability.* If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other Governmental Authority to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such a determination, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible.

Section 13.12 *Specific Performance.* The parties hereto agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement or to enforce specifically the performance of the terms and provisions hereof in the courts set forth in Section 13.07, in addition to any other remedy to which they are entitled at law or in equity.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

COMMUNICATIONS SALES & LEASING, INC

By: /s/ Kenneth A. Gunderman
Name: Kenneth A. Gunderman
Title: Chief Executive Officer and President

CSL BANDWIDTH INC.

By: /s/ Kenneth A. Gunderman
Name: Kenneth A. Gunderman
Title: Chief Executive Officer and President

PENN MERGER SUB, LLC

By: CSL BANDWIDTH INC., its sole member

By: /s/ Kenneth A. Gunderman
Name: Kenneth A. Gunderman
Title: Chief Executive Officer and President

PEG BANDWIDTH, LLC

By: /s/ Scott Bruce
Name: Scott Bruce
Title: Secretary

PEG BANDWIDTH HOLDINGS, LLC

By: /s/ Scott Bruce
Name: Scott Bruce
Title: Secretary

PEG BANDWIDTH HOLDINGS, LLC, in its capacity as the Unitholders' Representative

By: /s/ Scott Bruce
Name: Scott Bruce
Title: Secretary

COMMUNICATIONS SALES & LEASING, INC.

ARTICLES SUPPLEMENTARY ESTABLISHING AND FIXING THE PREFERENCES, RIGHTS AND LIMITATIONS OF 3.00% SERIES A CONVERTIBLE PREFERRED STOCK

Communications Sales & Leasing, Inc., a Maryland corporation (the "**Corporation**"), hereby certifies to the State Department of Assessments and Taxation of Maryland (the "**SDAT**") that:

FIRST: Pursuant to the authority conferred upon the Board of Directors of the Corporation (the "**Board of Directors**") by Article Five of the charter of the Corporation (the "**Charter**") and Section 2-208 of the Maryland General Corporation Law (the "**MGCL**"), the Board of Directors (a) has reclassified and designated 87,500 shares of the authorized but unissued Preferred Stock of the Corporation, par value $0.0001 per share (the "**Preferred Stock**") as a series of Preferred Stock designated as "3.00% Series A Convertible Preferred Stock", with the following preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends, qualifications, or terms or conditions of redemption and (b) has authorized the filing of these Articles Supplementary (the "**Articles Supplementary**") with the SDAT containing the information determined by the Board of Directors.

SECOND: The preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends, qualifications and terms and conditions of redemption as established by the Board of Directors for the 3.00% Series A Convertible Preferred Stock which, upon any restatement of the Charter, shall become part of Article Five of the Charter (or any successor provision thereto), with any necessary or appropriate renumbering or relettering of the sections or subsections hereof, are as follows:

SECTION 1. *Designation and Number of Shares.* Pursuant to the Charter, a series of Preferred Stock, designated as the "3.00% Series A Convertible Preferred Stock" (the "**Convertible Preferred Stock**"), is hereby established. The par value of the Convertible Preferred Stock is $0.0001 per share. The number of shares of Convertible Preferred Stock constituting such series shall be 87,500. Such number of shares may be decreased by resolution of the Board of Directors, subject to the terms and conditions hereof; *provided* that no decrease shall reduce the number of shares of the Convertible Preferred Stock to a number less than the number of shares then outstanding. Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Charter.

SECTION 2. *General Matters; Ranking.* Each share of the Convertible Preferred Stock shall be identical in all respects to every other share of the Convertible Preferred Stock. The Convertible Preferred Stock, with respect to dividend rights and rights upon the liquidation, winding-up or dissolution of the Corporation, shall rank (i) senior to all Junior Stock, (ii) on a parity with all Parity Preferred Stock and (iii) junior to all Senior Stock and the Corporation's existing and future indebtedness.

SECTION 3. *Standard Definitions.* As used herein with respect to the Convertible Preferred Stock:

"**Additional Cash Change of Control Amount**" means, for each share of Convertible Preferred Stock to be repurchased pursuant to Section 15, accumulated and unpaid dividends thereon (irrespective of whether such dividends have been declared), if any, to, but excluding, the Change of Control Settlement Date (unless the Change of Control Settlement Date falls after a Regular Record Date for a declared dividend but on or prior to the Dividend Payment Date to which such Regular Record Date relates, in which case the Corporation shall instead pay the full amount of such declared dividend to Holders of record as of such Regular Record Date, and the Additional Cash Change of Control Amount shall not include such amount in respect of such declared dividend).

"**Additional Cash Redemption Amount**" means, for each share of Convertible Preferred Stock to be redeemed pursuant to Section 6(a), accumulated and unpaid dividends (irrespective of whether such dividends have been declared), if any, to, but excluding, the Redemption Settlement Date (unless the Redemption Settlement Date falls after a Regular Record Date for a declared dividend but on or prior to the immediately succeeding Dividend Payment Date, in which case such declared dividend will be paid to the Holder of record of such share on such Regular Record Date, and the Additional Cash Redemption Amount will not include such amount in respect of such declared dividend).

"**Additional Shares**" shall have the meaning set forth in Section 8(d).

"**Agent Members**" shall have the meaning set forth in Section 23(b)(ii).

"**Articles Supplementary**" shall have the meaning set forth in the recitals.

"**Average VWAP**" per share of the Common Stock over a specified period means the arithmetic average of the VWAPs per share of the Common Stock for each Trading Day in such period. Whenever any provision of these Articles Supplementary requires the Corporation or the Board of Directors (including any authorized committee thereof) to calculate the VWAP per share of Common Stock over a span of multiple days, the Board of Directors (or an authorized committee thereof) shall make appropriate adjustments to account for any adjustment to the Conversion Rate that becomes effective, or any event requiring an adjustment to the Conversion Rate where the Ex-Dividend Date, Effective Date or expiration date, as the case may be, of the event occurs, at any time during the period when the VWAPs are to be calculated.

"**Board of Directors**" shall have the meaning set forth in the recitals.

"**Business Day**" means any day other than a Saturday or Sunday or other day on which commercial banks in New York City are authorized or required by law or executive order to close.

"**Bylaws**" means the Amended and Restated Bylaws of the Corporation, as they may be further amended or restated from time to time.

"**Capital Stock**" means, for any entity, any and all shares, interests or other equivalents of or interests in (however designated) stock issued by that entity and does not include convertible or exchangeable debt securities.

"**Cash Settlement**" shall have the meaning set forth in Section 8(c).

"**Change of Control**" means the occurrence of any of the following:

(1) the Corporation consolidates with, or merges with or into, another Person, or the Corporation, directly or indirectly, sells, leases or transfers all or substantially all of the properties or assets of the Corporation and its Restricted Subsidiaries, taken as a whole (other than by way of merger or consolidation), in one or a series of related transactions, or any Person consolidates with, or merges with or into, the Corporation, in any such event other than pursuant to a transaction (a "**Permitted Holdco Transaction**") in which the Persons that beneficially owned the shares of the Voting Stock of the Corporation or any direct or indirect parent of the Corporation immediately prior to such transaction beneficially own at least a majority of the total voting power of all outstanding Voting Stock (other than Disqualified Stock) of the surviving or transferee Person;

(2) the Corporation becomes aware of (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) the acquisition by any Person or group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act), including any group acting for the purpose of acquiring, holding or disposing of securities (within the meaning of Rule 13d-5(b)(1) under the Exchange Act or any successor provision), in a single transaction or in a related series of transactions, by way of merger, consolidation or other business combination or purchase, of beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act, or any successor provision) of more than 50% of the total voting power of the Voting Stock of the Corporation (directly or through the acquisition of voting power of Voting Stock of any direct or indirect parent company of the Corporation);

(3) the approval of any plan or proposal for the winding up or liquidation of the Corporation or CSL National (which, for the avoidance of doubt, shall not include any transaction permitted under Section 5.01 of the Notes Indenture as in effect on January 6, 2016); or

(4) (i) the Corporation ceases to (A) at any time that CSL National is a limited liability company or partnership, either be the sole general partner or managing member of, or wholly own and control, directly or indirectly, the sole general partner or managing member of, CSL National, in each case to the extent applicable or (B) at any time that CSL National is a corporation, beneficially own, directly or indirectly, greater than 50% of the total voting power of the Equity Interests of CSL National, (ii) the Corporation ceases to beneficially own, directly or indirectly, 100% of the Equity Interests of CSL National GP, LLC or (iii) the Corporation ceases to beneficially own, directly or indirectly, 100% of the Equity Interests of CSL Capital, LLC; *provided* that subclause (iii) of this clause (4) will not apply following any merger, consolidation or other business combination of CSL Capital, LLC with or into the Corporation as permitted under the Notes Indenture as in effect on January 6, 2016.

For purposes of this definition, (x) any direct or indirect holding company of the Corporation shall not itself be considered a "Person" or "group" for purposes of clause (2) above; *provided* that no "Person" or "group" beneficially owns, directly or indirectly, more than 50% of the total voting power of the Voting Stock of such holding company, (y) for the avoidance of doubt, any Permitted Holdco Transaction shall not constitute a "Change of Control" pursuant to any clause of this definition and (z) the defined terms "Person", "Restricted Subsidiaries", "Voting Stock", "Disqualified Stock" and "Equity Interests" shall have the meanings as defined in the Notes Indenture as in effect as of January 6, 2016.

"**Change of Control Cash Settlement**" shall have the meaning set forth in Section 15(c)(i).

"**Change of Control Combination Settlement**" shall have the meaning set forth in Section 15(c)(i).

"**Change of Control Corporation Notice**" shall have the meaning set forth in Section 15(a)(iii).

"**Change of Control Physical Settlement**" shall have the meaning set forth in Section 15(c)(i).

"**Change of Control Repurchase**" shall have the meaning set forth in Section 15(a)(i).

"**Change of Control Repurchase Date**" shall have the meaning set forth in Section 15(a)(i).

"**Change of Control Repurchase Notice**" shall have the meaning set forth in Section 15(a)(ii)(A).

"**Change of Control Repurchase Price**" means, for each share of Convertible Preferred Stock to be repurchased pursuant to Section 15, 100% of the Liquidation Preference of such share.

"**Change of Control Settlement Date**" means, with respect to any Change of Control Repurchase, (i) if the Corporation elects Change of Control Cash Settlement for such Change of Control Repurchase, the relevant Change of Control Repurchase Date or (ii) if the Corporation elects (or is deemed to have elected) any other Settlement Method for such Change of Control Repurchase, the third Business Day immediately following the last Trading Day of the relevant Observation Period.

"**Charter**" shall have the meaning set forth in the recitals.

"**Clause A Distribution**" shall have the meaning set forth in Section 13(c).

"**Clause B Distribution**" shall have the meaning set forth in Section 13(c).

"**Clause C Distribution**" shall have the meaning set forth in Section 13(c).

"**close of business**" means 5:00 p.m., New York City time.

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

"**Combination Settlement**" shall have the meaning set forth in Section 8(c).

"**Common Stock**" means the common stock, par value $0.0001 per share, of the Corporation, subject to Section 14.

"**Conversion and Dividend Disbursing Agent**" means Wells Fargo Bank, National Association, the Corporation's duly appointed conversion and dividend disbursing agent for the Convertible Preferred Stock, and any successor appointed under Section 16.

"**Conversion Date**" means each of the last Trading Day of the Final Observation Period (in respect of any Mandatory Conversion) and any Optional Conversion Date (in respect of an Optional Conversion).

"**Conversion Obligation**" means the amount and kind of consideration due upon an Optional Conversion or a Mandatory Conversion as described in Section 8.

"**Conversion Rate**" means, initially, [28.5714][1] shares of Common Stock per share of Convertible Preferred Stock, subject to adjustment as provided in Section 8(d) and Section 13.

"**Convertible Preferred Stock**" shall have the meaning set forth in Section 1.

"**Corporation**" shall have the meaning set forth in the recitals.

"**CSL National**" means CSL National, LP (together with its successors and assigns).

"**Daily Conversion Value**" means, for each of the consecutive Trading Days during the relevant Observation Period, the product of (a) one *divided by* the number of Trading Days in such Observation Period, (b) the Conversion Rate on such Trading Day and (c) the VWAP for such Trading Day.

"**Daily Measurement Value**" means the Specified Dollar Amount (if any), *divided by* the number of Trading Days in the relevant Observation Period.

"**Daily Settlement Amount**," for each of the consecutive Trading Days during the relevant Observation Period, shall consist of:

(a) cash in an amount equal to the lesser of (i) the Daily Measurement Value and (ii) the Daily Conversion Value on such Trading Day; and

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[1] **To be adjusted through the Initial Issue Date for any event for which the Conversion Rate would be adjusted pursuant to clauses (a), (b), (c), (d) and (e) of Section 13.**

(b) if the Daily Conversion Value on such Trading Day exceeds the Daily Measurement Value, a number of shares of Common Stock equal to (i) the difference between the Daily Conversion Value and the Daily Measurement Value, *divided by* (ii) the VWAP for such Trading Day.

"**Depositary**" means DTC or its nominee or any successor appointed by the Corporation.

"**Distributed Property**" shall have the meaning set forth in Section 13(c).

"**Dividend Amount**" shall have the meaning set forth in Section 4(a).

"**Dividend Conversion Period**" means the period from, and including, the Dividend Payment Date as of which dividends on the Convertible Preferred Stock have not been declared and paid (or have been declared but a sum sufficient for payment thereof has not been set aside for the benefit of the Record Holders thereof on the applicable Regular Record Date) for the equivalent of four consecutive Dividend Periods (including, for the avoidance of doubt, the Dividend Period beginning on, and including, the Initial Issue Date and ending on, but excluding, [_____][2]) to, and including, the date on which all such dividends have been paid.

"**Dividend Payment Date**" means [___], [___], [___] and [___] of each year commencing on [___], 2016 to, and including, the Scheduled Mandatory Conversion Date.[3]

"**Dividend Period**" means the period from, and including, a Dividend Payment Date to, but excluding, the next Dividend Payment Date, except that the initial Dividend Period shall commence on, and include, the Initial Issue Date and shall end on, but exclude, [___][4].

"**DTC**" means The Depository Trust Corporation.

"**Effective Date**" shall have the meaning set forth in Section 8(d)(iii), except that, as used in Section 13, "**Effective Date**" means the first date on which shares of the Common Stock trade on the applicable exchange or in the applicable market, regular way, reflecting the relevant share split or share combination, as applicable.

"**Exchange Act**" shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder.

"**Ex-Dividend Date**" means, with respect to any issuance, dividend or distribution, the first date on which shares of the Common Stock trade on the applicable exchange or in the applicable market, regular way, without the right to receive the issuance, dividend or distribution in question, from the Corporation or, if applicable, from the seller of Common Stock on such

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[2] **To be the first Dividend Payment Date.**

[3] **To be quarterly, beginning on the first day of the third month following the Initial Issue Date.**

[4] **To be the first Dividend Payment Date.**

exchange or market (in the form of due bills or otherwise) as determined by such exchange or market.

"**Final Observation Period**" means the 20 consecutive Trading Days beginning on, and including, the 23rd Scheduled Trading Day immediately preceding the Scheduled Mandatory Conversion Date.

"**Final Settlement Method Election Date**" means [_____], 20[__][5].

"**First Conversion Date**" means [_____][6].

"**Global Preferred Shares**" shall have the meaning set forth in Section 23(b).

"**Holder**" means each person in whose name shares of the Convertible Preferred Stock are registered, who shall be treated by the Corporation and the Registrar as the absolute owner of those shares of Convertible Preferred Stock for the purpose of making payment and settling conversions and for all other purposes.

"**Initial Issue Date**" shall mean [_____][7].

"**Junior Stock**" means (i) the Common Stock and (ii) each other class or series of capital stock of the Corporation established after the Initial Issue Date, the terms of which do not expressly provide that such class or series ranks either (x) senior to the Convertible Preferred Stock as to priority of payment of dividends and other distributions or rights upon voluntary or involuntary liquidation, winding-up or dissolution or (y) on a parity with the Convertible Preferred Stock as to priority of payment of dividends and other distributions and rights upon voluntary or involuntary liquidation, winding-up or dissolution.

"**Liquidation Amount**" shall have the meaning set forth in Section 5(a).

"**Liquidation Dividend Amount**" shall have the meaning set forth in Section 5(a).

"**Liquidation Preference**" means, as to the Convertible Preferred Stock, $1,000 per share.

"**Make-Whole Fundamental Change**" means (i) any transaction or event that constitutes a Change of Control pursuant to clause (1) or (2) of the definition of Change of Control (as defined above, but without regard to the exceptions for Permitted Holdco Transactions); *provided* that a transaction or transactions shall not constitute a Make-Whole

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[5] **To be the first day of the month in which the date that is 23 Scheduled Trading Days preceding the Scheduled Mandatory Conversion Date falls.**

[6] **To be the date three years after the first day of the month immediately following the month of the Initial Issue Date.**

[7] **Insert closing date of the acquisition.**

Fundamental Change if at least 90% of the consideration received or to be received by the common stockholders of the Corporation, excluding cash payments for fractional shares and cash payments made pursuant to dissenters' appraisal rights, in connection with such transaction or transactions consists of shares of common stock, ordinary shares or depositary receipts representing common equity interests, in each case, that are listed or quoted on any of The New York Stock Exchange, The NASDAQ Global Select Market or The NASDAQ Global Market (or any of their respective successors) or will be so listed or quoted when issued or exchanged in connection with such transaction or transactions and as a result of such transaction or transactions the Convertible Preferred Stock becomes convertible into such consideration, excluding cash payments for fractional shares and cash payments made pursuant to dissenters' appraisal rights (subject to the provisions of Section 8(c)) or (ii) the Common Stock (or other common stock, ordinary shares or depositary receipts representing common equity interests underlying the Convertible Preferred Stock) ceases to be listed or quoted on any of the The New York Stock Exchange, The NASDAQ Global Select Market or The NASDAQ Global Market (or any of their respective successors).

"**Make-Whole Fundamental Change Conversion Period**" shall have the meaning set forth in Section 8(d)(i).

"**Mandatory Conversion**" shall have the meaning set forth in Section 8(b).

"**Mandatory Conversion Date**" means the third Business Day immediately following the last Trading Day of the Final Observation Period.

"**Market Disruption Event**" means (a) a failure by the primary U.S. national or regional securities exchange or market on which the Common Stock is listed or admitted for trading to open for trading during its regular trading session or (b) the occurrence or existence prior to 1:00 p.m. New York City time, on any Scheduled Trading Day for the Common Stock for more than one half-hour period in the aggregate during regular trading hours of any suspension or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the relevant stock exchange or otherwise) in the Common Stock or in any options contracts or futures contracts relating to the Common Stock.

"**NASDAQ Share Cap**" means, initially, [_____][8] shares of Common Stock per share of Convertible Preferred Stock; *provided* that the NASDAQ Share Cap shall be subject to adjustment in the same manner and at the same time as the Conversion Rate in connection with any transaction or event described in Section 13(a), (b), (c), (d) or (e).

"**Nonpayment**" shall have the meaning set forth in Section 7(b).

"**Nonpayment Remedy**" shall have the meaning set forth in Section 7(b)(iii).

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[8] **To be 19.9% of total shares of Common Stock outstanding on the Initial Issue Date (as reduced by the number of shares of Common Stock issued as merger consideration), *divided by* the number of shares of Convertible Preferred Stock issued.**

"**Notes Indenture**" means the Indenture, dated as of April 24, 2015, among the Corporation and CSL Capital, LLC, as issuers, the guarantors named therein, and Wells Fargo Bank, National Association, as trustee, governing the 8.25% Senior Notes due 2023.

"**Observation Period**" means (x) with respect to any share of Convertible Preferred Stock surrendered for Optional Conversion or subject to Mandatory Conversion, (i) subject to clause (ii), if the relevant Conversion Date occurs prior to the Final Settlement Method Election Date, the five consecutive Trading Day period beginning on, and including, the third Trading Day immediately succeeding such Conversion Date; (ii) subject to clause (iii), if the relevant Conversion Date occurs on or after the date of the Corporation's issuance of a Redemption Notice with respect to the Convertible Preferred Stock pursuant to Section 6(b) and prior to the relevant Redemption Date, the 20 consecutive Trading Days beginning on, and including, the 23rd Scheduled Trading Day immediately preceding such Redemption Date; and (iii) if the relevant Conversion Date occurs on or after the Final Settlement Method Election Date (including in respect of any Mandatory Conversion), the Final Observation Period, (y) with respect to the redemption of any share of Convertible Preferred Stock subject to Optional Redemption, the 20 consecutive Trading Days beginning on, and including, the 23rd Scheduled Trading Day immediately preceding the relevant Redemption Date, and (z) with respect to the repurchase of any share of Convertible Preferred Stock subject to Change of Control Repurchase, the 20 consecutive Trading Days beginning on, and including, the 23rd Scheduled Trading Day immediately preceding the relevant Change of Control Repurchase Date.

"**Officer**" means the Chief Executive Officer, the Chief Financial Officer, the Chairman of the Board, any Executive Vice President or any Senior Vice President of the Corporation.

"**Officer's Certificate**" means a certificate of the Corporation, signed by any duly authorized Officer of the Corporation.

"**open of business**" means 9:00 a.m., New York City time.

"**Optional Conversion**" shall have the meaning set forth in Section 8(a).

"**Optional Conversion Date**" shall have the meaning set forth in Section 10(b).

"**Optional Redemption**" shall have the meaning set forth in Section 6(a).

"**Parity Preferred Stock**" means any class or series of capital stock of the Corporation established after the Initial Issue Date, the terms of which expressly provide that such class or series shall rank on a parity with the Convertible Preferred Stock as to the priority of payment of dividends and other distributions and rights upon voluntary or involuntary liquidation, winding-up or dissolution.

"**Permitted Holdco Transaction**" shall have the meaning set forth in the definition of "Change of Control" in this Section 3.

"**Person**" means any individual, partnership, firm, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, governmental authority or other entity of whatever nature.

"**Physical Settlement**" shall have the meaning set forth in Section 8(c).

"**Preferred Stock**" shall have the meaning set forth in the recitals.

"**Preferred Stock Director**" shall have the meaning set forth in Section 7(b).

"**Record Date**" means, with respect to any dividend, distribution or other transaction or event in which the holders of Common Stock (or other applicable security) have the right to receive any cash, securities or other property or in which the Common Stock (or such other security) is exchanged for or converted into any combination of cash, securities or other property, the date fixed for determination of holders of the Common Stock (or such other security) entitled to receive such cash, securities or other property (whether such date is fixed by the Board of Directors (or an authorized committee thereof), by statute, by the Charter (including these Articles Supplementary), by the Bylaws or otherwise).

"**Record Holder**" means, with respect to any Dividend Payment Date, a Holder of record of the Convertible Preferred Stock as such Holder appears on the stock register of the Corporation at the close of business on the related Regular Record Date.

"**Redemption Cash Settlement**" shall have the meaning set forth in Section 6(d).

"**Redemption Combination Settlement**" shall have the meaning set forth in Section 6(d).

"**Redemption Date**" shall have the meaning set forth in Section 6(b).

"**Redemption Notice**" shall have the meaning set forth in Section 6(b).

"**Redemption Physical Settlement**" shall have the meaning set forth in Section 6(d).

"**Redemption Price**" means, for each share of Convertible Preferred Stock to be redeemed pursuant to Section 6(a), 100% of the Liquidation Preference of such share.

"**Redemption Settlement Date**" means, with respect to any Optional Redemption, (i) if the Corporation elects Redemption Cash Settlement for such Optional Redemption, the relevant Redemption Date or, (ii) if the Corporation elects (or is deemed to have elected) any other Settlement Method for such Optional Redemption, the third Business Day immediately following the last Trading Day of the relevant Observation Period.

"**Reference Property**" shall have the meaning set forth in Section 14(a).

"**Registrar**" shall initially mean Wells Fargo Bank, National Association, the Corporation's duly appointed registrar for the Convertible Preferred Stock and any successor appointed under Section 16.

"**Regular Record Date**" means, with respect to any Dividend Payment Date, the [___], [___], [___] or [___][9], as the case may be, immediately preceding the applicable [___], [___], [___] or [___] Dividend Payment Date, respectively. These Regular Record Dates shall apply regardless of whether a particular Regular Record Date is a Business Day.

"**REIT**" means a real estate investment trust qualified and taxed under Sections 856 through 860 of the Code.

"**Reorganization Event**" shall have the meaning set forth in Section 14(a).

"**Rule 144**" means Rule 144 as promulgated under the Securities Act.

"**Scheduled Mandatory Conversion Date**" means [_____][10].

"**Scheduled Trading Day**" means a day that is scheduled to be a Trading Day.

"**SEC**" means the U.S. Securities and Exchange Commission.

"**Securities Act**" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"**Senior Stock**" means each class or series of capital stock of the Corporation established after the Initial Issue Date, the terms of which expressly provide that such class or series shall rank senior to the Convertible Preferred Stock as to priority of payment of dividends and other distributions or rights upon voluntary or involuntary liquidation, winding-up or dissolution.

"**Separation Event**" shall have the meaning set forth in Section 13(n).

"**Settlement Amount**" means the cash, shares of Common Stock or combination of cash and shares of Common Stock due in respect of the Conversion Obligation, the Redemption Price or the Change of Control Repurchase Price, as applicable, with respect to any conversion, redemption or repurchase, as the case may be, of Convertible Preferred Stock.

"**Settlement Method**" means, with respect to (i) any conversion of Convertible Preferred Stock, Physical Settlement, Cash Settlement or Combination Settlement, as elected (or deemed to have been elected) by the Corporation, (ii) any redemption of Convertible Preferred Stock, Redemption Physical Settlement, Redemption Cash Settlement or Redemption Combination Settlement, as elected (or deemed to have been elected) by the Corporation, and (iii) any repurchase of Convertible Preferred Stock, Change of Control Physical Settlement, Change of Control Cash Settlement or Change of Control Combination Settlement, as elected (or deemed to have been elected) by the Corporation.

_____

[9] **To be the fifteenth day of each month preceding the month of each Dividend Payment Date.**

[10] **To be the first day of the month eight years from the month of the Initial Issue Date (but in no event before February 1, 2024).**

"**Settlement Notice**" shall have the meaning set forth in Section 8(c)(iii).

"**Share Dilution Amount**" means the increase in the number of diluted shares outstanding (determined in accordance with generally accepted accounting principles in the United States, and as measured from the Initial Issue Date) resulting from the grant, vesting or exercise of equity-based compensation to employees, directors or consultants and equitably adjusted for any stock split, stock dividend, reverse stock split, reclassification or similar transaction.

"**Specified Dollar Amount**" means (i) the maximum cash amount per share of Convertible Preferred Stock to be received upon conversion as specified in the Settlement Notice related to any converted shares of Convertible Preferred Stock, (ii) the cash amount per share of Convertible Preferred Stock to be received in respect of the Redemption Price upon an Optional Redemption for which Redemption Combination Settlement applies as specified (or deemed to be specified) in the Redemption Notice for such Optional Redemption or (iii) the cash amount per share of Convertible Preferred Stock to be received in respect of the Change of Control Repurchase Price with respect to a Change of Control Repurchase for which Change of Control Combination Settlement applies as specified (or deemed to be specified) in the Change of Control Corporation Notice for such Change of Control Repurchase, as the case may be.

"**Spin-Off**" shall have the meaning set forth in Section 13(c).

"**Stockholder's and Registration Rights Agreement**" means the Stockholder's and Registration Rights Agreement dated as of the Initial Issue Date by and among the Corporation, PEG Bandwidth Holdings, LLC and the other parties thereto.

"**Stock Ownership Limit**" means each of the Aggregate Stock Ownership Limit (as defined in the Charter, as such definition may be amended from time to time) and the Common Stock Ownership Limit (as defined in the Charter, as such definition may be amended from time to time).

"**Stock Price**" shall have the meaning set forth in Section 8(d)(iii).

"**Subsidiary**" means, with respect to any Person, any corporation, association, partnership or other business entity of which more than 50% of the total voting power of shares of capital stock or other interests (including partnership interests) entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers, general partners or trustees thereof is at the time owned or controlled, directly or indirectly, by (i) such Person; (ii) such Person and one or more Subsidiaries of such Person; or (iii) one or more Subsidiaries of such Person.

"**Trading Day**" means a day on which (x) there is no Market Disruption Event and (y) trading in the Common Stock generally occurs (and at least one share of the Common Stock has traded) on The NASDAQ Global Select Market or, if the Common Stock is not then listed on The NASDAQ Global Select Market, on the principal other U.S. national or regional securities exchange on which the Common Stock is then listed or, if the Common Stock is not then listed on a U.S. national or regional securities exchange, on the principal other market on which the

Common Stock is then listed or admitted for trading, except that if the Common Stock is not so listed or admitted for trading, "**Trading Day**" means a Business Day.

"**Transfer Agent**" shall initially mean Wells Fargo Bank, National Association, the Corporation's duly appointed transfer agent for the Convertible Preferred Stock and any successor appointed under Section 16.

"**Trigger Event**" shall have the meaning set forth in Section 13(c).

"**unit of Reference Property**" shall have the meaning set forth in Section 14(a).

"**Valuation Period**" shall have the meaning set forth in Section 13(c).

"**Voting Preferred Stock**" means any class or series of Preferred Stock, other than the Convertible Preferred Stock, ranking on parity with the Convertible Preferred Stock as to dividends and the distribution of assets upon liquidation, dissolution or winding up and upon which voting rights like those set forth in Section 7 have been conferred and are exercisable.

"**VWAP**" per share of Common Stock on any Trading Day means the per share volume-weighted average price as displayed on Bloomberg page "CSAL <Equity> AQR" (or its equivalent successor if such page is not available) in respect of the period from 9:30 a.m. to 4:00 p.m., New York City time, on such Trading Day; or, if such price is not available, "**VWAP**" means the market value per share of Common Stock on such Trading Day as determined, using a volume-weighted average method, by a nationally recognized independent investment banking firm retained by the Corporation for this purpose. The "**VWAP**" shall be determined without regard to after-hours trading or any other trading outside of the regular trading session trading hours.

SECTION 4. *Dividends.* a) *Rate*. Subject to the rights of holders of any class or series of capital stock ranking senior to the Convertible Preferred Stock with respect to priority of payment of dividends, Holders shall be entitled to receive, when, as and if declared by the Board of Directors (or an authorized committee thereof) out of funds of the Corporation legally available therefor, cumulative dividends at the rate per annum of 3.00% on the Liquidation Preference per share of Convertible Preferred Stock (equivalent to $30.00 per annum per share (the "**Dividend Amount**")), payable in cash. No dividends upon shares of the Convertible Preferred Stock shall be authorized by the Board of Directors or declared by the Corporation or paid or set apart by the Corporation at such times as such authorization, declaration, payment or setting apart for payment shall be restricted or prohibited by law. Declared dividends on the Convertible Preferred Stock shall be payable quarterly on each Dividend Payment Date at such annual rate, and dividends shall accumulate from the most recent date as to which dividends shall have been paid or, if no dividends have been paid, from the Initial Issue Date, whether or not in any Dividend Period or Dividend Periods there have been funds legally available for the payment of such dividends. Declared dividends shall be payable on the relevant Dividend Payment Date to Record Holders at the close of business on the immediately preceding Regular Record Date, whether or not the shares of Convertible Preferred Stock held by such Record Holders on such Regular Record Date are converted, redeemed or repurchased after such Regular Record Date. Shares of Convertible Preferred Stock surrendered for Optional Conversion pursuant to Section

8(a) during the period from the close of business on any Regular Record Date to the open of business on the immediately following Dividend Payment Date must be accompanied by funds equal to the amount of dividends payable on such Dividend Payment Date on the Convertible Preferred Stock so converted; *provided* that no such payment shall be required (1) if the Corporation has specified a Redemption Date that is after a Regular Record Date and on or prior to the Business Day immediately following the corresponding Dividend Payment Date; (2) if the Corporation has specified a Change of Control Repurchase Date that is after a Regular Record Date and on or prior to the Business Day immediately following the corresponding Dividend Payment Date; or (3) for any Optional Conversion following the Regular Record Date immediately prior to the Mandatory Conversion Date and on or prior to the Business Day immediately preceding the Scheduled Mandatory Conversion Date. If a Dividend Payment Date is not a Business Day, payment shall be made on the next succeeding Business Day, without any interest or other payment in lieu of interest accruing with respect to this delay.

The amount of dividends payable on each share of Convertible Preferred Stock for each full Dividend Period (after the initial Dividend Period) shall be computed by dividing the Dividend Amount by four. Dividends payable on the Convertible Preferred Stock for the initial Dividend Period and any partial Dividend Period shall be computed based upon the number of days elapsed during such period over a 360-day year (consisting of twelve 30-day months). Accumulated dividends shall accrue interest per annum at the rate at which dividends accumulate on the Convertible Preferred Stock if they are paid subsequent to the applicable Dividend Payment Date, from, and including, such Dividend Payment Date to, but excluding, the date on which such dividends shall have been paid by the Corporation, payable in cash out of funds legally available for the payment of such amounts.

No dividend shall be declared or paid upon, or any sum of cash set apart for the payment of dividends upon, any outstanding share of Convertible Preferred Stock with respect to any Dividend Period unless all dividends for all preceding Dividend Periods have been declared and paid upon, or a sufficient sum of cash has been set apart for the payment of such dividends upon, all outstanding shares of Convertible Preferred Stock.

Holders shall not be entitled to any dividends on the Convertible Preferred Stock in excess of full cumulative dividends.

Dividends on any share of Convertible Preferred Stock converted to Common Stock shall cease to accumulate on the Mandatory Conversion Date, any Optional Conversion Date, any Change of Control Settlement Date or any Redemption Settlement Date, as applicable.

(b) *Priority of Dividends*. So long as any share of the Convertible Preferred Stock remains outstanding, no dividend or distribution shall be declared or paid on Common Stock or any other shares of Junior Stock, and no Common Stock or other Junior Stock shall be, directly or indirectly, purchased, redeemed or otherwise acquired for consideration by the Corporation or any of its Subsidiaries unless all accumulated and unpaid dividends for all preceding Dividend Periods have been declared and paid upon, or a sufficient sum of cash has been set apart for the payment of such dividends upon, all outstanding shares of Convertible Preferred Stock. The foregoing limitation shall not apply to i) a dividend payable on any Common Stock or other Junior Stock in shares of any Common Stock or other Junior Stock, ii) the acquisition of shares

of any Common Stock or other Junior Stock in exchange for, or through application of the proceeds of the sale of, shares of any Common Stock or other Junior Stock; iii) purchases of fractional interests in shares of any Common Stock or other Junior Stock pursuant to the conversion or exchange provisions of such shares of other Junior Stock or any securities exchangeable for or convertible into such shares of Common Stock or other Junior Stock; iv) purchases of shares of any Common Stock or other Junior Stock pursuant to a contractually binding requirement to purchase such shares existing prior to the Dividend Period preceding the date of such purchase, including pursuant to a contractually binding share repurchase plan (*provided* that all accumulated and unpaid dividends have been declared or paid for (x) the Dividend Period during which such binding requirement was entered into and (y) all prior Dividend Periods); v) redemptions, purchases or other acquisitions of shares of Common Stock or other Junior Stock in connection with (1) any employee contract, employee benefit plan or other similar arrangement with or for the benefit of any one or more employees, officers, directors, consultants or independent contractors in the ordinary course of business, including, without limitation, purchases of shares in lieu of tax withholding, the forfeiture of unvested shares of restricted stock or share withholdings upon exercise, delivery or vesting of equity awards granted to officers, directors and employees and purchases of shares to offset the Share Dilution Amount pursuant to a publicly announced repurchase plan (*provided* that any purchases to offset the Share Dilution Amount shall in no event exceed the Share Dilution Amount) or (2) purchases of fractional interests in shares of Common Stock pursuant to a publicly announced dividend reinvestment plan; vi) any dividends or distributions of rights or Common Stock or other Junior Stock in connection with a stockholders' rights plan or any redemption or repurchase of rights pursuant to any stockholders' rights plan; vii) the acquisition by the Corporation or any of its Subsidiaries of record ownership in Common Stock or other Junior Stock for the beneficial ownership of any other persons (other than the Corporation or any of its Subsidiaries), including as trustees or custodians or as the result of the acquisition of another company that already was the owner of record or beneficial owner of such stock; viii) any payments, by way of dividends or otherwise, made by the Corporation's Subsidiaries to the Corporation or to other Subsidiaries of the Corporation; ix) the exchange or conversion of Junior Stock for or into other Junior Stock; and x) the acquisition or redemption of Common Stock or other Junior Stock solely to the extent necessary to preserve the Corporation's status as a REIT for federal income tax purposes.

When dividends on shares of Convertible Preferred Stock have not been paid in full on any Dividend Payment Date or declared and a sum sufficient for payment thereof has not been set aside for the benefit of the Record Holders thereof on the applicable Regular Record Date, no dividends may be declared or paid on any Parity Preferred Stock (other than dividends or distributions in the form of Parity Preferred Stock and Junior Stock and cash solely in lieu of fractional shares in connection with such dividend or distribution) unless dividends are declared on the Convertible Preferred Stock such that the respective amounts of such dividends declared on the Convertible Preferred Stock and each such other class or series of Parity Preferred Stock shall bear the same ratio to each other as all accumulated and unpaid dividends per share on the shares of the Convertible Preferred Stock and such class or series of Parity Preferred Stock (subject to their having been declared by the Board of Directors (or an authorized committee thereof) out of legally available funds) bear to each other, in proportion to their respective liquidation preferences; *provided* that any unpaid dividends will continue to accumulate.

Subject to the foregoing, and not otherwise, such dividends (payable in cash, securities or other property) as may be determined by the Board of Directors (or an authorized committee thereof) may be declared and paid on any securities, including Common Stock and other Junior Stock, from time to time out of any funds legally available for such payment, and Holders shall not be entitled to participate in any such dividends.

(c) *Method of Payment of Dividends*. Any declared dividend on the Convertible Preferred Stock, whether or not for a current Dividend Period or any prior Dividend Period, shall be paid by the Corporation in cash.

SECTION 5. *Liquidation, Dissolution or Winding Up.* a) In the event of any liquidation, winding-up or dissolution of the Corporation, whether voluntary or involuntary, each Holder shall be entitled to receive the greater of (x) the Liquidation Preference per share of Convertible Preferred Stock and (y) the amount such Holder would have received had such Holder, immediately prior to such liquidation, winding-up or dissolution, converted each share of Convertible Preferred Stock into Common Stock (without regard to the NASDAQ Share Cap) (such greater amount, the "**Liquidation Amount**"), *plus* an amount (the "**Liquidation Dividend Amount**") equal to accumulated and unpaid dividends on such shares to, but excluding, the date fixed for liquidation, winding-up or dissolution to be paid out of the assets of the Corporation available for distribution to its stockholders, after satisfaction of liabilities owed to the Corporation's creditors and holders of any Senior Stock and before any payment or distribution is made to holders of any Junior Stock, including, without limitation, Common Stock.

(b) Neither the sale (for cash, shares of stock, securities or other consideration) of all or substantially all of the assets or business of the Corporation (other than in connection with the liquidation, winding-up or dissolution of the Corporation), nor the merger or consolidation of the Corporation into or with any other Person, shall be deemed to be a voluntary or involuntary liquidation, winding-up or dissolution of the Corporation for the purposes of this Section 5.

(c) If, upon the voluntary or involuntary liquidation, winding-up or dissolution of the Corporation, the amounts payable with respect to (1) the Liquidation Amount *plus* the Liquidation Dividend Amount of the Convertible Preferred Stock and (2) the liquidation preference of, and the amount of accumulated and unpaid dividends to, but excluding, the date fixed for liquidation, dissolution or winding up, on, all Parity Preferred Stock are not paid in full, the Holders and all holders of any Parity Preferred Stock shall share equally and ratably in any distribution of the Corporation's assets in proportion to the respective liquidation preferences and amounts equal to the accumulated and unpaid dividends to which they are entitled.

(d) After the payment to any Holder of the full amount of the Liquidation Amount and the Liquidation Dividend Amount for each of such Holder's shares of Convertible Preferred Stock, such Holder as such shall have no right or claim to any of the remaining assets of the Corporation in respect of such Holder's shares of Convertible Preferred Stock.

(e) In determining whether a distribution (other than upon voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation) by dividend, redemption or other acquisition of shares of stock of the Corporation or otherwise is permitted under the MGCL, no effect shall be given to amounts that would be needed, if the Corporation were to be

dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of Holders of the Convertible Preferred Stock.

SECTION 6. *Optional Redemption*. (a) Notwithstanding anything herein to the contrary, the Corporation may redeem the Convertible Preferred Stock (each, an "**Optional Redemption**") on or after [_____][11] and prior to the Final Settlement Method Election Date, in whole or in part, at the Redemption Price, payable as described in Section 6(d), *plus* an additional amount equal to the Additional Cash Redemption Amount, payable in cash out of funds legally available for the payment of such distributions. No distribution by redemption or other acquisition of shares of Convertible Preferred Stock may be made unless permitted under the provisions of the MGCL pertaining to distributions. Any such Optional Redemption in part shall be for an integral number of shares of Convertible Preferred Stock.

(b) (i) In case the Corporation exercises its Optional Redemption right to redeem all or, as the case may be, any part of the Convertible Preferred Stock pursuant to Section 6(a), it shall fix a date for redemption (each, a "**Redemption Date**") and it shall deliver a notice of such Optional Redemption (a "**Redemption Notice**") not less than 45 nor more than 60 calendar days prior to the Redemption Date to each Holder. In the case of shares of Convertible Preferred Stock in definitive, certificated form, such notice shall be by first class mail to each Holder or, in the case of Global Preferred Shares, such notice shall be delivered in accordance with the applicable procedures of the Depositary. The Redemption Date must be a Business Day and shall not be on or after the Final Settlement Method Election Date.

(ii) The Redemption Notice, if delivered in the manner herein provided, shall be conclusively presumed to have been duly given, whether or not the Holder receives such notice. In any case, failure to give such Redemption Notice in the manner herein provided or any defect in the Redemption Notice to any Holder shall not affect the validity of the proceedings for the redemption of any Convertible Preferred Stock of any other Holder.

(iii) Each Redemption Notice shall specify:

(A) the Redemption Date;

(B) the Redemption Price and the Settlement Method therefor, and the Additional Cash Redemption Amount, if any;

(C) that on the Redemption Settlement Date, the Redemption Price and any Additional Cash Redemption Amount will become due and payable upon each share of Convertible Preferred Stock, and that dividends on the Convertible Preferred Stock to be redeemed shall cease to accrue on and after the Redemption Settlement Date;

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[11] **To be the fifth day of the month after the month in which the First Conversion Date falls.**

(D) (1) that Holders may surrender their Convertible Preferred Stock for conversion at any time on or after the First Conversion Date prior to the close of business on the Scheduled Trading Day immediately preceding the Redemption Date; (2) the procedures a converting Holder must follow to convert its Convertible Preferred Stock; and (3) the Conversion Rate and, if applicable, the number of Additional Shares added to the Conversion Rate in accordance with Section 8(d); and

(E) in case the Convertible Preferred Stock is to be redeemed in part only, the number of shares of Convertible Preferred Stock to be redeemed.

A Redemption Notice shall be irrevocable.

(iv) If fewer than all of the outstanding shares of Convertible Preferred Stock are to be redeemed pursuant to Section 6(a), the Transfer Agent shall select the shares of Convertible Preferred Stock to be redeemed (which such number shall be an integer) by lot, on a *pro rata* basis or by another method the Transfer Agent considers to be fair and appropriate (or as required by the procedures of the Depositary, if applicable). If any Convertible Preferred Stock selected for partial redemption is submitted for conversion in part after such selection, the shares of Convertible Preferred Stock submitted for conversion shall be deemed (so far as may be possible) to be the portion selected for redemption.

(v) On and after the Redemption Settlement Date, upon surrender of a share certificate representing any Convertible Preferred Stock redeemed in part, the Corporation shall execute and instruct the Registrar and Transfer Agent to countersign and deliver to the Holder thereof, at the expense of the Corporation, a certificate evidencing a number of shares of Convertible Preferred Stock equal to the unredeemed portion thereof, or, if the Convertible Preferred Stock is held in book-entry form, the Corporation shall cause the Transfer Agent and Registrar to reduce the number of shares of Convertible Preferred Stock represented by the global certificate by making a notation on Schedule I attached to the global certificate.

(c) If any Redemption Notice has been given in respect of any Convertible Preferred Stock in accordance with Section 6(b), the Convertible Preferred Stock to be redeemed shall become due and payable on the Redemption Settlement Date at the place or places stated in the Redemption Notice and at the applicable Redemption Price, together with any Additional Cash Redemption Amount. As of the Redemption Settlement Date, (i) the Convertible Preferred Stock to be redeemed will cease to be outstanding, (ii) dividends will cease to accumulate on the Convertible Preferred Stock to be redeemed and (iii) all other rights of the Holders in respect of the Convertible Preferred Stock to be redeemed will terminate (other than the right to receive the Redemption Price and any Additional Cash Redemption Amount).

(d) Upon any Optional Redemption of any share of Convertible Preferred Stock, the Corporation shall pay or deliver, as the case may be, to the Holder of such share, in respect of each share being redeemed, cash ("**Redemption Cash Settlement**"), shares of Common Stock, together with cash, if applicable, in lieu of delivering any fractional share of Common Stock in

accordance with Section 12 ("**Redemption Physical Settlement**") or a combination of cash and shares of Common Stock, together with cash, if applicable, in lieu of delivering any fractional share of Common Stock in accordance with Section 12 ("**Redemption Combination Settlement**"), at its election, as set forth in this Section 6(d), in satisfaction of the Redemption Price for such share.

(i) All redemptions in connection with any Redemption Notice shall be settled using the same Settlement Method.

(ii) The Corporation may elect a Settlement Method in respect of each Optional Redemption in the Redemption Notice for such Optional Redemption, which election shall be binding on the Corporation. If the Corporation does not specify a Settlement Method in the relevant Redemption Notice, the Corporation shall no longer have the right to elect Redemption Physical Settlement or Redemption Combination Settlement and the Corporation shall be deemed to have elected Redemption Cash Settlement in respect of the Redemption Price. In the case of an election of Redemption Combination Settlement, the relevant Redemption Notice shall specify the Specified Dollar Amount per share of Convertible Preferred Stock, which shall be less than the Liquidation Preference per share of Convertible Preferred Stock. If the Corporation delivers a Redemption Notice electing Redemption Combination Settlement in respect of the Redemption Price but does not specify a Specified Dollar Amount per share of Convertible Preferred Stock in such Redemption Notice, the Specified Dollar Amount per share of Convertible Preferred Stock shall be deemed to be $0, and the provisions of Section 6(d)(iii)(A) shall apply as if the Corporation elected Redemption Physical Settlement in such Redemption Notice.

(iii) The Settlement Amount with respect to any Optional Redemption of Convertible Preferred Stock shall be computed as follows:

(A) If the Corporation elects to satisfy the Redemption Price in respect of such Optional Redemption by Redemption Physical Settlement, the Corporation shall deliver to the relevant Holder in respect of each share of Convertible Preferred Stock being redeemed a number of shares of Common Stock equal to the Redemption Price per share of Convertible Preferred Stock *divided by* the Average VWAP per share of the Common Stock over the related Observation Period; *provided* that the number of shares of Common Stock issued upon Optional Redemption of each share of Convertible Preferred Stock shall not exceed the NASDAQ Share Cap and, if the application of the NASDAQ Share Cap results in the Corporation delivering fewer shares of Common Stock upon any Optional Redemption of any share of Convertible Preferred Stock than otherwise required, the Corporation shall pay an additional amount in cash in respect of such Optional Redemption of such share of Convertible Preferred Stock equal to such shortfall (which shall be equal to (x) the Redemption Price per share of Convertible Preferred Stock, *minus* (y) the product of a number of shares of Common Stock equal to the NASDAQ Share Cap, *multiplied by* the Average VWAP per share of the Common Stock over the related Observation

Period); *provided further* that any payment of cash pursuant to this Section 6(d)(iii)(A) shall be made out of funds legally available for such distribution.

(B) if the Corporation elects (or is deemed to have elected) to satisfy the Redemption Price in respect of such Optional Redemption by Redemption Cash Settlement, the Corporation shall pay to the relevant Holder in respect of each share of Convertible Preferred Stock being redeemed cash out of funds legally available for such distribution in an amount equal to the Redemption Price per share of Convertible Preferred Stock; and

(C) if the Corporation elects to satisfy the Redemption Price in respect of such Optional Redemption by Redemption Combination Settlement, the Corporation shall pay or deliver, as the case may be, in respect of each share of Convertible Preferred Stock being redeemed, a Settlement Amount equal to an amount of cash equal to the Specified Dollar Amount in respect of such Optional Redemption and a number of shares of Common Stock equal to the quotient of (I) the Redemption Price per share, *minus* such Specified Dollar Amount, *divided by* (II) the Average VWAP per share of the Common Stock over the related Observation Period; *provided* that the number of shares of Common Stock issued upon Optional Redemption of each share of Convertible Preferred Stock shall not exceed the NASDAQ Share Cap and, if the application of the NASDAQ Share Cap results in the Corporation delivering fewer shares of Common Stock upon any Optional Redemption of any share of Convertible Preferred Stock than otherwise required, the Corporation shall pay an additional amount in cash in respect of such Optional Redemption of such share of Convertible Preferred Stock equal to such shortfall (which shall be equal to (x) the Redemption Price per share of Convertible Preferred Stock, *minus* (y) the sum of (1) the Specified Dollar Amount and (2) the product of a number of shares of Common Stock equal to the NASDAQ Share Cap, *multiplied by* the Average VWAP per share of the Common Stock over the related Observation Period); *provided further* that any payment of cash pursuant to this Section 6(d)(iii)(C) shall be made out of funds legally available for such distribution.

(e) The Corporation shall pay or deliver, as the case may be, the consideration due in respect of any Optional Redemption on the relevant Redemption Settlement Date. A Holder shall not be required to pay any transfer or similar taxes or duties relating to the issuance or delivery of any Common Stock in respect of an Optional Redemption, but such Holder shall be required to pay any transfer or similar tax or duty that may be payable relating to any transfer involved in the issuance or delivery of any Common Stock in a name other than the name of such Holder. The Transfer Agent may refuse to deliver the certificates representing the shares of Common Stock being issued in a name other than the Holder's name until the Transfer Agent receives a sum sufficient to pay any tax that is due by such Holder in accordance with the immediately preceding sentence. A certificate representing the shares of Common Stock, if any, issuable upon Optional Redemption shall be issued and delivered to the Holder of the share of Convertible Preferred Stock being redeemed or, if the Convertible Preferred Stock being redeemed is in book-entry form, the Corporation may elect to deliver the shares of Common Stock issuable

upon Optional Redemption, if any, to the Holder of the share of Convertible Preferred Stock being redeemed through book-entry transfer, including through the facilities of the Depositary.

The person or persons entitled to receive the shares of Common Stock issuable upon Optional Redemption, if any, shall be treated for all purposes as the record holder(s) of such shares of Common Stock as of the close of business on the last Trading Day of the relevant Observation Period. Except as set forth in Section 13(c) and Section 13(d), prior to the close of business on the last Trading Day of the relevant Observation Period, the shares of Common Stock, if any, issuable upon Optional Redemption of any shares of Convertible Preferred Stock shall not be deemed to be outstanding for any purpose, and Holders shall have no rights with respect to such shares of Common Stock (including voting rights, rights to respond to tender offers for the Common Stock and rights to receive any dividends or other distributions on the Common Stock) by virtue of holding shares of Convertible Preferred Stock.

In the event that a Holder shall not by written notice designate the name in which any shares of Common Stock to be issued upon Optional Redemption of such Convertible Preferred Stock should be registered or, if applicable, the address to which the certificate or certificates representing such shares of Common Stock should be sent, the Corporation shall be entitled to register such shares, and make such payment, in the name of the Holder as shown on the records of the Corporation and, if applicable, to send the certificate or certificates representing such shares of Common Stock to the address of such Holder shown on the records of the Corporation.

(f) No sinking fund is provided for the Convertible Preferred Stock.

SECTION 7. *Voting Rights.*

(a) *General*. Holders shall not have any voting rights except as set forth in this Section 7 or as otherwise from time to time specifically required by Maryland law.

(b) *Right to Elect Director Upon Nonpayment*. Whenever dividends on any shares of Convertible Preferred Stock have not been declared and paid (or have been declared but a sum sufficient for payment thereof has not been set aside for the benefit of the Record Holders thereof on the applicable Regular Record Date) for the equivalent of six or more Dividend Periods (including, for the avoidance of doubt, the Dividend Period beginning on, and including, the Initial Issue Date and ending on, but excluding, [_____][12]), whether or not for consecutive Dividend Periods (a "**Nonpayment**"), the Holders, voting together as a single class with holders of any and all other series of Voting Preferred Stock then outstanding, shall be entitled at the Corporation's next special or annual meeting of stockholders to elect one additional member of the Board of Directors (the "**Preferred Stock Director**") to fill the newly created directorship described in this Section 7(b); *provided* that the Preferred Stock Director meet the director qualifications set forth in the Bylaws as in effect on the Initial Issue Date; *provided further* that the election of any such director will not cause the Corporation to violate the corporate governance requirements of The NASDAQ Stock Market (or the principal other exchange or automated quotation system on which the Corporation's securities may be listed or quoted); and

[12] **To be the first Dividend Payment Date.**

provided further that the Board of Directors shall at no time include more than one director elected by the Holders and the holders of all other series of Voting Preferred Stock as contemplated by this Section 7(b). In the event of a Nonpayment, the following provisions shall apply:

(i) The number of directors then constituting the Board of Directors shall be increased by one (by the Board of Directors by a resolution in accordance with Section 1(a) of Article Six of the Charter) and, subject to applicable law, the new director shall be elected at the next annual meeting of stockholders or at a special meeting of stockholders called by the Corporation's Secretary at the request of the holders of record of at least 20% of the shares of Convertible Preferred Stock or of any other series of Voting Preferred Stock (*provided* that, in the case of a special meeting, such request is received at least 90 calendar days before the date requested for the special meeting). The Preferred Stock Director will stand for reelection annually at each subsequent annual meeting, so long as the Holders continue to have such voting rights.

(ii) Any request to call a special meeting for the initial election of the Preferred Stock Director after a Nonpayment shall be made by written notice, signed by the requisite holders of Convertible Preferred Stock or Voting Preferred Stock then outstanding, and delivered to the Corporation in such manner as provided for in Section 18 below, or as may otherwise be required by law.

(iii) If and when all accumulated and unpaid dividends on the Convertible Preferred Stock have been paid in full, or declared and a sum sufficient for such payment thereof shall have been set aside (a "**Nonpayment Remedy**"), the Holders shall immediately and, without any further action by the Corporation, be divested of the voting rights described in this Section 7(b), subject to the revesting of such rights in the event of each subsequent Nonpayment. If such voting rights for the Holders and all other holders of Voting Preferred Stock shall have terminated, the term of office of any Preferred Stock Director so elected shall immediately terminate and the number of directors on the Board of Directors shall automatically decrease by one at such time.

(iv) Any Preferred Stock Director may be removed at any time without cause by the holders of record of a majority of the outstanding shares of the Convertible Preferred Stock and any Voting Preferred Stock then outstanding (voting together as a single class) when they have the voting rights described in this Section 7(b). In the event that a Nonpayment shall have occurred and there has not been a Nonpayment Remedy, any vacancy in the office of the Preferred Stock Director (other than prior to the initial election of a Preferred Stock Director after a Nonpayment) may be filled by a vote of the holders of record of a majority of the outstanding shares of the Convertible Preferred Stock and any other shares of Voting Preferred Stock then outstanding (voting together as a single class) when they have the voting rights described in this Section 7(b); *provided* that the filling of each vacancy will not cause the Corporation to violate its Bylaws as in effect on the Initial Issue Date or the corporate governance requirements of The NASDAQ Stock Market (or the principal other exchange or automated quotation system on which the Corporation's securities may be listed or quoted). Any such vote of holders of the Convertible Preferred Stock and any Voting Preferred Stock to remove, or to fill a

vacancy in the office of, the Preferred Stock Director may be taken only at a special meeting of stockholders of the Corporation, called as provided above for an initial election of a Preferred Stock Director after a Nonpayment (*provided* that such request is received at least 90 calendar days before the date requested for the special meeting). The Preferred Stock Director shall be entitled to one vote on any matter that shall come before the Board of Directors for a vote. The Preferred Stock Director elected at any special meeting of stockholders of the Corporation shall hold office until the next annual meeting of the stockholders of the Corporation if such office shall not have previously terminated and such Preferred Stock Director shall not have been removed from such office, in each case, as above provided.

For the avoidance of doubt, nothing in the terms of the Convertible Preferred Stock or in these Articles Supplementary shall preclude any issuance by the Corporation of a series of Voting Preferred Stock that is entitled to elect two Preferred Stock Directors in the event of a Nonpayment. If any such series of Voting Preferred Stock is issued, the Holders of the Convertible Preferred Stock, voting together as a single class with holders of any and all other series of Voting Preferred Stock then outstanding, shall be entitled to elect one Preferred Stock Director as provided in this Section 7(b), and holders of any and all other such series of Voting Preferred Stock that are entitled to elect two Preferred Stock Directors in the event of a Nonpayment shall separately elect one other Preferred Stock Director, without the vote of the Holders of the Convertible Preferred Stock.

(c) *Other Voting Rights*. So long as any shares of Convertible Preferred Stock are outstanding, in addition to any other vote or consent of stockholders required by law or by the Charter, the affirmative vote or consent of the Holders of at least two-thirds of the outstanding shares of Convertible Preferred Stock given in person or by proxy, either by written consent without a meeting or by vote at any meeting called for the purpose, shall be necessary for effecting or validating:

(i) any amendment or alteration of these Articles Supplementary or the Charter so as to authorize, create, determine, reclassify or designate, or increase the authorized amount of, any class or series of Senior Stock; *provided* that no such vote or consent shall be necessary for any such amendment or alteration in connection with such an authorization, creation, determination, designation or increase, in each case, in an amount of such Senior Stock with a liquidation preference not in excess of $200,000, solely to the extent such authorization, creation, determination, designation or increase is necessary or advisable to satisfy the requirements to qualify as a REIT;

(ii) any amendment, alteration or repeal of any provision of the Charter (including these Articles Supplementary) that would materially and adversely affect any preference, conversion or other right, voting power, restriction, limitation as to dividends, qualification or term or condition of redemption of the Convertible Preferred Stock; or

(iii) any consummation of a binding share exchange or reclassification involving the Convertible Preferred Stock, or of a merger or consolidation of the Corporation with or into another Person unless, in each case (x) (1) the shares of Convertible Preferred Stock remain outstanding and are not amended in any respect or (2)

the shares of Convertible Preferred Stock are converted into or exchanged for preference securities of the surviving or resulting entity, its ultimate parent or the Corporation's ultimate parent, and (y) in the case of clause (x)(2) above, such preference securities have such preferences, conversion and other rights (including repurchase rights), voting powers, restrictions, limitations as to dividends, qualifications and terms and conditions of redemption, taken as a whole, as are not materially less favorable to the holders thereof than the preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends, qualifications and terms and conditions of redemption of the Convertible Preferred Stock immediately prior to such consummation, taken as a whole;

provided, however, that for all purposes of this Section 7(c), neither (1) any increase in the amount of the Corporation's authorized but unissued shares of Preferred Stock nor (2) the creation and issuance, or an increase in the authorized or issued amount, of any other series of Parity Preferred Stock or Junior Stock, shall be deemed to adversely affect the special rights, preferences, privileges or voting powers, of the Convertible Preferred Stock, and shall not require the affirmative vote or consent of Holders.

(d) *Change of Name, Other Designation or Par Value*. Without the consent or action of the Holders, so long as such action is made pursuant to an amendment to the Corporation's Charter duly adopted in accordance with Maryland law, and does not change the preferences, conversion or other rights (including repurchase rights), voting powers, restrictions, limitations as to dividends, qualifications, or terms or conditions of redemption of the Convertible Preferred Stock, a majority of the entire Board of Directors may change the name or other designation or the par value of such stock of the Corporation.

(e) Prior to the close of business on the last Trading Day of the relevant Observation Period the shares of Common Stock issuable upon conversion, redemption or repurchase, as the case may be, of the Convertible Preferred Stock shall not be deemed to be outstanding and Holders shall have no voting rights with respect to such shares of Common Stock by virtue of holding the Convertible Preferred Stock, including the right to vote such shares of Common Stock on any amendment to the Corporation's Charter or these Articles Supplementary that would adversely affect the rights of holders of the Common Stock.

(f) For purposes of Section 7(b), whether a plurality, majority or other portion of the Convertible Preferred Stock and any other Voting Preferred Stock have been voted in favor of any matter shall be determined by reference to the respective liquidation preference amounts of the Convertible Preferred Stock and such other Voting Preferred Stock voted. At any meeting at which the Holders are entitled to elect a Preferred Stock Director, the holders of record of a majority of the shares of the Convertible Preferred Stock and any Voting Preferred Stock then outstanding (voting together as a single class), present in person or represented by proxy, shall constitute a quorum and the vote of the holders of record of a majority of the shares of the Convertible Preferred Stock and any Voting Preferred Stock then outstanding (voting together as a single class) so present or represented by proxy at any such meeting at which there shall be a quorum shall be sufficient to elect the Preferred Stock Director.

(g) The number of votes that each share of Convertible Preferred Stock and any Voting Preferred Stock participating in the votes described in Section 7(b) shall have shall be in proportion to the liquidation preference of such share.

(h) *Procedures for Voting and Consents*. The rules and procedures for calling and conducting any meeting of the Holders (including, without limitation, the fixing of a record date in connection therewith), the solicitation and use of proxies at such a meeting, the obtaining of written consents and any other procedural aspect or matter with regard to such a meeting or such consents shall be governed by any rules the Board of Directors, in its discretion, may adopt from time to time, which rules and procedures shall conform to the requirements of the Charter, the Bylaws, applicable law and the rules of any national securities exchange or other trading facility on which the Convertible Preferred Stock is listed or traded at the time.

SECTION 8. *Conversion of Convertible Preferred Stock.*

(a) *Conversion Privilege.* (i) Holders shall have the right to convert their shares of Convertible Preferred Stock, in whole or in part (but in no event less than one share of Convertible Preferred Stock), at any time on or after the First Conversion Date and prior to the close of business on the Business Day immediately preceding the Scheduled Mandatory Conversion Date ("**Optional Conversion**"), as described in this Section 8 and subject to satisfaction of the conversion procedures set forth in Section 10, in each case, for the amount and kind of consideration as described in this Section 8; *provided* that an Optional Conversion may be effected prior to the First Conversion Date (x) in accordance with Section 8(d) or Section 15(a)(i) and (y) during any Dividend Conversion Period.

(ii) Upon any Optional Conversion of any shares of the Convertible Preferred Stock, the Corporation shall make no payment or allowance for accumulated and unpaid dividends on such shares of the Convertible Preferred Stock.

(b) *Mandatory Conversion on the Mandatory Conversion Date*. Each share of Convertible Preferred Stock shall automatically convert (unless previously converted at the option of the Holder (x) in accordance with Section 8(a), Section 8(d) or Section 15(a)(i) or (y) during any Dividend Conversion Period, repurchased at the option of the Holder in accordance with Section 15 or redeemed by the Corporation pursuant to Section 6) on the Mandatory Conversion Date ("**Mandatory Conversion**"), as described in this Section 8, in each case, for the amount and kind of consideration as described in this Section 8, *plus* an additional amount equal to accumulated and unpaid dividends (irrespective of whether such dividends have been declared) payable in cash out of funds legally available for payment of such distributions to, but excluding, the Mandatory Conversion Date. For the avoidance of doubt the phrase "Conversion Obligation" in respect of a Mandatory Conversion shall not include any such amount in respect of accumulated and unpaid dividends due upon a Mandatory Conversion.

(c) *Settlement Upon Conversion*. Subject to this Section 8(c), and Section 14, upon conversion of any share of Convertible Preferred Stock, the Corporation shall pay or deliver, as the case may be, to the converting Holder, in respect of each share being converted, cash ("**Cash Settlement**"), shares of Common Stock, together with cash, if applicable, in lieu of delivering any fractional share of Common Stock in accordance with Section 12 ("**Physical Settlement**")

or a combination of cash and shares of Common Stock, together with cash, if applicable, in lieu of delivering any fractional share of Common Stock in accordance with Section 12 ("**Combination Settlement**"), at its election, as set forth in this Section 8(c), in satisfaction of its Conversion Obligation.

(i) All conversions for which the relevant Conversion Date occurs on or after the Final Settlement Method Election Date, and all conversions for which the relevant Conversion Date occurs after the Corporation's issuance of a Redemption Notice with respect to the Convertible Preferred Stock and prior to the related Redemption Date, shall be settled using the same Settlement Method.

(ii) Except for any conversions for which the relevant Conversion Date occurs after the Corporation's issuance of a Redemption Notice with respect to the Convertible Preferred Stock but prior to the related Redemption Date, and any conversions for which the relevant Conversion Date occurs on or after the Final Settlement Method Election Date, the Corporation shall use the same Settlement Method for all conversions with the same Conversion Date, but the Corporation shall not have any obligation to use the same Settlement Method with respect to conversions with different Conversion Dates.

(iii) If, in respect of any Conversion Date (or one of the periods described in the third immediately succeeding set of parentheses, as the case may be), the Corporation elects to deliver a notice (the "**Settlement Notice**") of the relevant Settlement Method in respect of such Conversion Date (or such period, as the case may be), the Corporation shall deliver such Settlement Notice to converting Holders no later than the close of business on the second Trading Day immediately following the relevant Conversion Date (or, in the case of any conversions for which the relevant Conversion Date occurs (x) after the date of issuance of a Redemption Notice with respect to the Convertible Preferred Stock and prior to the related Redemption Date, in such Redemption Notice or (y) on or after the Final Settlement Method Election Date, no later than the Final Settlement Method Election Date). If the Corporation does not elect a Settlement Method prior to the deadline set forth in the immediately preceding sentence, the Corporation shall no longer have the right to elect Cash Settlement or Physical Settlement and the Corporation shall be deemed to have elected Combination Settlement in respect of its Conversion Obligation, and the Specified Dollar Amount per share of Convertible Preferred Stock shall be equal to the Liquidation Preference per share. Such Settlement Notice shall specify the relevant Settlement Method, and in the case of an election of Combination Settlement, the relevant Settlement Notice shall indicate the Specified Dollar Amount per share of Convertible Preferred Stock. If the Corporation delivers a Settlement Notice electing Combination Settlement in respect of its Conversion Obligation but does not indicate a Specified Dollar Amount per share of Convertible Preferred Stock in such Settlement Notice, the Specified Dollar Amount per share of Convertible Preferred Stock shall be deemed to be the Liquidation Preference per share.

(iv) The Settlement Amount with respect to any conversion of Convertible Preferred Stock shall be computed as follows:

(A) If the Corporation elects to satisfy its Conversion Obligation in respect of such conversion by Physical Settlement, the Corporation shall deliver to the converting Holder in respect of each share of Convertible Preferred Stock being converted a number of shares of Common Stock equal to the greater of (x) the Conversion Rate in effect on the Conversion Date and (y) the Liquidation Preference per share *divided by* the Average VWAP per share of the Common Stock for the related Observation Period; *provided* that the number of shares of Common Stock issued upon the conversion of each share of Convertible Preferred Stock pursuant to this Section 8(c)(iv)(A)(y) shall not exceed the NASDAQ Share Cap. If the application of the NASDAQ Share Cap results in the Corporation delivering fewer shares of Common Stock upon any Mandatory Conversion of any share of Convertible Preferred Stock than otherwise required, the Corporation shall pay an additional amount in cash in respect of such Mandatory Conversion of such share of Convertible Preferred Stock equal to such shortfall (which shall be equal to (x) the Liquidation Preference per share of Convertible Preferred Stock, *minus* (y) the product of a number of shares of Common Stock equal to the NASDAQ Share Cap, *multiplied by* the Average VWAP per share of the Common Stock over the related Observation Period); *provided* that any payment of cash pursuant to this Section 8(c)(iv)(A) shall be made out of funds legally available for such distribution.

(B) if the Corporation elects to satisfy its Conversion Obligation in respect of such conversion by Cash Settlement, the Corporation shall pay to the converting Holder in respect of each share of Convertible Preferred Stock being converted cash out of funds legally available for such distribution in an amount equal to the greater of (x) the sum of the Daily Conversion Values for each of the consecutive Trading Days during the related Observation Period and (y) the Liquidation Preference per share; and

(C) if the Corporation elects (or is deemed to have elected) to satisfy its Conversion Obligation in respect of such conversion by Combination Settlement, the Corporation shall pay or deliver, as the case may be, in respect of each share of Convertible Preferred Stock being converted, a Settlement Amount equal to (x) the sum of the Daily Settlement Amounts for each of the consecutive Trading Days during the related Observation Period or (y) if such sum is less than the Liquidation Preference per share (with each share of Common Stock included in such Daily Settlement Amounts valued for this purpose at the Average VWAP per share of the Common Stock for the related Observation Period), an amount of cash equal to the lesser of the Liquidation Preference per share and the Specified Dollar Amount, and, if the Specified Dollar Amount is less than the Liquidation Preference per share, a number of shares of Common Stock equal to the quotient of (I) the Liquidation Preference per share, *minus* the Specified Dollar Amount, *divided by* (II) the Average VWAP per share of the Common Stock for the relevant Observation Period; *provided* that the number of

shares of Common Stock issued upon the conversion of each share of Convertible Preferred Stock pursuant to this Section 8(c)(iv)(C)(y) shall not exceed the NASDAQ Share Cap. If the application of the NASDAQ Share Cap results in the Corporation delivering fewer shares of Common Stock upon any Mandatory Conversion of any share of Convertible Preferred Stock than otherwise required, the Corporation shall pay an additional amount in cash in respect of such Mandatory Conversion of such share of Convertible Preferred Stock equal to such shortfall (which shall be equal to (x) the Liquidation Preference per share of Convertible Preferred Stock, *minus* (y) the sum of (1) the Specified Dollar Amount and (2) the product of a number of shares of Common Stock equal to the NASDAQ Share Cap, *multiplied by* the Average VWAP per share of the Common Stock over the related Observation Period); *provided further* that any payment of cash pursuant to this Section 8(c)(iv)(C) shall be made out of funds legally available for such distribution.

(v) The Daily Settlement Amounts (if applicable) and the Daily Conversion Values (if applicable) shall be determined by the Corporation promptly following the last day of the Observation Period. Promptly after such determination of the Daily Settlement Amounts or the Daily Conversion Values, as the case may be, and the amount of cash payable in lieu of delivering any fractional share of Common Stock, the Corporation shall notify the Conversion and Dividend Disbursing Agent of the Daily Settlement Amounts or the Daily Conversion Values, as the case may be, and the amount of cash payable in lieu of delivering fractional shares of Common Stock. The Conversion and Dividend Disbursing Agent shall have no responsibility for any such determination.

(d) *Make-Whole Fundamental Change Conversion.* 13) If a Make-Whole Fundamental Change occurs or becomes effective prior to the Scheduled Mandatory Conversion Date, a Holder may elect to effect an Optional Conversion of its Convertible Preferred Stock in connection with such Make-Whole Fundamental Change, regardless of whether such Optional Conversion is effected prior to the First Conversion Date. In such event, the Corporation shall, under the circumstances described below, increase the Conversion Rate for the shares of Convertible Preferred Stock so surrendered for Optional Conversion by a number of additional shares of Common Stock (the "**Additional Shares**"), as described below. An Optional Conversion shall be deemed for these purposes to be "in connection with" such Make-Whole Fundamental Change if the relevant notice of conversion is received by the Conversion and Dividend Disbursing Agent from, and including, the Effective Date of the Make-Whole Fundamental Change up to, and including, the Business Day immediately prior to the related Change of Control Repurchase Date (or, in the case of a Make-Whole Fundamental Change that would have been a Change of Control but for the exceptions from clause (1) of such definition for Permitted Holdco Transactions, the 35th Trading Day immediately following the Effective Date of such Make-Whole Fundamental Change) (such period, the "**Make-Whole Fundamental Change Conversion Period**"). For the avoidance of doubt, an Optional Conversion in connection with a Make-Whole Fundamental Change may be effected prior to the First Conversion Date.

(ii) Upon surrender of Convertible Preferred Stock for Optional Conversion in connection with a Make-Whole Fundamental Change pursuant to Section 8(d), the

Corporation shall, at its option, satisfy the related Conversion Obligation by Physical Settlement, Cash Settlement or Combination Settlement in accordance with Section 8(c); *provided*, *however*, that if, at the effective time of a Make-Whole Fundamental Change the Reference Property following such Make-Whole Fundamental Change is composed entirely of cash, for any Optional Conversion in connection with such Make-Whole Fundamental Change, the Conversion Obligation shall be calculated based on the Stock Price paid in the transaction and shall be deemed to be an amount of cash per share of converted Convertible Preferred Stock equal to the greater of (x) the Conversion Rate (including any adjustment for Additional Shares), *multiplied* by such Stock Price and (y) the Liquidation Preference per share. In such event, the Conversion Obligation shall be paid to Holders in cash on the third Business Day following the Optional Conversion Date. The Corporation shall notify the Holders of the anticipated Effective Date of any Make-Whole Fundamental Change on or before the twentieth calendar day prior to the anticipated Effective Date or, if such prior notice is not practicable, no later than two Business Days after such Effective Date; *provided* that the Corporation shall not be obligated to give such notice prior to the Business Day immediately succeeding the Corporation's public announcement of the relevant event causing such Make-Whole Fundamental Change; *provided further* that any delay in providing such notice past such Effective Date shall increase the period of time during which a conversion will be deemed to be "in connection with" such Make-Whole Fundamental Change by an equal amount of days. Such notice shall state (A) the event causing the Make-Whole Fundamental Change, (B) the anticipated or actual Effective Date, as the case may be, of the Make-Whole Fundamental Change, (C) the anticipated or actual Make-Whole Fundamental Change Conversion Period, as the case may be, (D) the applicable Conversion Rate and the relevant number of Additional Shares and (E) the instructions a Holder must follow to effect an Optional Conversion in connection with such Make-Whole Fundamental Change.

(iii) The number of Additional Shares, if any, by which the Conversion Rate shall be increased shall be determined by reference to the table below, based on the date on which the Make-Whole Fundamental Change occurs or becomes effective (the "**Effective Date**") and the price (the "**Stock Price**") paid (or deemed to be paid) per share of the Common Stock in the Make-Whole Fundamental Change. If the holders of the Common Stock receive in exchange for their Common Stock only cash in a Make-Whole Fundamental Change, the Stock Price shall be the cash amount paid per share. Otherwise, the Stock Price shall be the Average VWAP per share of the Common Stock for the five Trading Day period ending on, and including, the Trading Day immediately preceding the Effective Date of the Make-Whole Fundamental Change. The Board of Directors (or an authorized committee thereof) shall in good faith make appropriate adjustments to the Stock Price, in its good faith determination, to account for any adjustment to the Conversion Rate that becomes effective, or any event requiring an adjustment to the Conversion Rate where the Ex-Dividend Date, Effective Date (as such term is used in Section 13) or expiration date of the event occurs during such five consecutive Trading Day period.

(iv) The Stock Prices set forth in the column headings of the table below shall be adjusted as of any date on which the Conversion Rate is otherwise adjusted. The adjusted Stock Prices shall equal the Stock Prices applicable immediately prior to such adjustment, *multiplied by* a fraction, the numerator of which is the Conversion Rate immediately prior to such adjustment giving rise to the Stock Price adjustment and the denominator of which is the Conversion Rate as so adjusted. The number of Additional Shares set forth in the table below shall be adjusted in the same manner and at the same time as the Conversion Rate as set forth in Section 13.

(v) The following table sets forth the number of Additional Shares of Common Stock by which the Conversion Rate shall be increased per share of Convertible Preferred Stock pursuant to this Section 8(d) for each Stock Price and Effective Date set forth below:[13]

	Stock Price												
Effective Date	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
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The exact Stock Prices and Effective Dates may not be set forth in the table above, in which case:

(A) if the Stock Price is between two Stock Prices in the table above or the Effective Date is between two Effective Dates in the table, the number of Additional Shares shall be determined by a straight-line interpolation between the number of Additional Shares set forth for the higher and lower Stock Prices and the earlier and later Effective Dates, as applicable, based on a 365-day year or a 366-day year, as the case may be;

(B) if the Stock Price is greater than $[___.__] per share (subject to adjustment in the same manner as the Stock Prices set forth in the column headings of the table above pursuant to subsection (iv) above), no Additional Shares shall be added to the Conversion Rate; and

(C) if the Stock Price is less than $[___.__] per share (subject to adjustment in the same manner as the Stock Prices set forth in the column

_____

[13] **Make-whole table to be provided by Citibank.**

[14] **To be the Initial Issue Date. Subsequent Effective Dates to be annually, ending on the Scheduled Mandatory Conversion Date.**

headings of the table above pursuant to subsection (iv) above), no Additional Shares shall be added to the Conversion Rate.

Notwithstanding the foregoing, in no event shall the Conversion Rate per share of Convertible Preferred Stock exceed [___.____] shares of Common Stock, subject to adjustment in the same manner as the Conversion Rate pursuant to Section 13.

(vi) Nothing in this Section 8(d) shall prevent an adjustment to the Conversion Rate pursuant to Section 13 in respect of a Make-Whole Fundamental Change.

SECTION 9. *[Reserved].*

SECTION 10. *Conversion Procedures.* (a) Pursuant to Section 8(b), on the Mandatory Conversion Date, any outstanding shares of Convertible Preferred Stock shall automatically convert in accordance with Section 8(b). The Person or Persons entitled to receive any shares of Common Stock issuable on the Mandatory Conversion Date shall be treated for all purposes as the record holder(s) of such shares of Common Stock as of the close of business on the last Trading Day of the Final Observation Period. Except as provided under Section 13(c) and Section 13(d), prior to the close of business on the last Trading Day of the Final Observation Period, the shares of Common Stock issuable upon Mandatory Conversion of the Convertible Preferred Stock shall not be deemed to be outstanding for any purpose, and Holders shall have no rights with respect to such shares of Common Stock (including voting rights, rights to respond to tender offers for the Common Stock and rights to receive any dividends or other distributions on the Common Stock) by virtue of holding the Convertible Preferred Stock.

(b) To effect an Optional Conversion pursuant to Section 8, a Holder who

(i) holds a beneficial interest in a Global Preferred Share must deliver to DTC the appropriate instruction form for conversion pursuant to DTC's conversion program and, if required, pay (x) all applicable transfer or similar taxes or duties, if any, and (y) funds equal to dividends payable, if any, on the next Dividend Payment Date pursuant to Section 4(a); or

(ii) holds shares of Convertible Preferred Stock in definitive, certificated form must:

(A) complete and manually sign the conversion notice on the back of the Convertible Preferred Stock certificate or a facsimile of such conversion notice;

(B) deliver the completed conversion notice and the certificated shares of Convertible Preferred Stock to be converted to the Conversion and Dividend Disbursing Agent;

(C) if required, furnish appropriate endorsements and transfer documents; and

(D) if required, pay (x) all applicable transfer or similar taxes or duties, if any, and (y) funds equal to dividends payable, if any, on the next Dividend Payment Date pursuant to Section 4(a).

The Optional Conversion shall be effective on the date on which a Holder has satisfied the foregoing requirements (the "**Optional Conversion Date**"). Except as set forth in Section 8(d) and Section 14(a), the Corporation shall pay or deliver, as the case may be, the consideration due in respect of the Conversion Obligation for any Optional Conversion on the third Business Day immediately following the last Trading Day of the relevant Observation Period. A Holder shall not be required to pay any transfer or similar taxes or duties relating to the issuance or delivery of any Common Stock if such Holder exercises its conversion rights, but such Holder shall be required to pay any transfer or similar tax or duty that may be payable relating to any transfer involved in the issuance or delivery of any Common Stock in a name other than the name of such Holder. The Transfer Agent may refuse to deliver the certificates representing the shares of Common Stock being issued in a name other than the Holder's name until the Transfer Agent receives a sum sufficient to pay any tax that is due by such Holder in accordance with the immediately preceding sentence. A certificate representing the shares of Common Stock, if any, issuable upon conversion shall be issued and delivered to the converting Holder or, if the Convertible Preferred Stock being converted is in book-entry form, the Corporation may elect to deliver the shares of Common Stock issuable upon conversion, if any, to the converting Holder through book-entry transfer, including through the facilities of the Depositary.

The person or persons entitled to receive the shares of Common Stock issuable upon Optional Conversion, if any, shall be treated for all purposes as the record holder(s) of such shares of Common Stock as of the close of business on the last Trading Day of the relevant Observation Period. Except as set forth in Section 13(c) and Section 13(d), prior to the close of business on the last Trading Day of the relevant Observation Period, the shares of Common Stock, if any, issuable upon Optional Conversion of any shares of Convertible Preferred Stock shall not be deemed to be outstanding for any purpose, and Holders shall have no rights with respect to such shares of Common Stock (including voting rights, rights to respond to tender offers for the Common Stock and rights to receive any dividends or other distributions on the Common Stock) by virtue of holding shares of Convertible Preferred Stock.

In the event that an Optional Conversion is effected with respect to shares of Convertible Preferred Stock representing less than all the shares of Convertible Preferred Stock held by a Holder, upon such Optional Conversion the Corporation shall execute and instruct the Registrar and Transfer Agent to countersign and deliver to the Holder thereof, at the expense of the Corporation, a certificate evidencing the shares of Convertible Preferred Stock as to which Optional Conversion was not effected, or, if the Convertible Preferred Stock is held in book-entry form, the Corporation shall cause the Transfer Agent and Registrar to reduce the number of shares of Convertible Preferred Stock represented by the global certificate by making a notation on Schedule I attached to the global certificate.

No Optional Conversion with respect to any share of Convertible Preferred Stock may be effected by a Holder thereof if such Holder has also delivered a Change of Control Repurchase

Notice to the Corporation in respect of such share of Preferred Stock and has not validly withdrawn such Change of Control Repurchase Notice in accordance with Section 15(b).

(c) In the event that a Holder shall not by written notice designate the name in which any shares of Common Stock to be issued upon conversion of such Convertible Preferred Stock should be registered or, if applicable, the address to which the certificate or certificates representing such shares of Common Stock should be sent, the Corporation shall be entitled to register such shares, and make such payment, in the name of the Holder as shown on the records of the Corporation and, if applicable, to send the certificate or certificates representing such shares of Common Stock to the address of such Holder shown on the records of the Corporation.

(d) Shares of Convertible Preferred Stock shall cease to be outstanding on the applicable Optional Conversion Date or Mandatory Conversion Date, subject to the right of Holders of such shares to receive the cash payable and/or the shares of Common Stock issuable upon conversion of such shares of Convertible Preferred Stock to which they are entitled pursuant to Section 8, *plus*, in the case of a Mandatory Conversion, accumulated and unpaid dividends (irrespective of whether such dividends have been declared) payable in cash out of funds legally available for payment of such dividends to, but excluding, the Mandatory Conversion Date.

SECTION 11. *Reservation of Common Stock.* (a) The Corporation shall at all times reserve and keep available out of its authorized and unissued Common Stock or shares of Common Stock held in the treasury of the Corporation, solely for issuance upon the conversion, redemption or repurchase of shares of Convertible Preferred Stock as herein provided, free from any preemptive or other similar rights, a number of shares of Common Stock equal to the NASDAQ Share Cap *multiplied by* the number of shares of Convertible Preferred Stock.

(b) Notwithstanding the foregoing, the Corporation shall be entitled to deliver upon any conversion, redemption or repurchase of shares of Convertible Preferred Stock, as herein provided, shares of Common Stock reacquired and held in the treasury of the Corporation (in lieu of the issuance of authorized and unissued shares of Common Stock), so long as any such treasury shares are free and clear of all liens, charges, security interests or encumbrances (other than liens, charges, security interests and other encumbrances created by the Holders).

(c) All shares of Common Stock delivered upon any conversion, redemption or repurchase of the Convertible Preferred Stock shall be duly authorized, validly issued, fully paid and non-assessable, free and clear of all liens, claims, security interests and other encumbrances (other than liens, charges, security interests and other encumbrances created by the Holders).

(d) Subject to the Stockholder's and Registration Rights Agreement, prior to the delivery of any securities that the Corporation shall be obligated to deliver upon conversion of the Convertible Preferred Stock, the Corporation shall use reasonable best efforts to comply with all U.S. federal and state laws and regulations thereunder requiring the registration of such securities with, or any approval of or consent to the delivery thereof by, any governmental authority; *provided* that this Section 11(d) shall not obligate the Corporation to register the offer and sale of such securities under the Securities Act or any other applicable securities laws.

(e) Subject to the Stockholder's and Registration Rights Agreement, the Corporation hereby covenants and agrees that, if at any time the Common Stock shall be listed on the NASDAQ Global Select Market or any other national securities exchange or automated quotation system, the Corporation shall, if permitted by the rules of such exchange or automated quotation system, list and keep listed, so long as the Common Stock shall be so listed on such exchange or automated quotation system, all Common Stock issuable upon conversion, redemption or repurchase of the Convertible Preferred Stock; *provided, however*, that if the rules of such exchange or automated quotation system permit the Corporation to defer the listing of such Common Stock until the first conversion, redemption or repurchase of Convertible Preferred Stock in accordance with the provisions hereof, the Corporation covenants to list such Common Stock issuable upon the first conversion, redemption or repurchase of the Convertible Preferred Stock in accordance with the requirements of such exchange or automated quotation system at such time.

SECTION 12. *Fractional Shares.* (a) No fractional shares of Common Stock shall be issued as a result of any conversion, redemption or repurchase of shares of Convertible Preferred Stock.

(b) In lieu of any fractional share of Common Stock otherwise issuable in respect of the aggregate number of shares of Convertible Preferred Stock that are redeemed pursuant to Section 6, converted pursuant to Section 8 or repurchased pursuant to Section 15, as the case may be, the Corporation shall pay an amount in cash (computed to the nearest cent) equal to the product of (i) that same fraction and (ii) the VWAP per share of the Common Stock on the last Trading Day of the relevant Observation Period.

(c) If more than one share of the Convertible Preferred Stock is surrendered for conversion, redemption or repurchase at one time by or for the same Holder, the number of full shares of Common Stock issuable upon conversion, redemption or repurchase thereof, as the case may be, shall be computed on the basis of the aggregate number of shares of the Convertible Preferred Stock so surrendered.

SECTION 13. *Adjustments to the Conversion Rate.* The Conversion Rate shall be adjusted from time to time by the Corporation if any of the following events occurs, except that the Corporation shall not make any adjustments to the Conversion Rate if Holders of the Convertible Preferred Stock participate (other than in the case of (x) a share split or share combination or (y) a tender or exchange offer), at the same time and upon the same terms as holders of the Common Stock and solely as a result of holding the Convertible Preferred Stock, in any of the transactions described in this Section 13, without having to convert their Convertible Preferred Stock, as if they held a number of shares of Common Stock equal to the Conversion Rate, *multiplied by* the number of shares of Convertible Preferred Stock held by such Holder.

(a) If the Corporation exclusively issues shares of Common Stock as a dividend or distribution on shares of the Common Stock (other than any shares of Common Stock constituting all or a portion of any regular, quarterly dividend), or if the Corporation effects a share split or share combination, the Conversion Rate shall be adjusted based on the following formula:

$$CR' = CR_0 \times \frac{OS'}{OS_0}$$

where,

CR_0 = the Conversion Rate in effect immediately prior to the open of business on the Ex-Dividend Date of such dividend or distribution, or immediately prior to the open of business on the Effective Date of such share split or share combination, as applicable;

CR' = the Conversion Rate in effect immediately after the open of business on such Ex-Dividend Date or Effective Date;

OS_0 = the number of shares of Common Stock outstanding immediately prior to the open of business on such Ex-Dividend Date or Effective Date; and

OS' = the number of shares of Common Stock outstanding immediately after giving effect to such dividend, distribution, share split or share combination.

Any adjustment made under this Section 13(a) shall become effective immediately after the open of business on the Ex-Dividend Date for such dividend or distribution, or immediately after the open of business on the Effective Date for such share split or share combination, as applicable. If any dividend or distribution of the type described in this Section 13(a) is declared but not so paid or made, the Conversion Rate shall be immediately readjusted, effective as of the date the Board of Directors (or an authorized committee thereof) determines not to pay such dividend or distribution, to the Conversion Rate that would then be in effect if such dividend or distribution had not been declared.

(b) If the Corporation issues to all or substantially all holders of the Common Stock any rights, options or warrants (other than in connection with the adoption or implementation of a shareholder rights plan) entitling them, for a period of not more than 45 calendar days after the date of such issuance, to subscribe for or purchase shares of the Common Stock at a price per share that is less than the Average VWAP per share of the Common Stock for the 10 consecutive Trading Day period ending on, and including, the Trading Day immediately preceding the date of announcement of such issuance, the Conversion Rate shall be increased based on the following formula:

$$CR' = CR_0 \times \frac{OS_0 + X}{OS_0 + Y}$$

where,

CR_0 = the Conversion Rate in effect immediately prior to the open of business on the Ex-Dividend Date for such issuance;

CR' = the Conversion Rate in effect immediately after the open of business on such Ex-Dividend Date;

OS_0 = the number of shares of Common Stock outstanding immediately prior to the open of business on such Ex-Dividend Date;

X = the total number of shares of Common Stock issuable pursuant to such rights, options or warrants; and

Y = the number of shares of Common Stock equal to the aggregate price payable to exercise such rights, options or warrants, *divided by* the Average VWAP per share of the Common Stock for the 10 consecutive Trading Day period ending on, and including, the Trading Day immediately preceding the date of announcement of the issuance of such rights, options or warrants.

Any increase made under this Section 13(b) shall be made successively whenever any such rights, options or warrants are issued and shall become effective immediately after the open of business on the Ex-Dividend Date for such issuance. To the extent that shares of the Common Stock are not delivered pursuant to such rights, options or warrants upon the exercise of such rights, options or warrants, or if any such rights, options or warrants are not exercised prior to their expiration, the Conversion Rate shall be decreased to the Conversion Rate that would then be in effect had the increase with respect to the issuance of such rights, options or warrants been made on the basis of delivery of only the number of shares of Common Stock actually delivered. If such rights, options or warrants are not so issued, the Conversion Rate shall be decreased, effective as of the date the Board of Directors (or an authorized committee thereof) determines not to issue such rights, options or warrants, to the Conversion Rate that would then be in effect if such Ex-Dividend Date for such issuance had not occurred.

For purposes of this Section 13(b), in determining whether any rights, options or warrants entitle the holders to subscribe for or purchase shares of the Common Stock at less than such Average VWAP per share of the Common Stock for the 10 consecutive Trading Day period ending on, and including, the Trading Day immediately preceding the date of announcement of such issuance, and in determining the aggregate offering price payable to exercise such rights, options or warrants, there shall be taken into account any consideration received by the Corporation for such rights, options or warrants and any amount payable on exercise or conversion thereof, the value of such consideration, if other than cash, to be determined by the Board of Directors (or an authorized committee thereof) in good faith.

(c) If the Corporation distributes shares of its Capital Stock, evidences of its indebtedness, securities, other assets or property of the Corporation or rights, options or warrants to acquire its Capital Stock or other securities, to all or substantially all holders of the Common Stock, excluding (i) dividends, distributions or issuances as to which an adjustment was effected pursuant to Section 13(a) or Section 13(b), (ii) dividends or distributions paid exclusively in cash as to which the provisions set forth in Section 13(d) shall apply, (iii) dividends or distributions of Common Stock constituting all or a portion of any regular, quarterly dividend, (iv) dividends or distributions of Reference Property in exchange for Common Stock in connection with any Reorganization Event, (v) except as otherwise provided in Section 13(n) upon the occurrence of a Separation Event, the adoption or implementation of a shareholder rights plan, and (vi) Spin-Offs as to which the provisions set forth below in this Section 13(c) shall apply (any of such shares of Capital Stock, evidences of indebtedness, other assets or property or rights, options or

warrants to acquire Capital Stock or other securities, the "**Distributed Property**"), then the Conversion Rate shall be increased based on the following formula:

$$CR' = CR_0 \times \frac{SP_0}{SP_0 - FMV}$$

where,

CR_0 = the Conversion Rate in effect immediately prior to the open of business on the Ex-Dividend Date for such distribution;

CR' = the Conversion Rate in effect immediately after the open of business on such Ex-Dividend Date;

SP_0 = the Average VWAP per share of the Common Stock for the 10 consecutive Trading Day period ending on, and including, the Trading Day immediately preceding the Ex-Dividend Date for such distribution; and

FMV = the fair market value (as determined by the Board of Directors (or an authorized committee thereof) in good faith) of the Distributed Property applicable to one share of the Common Stock on the Ex-Dividend Date for such distribution.

Any increase made under the portion of this Section 13(c) above shall become effective immediately after the open of business on the Ex-Dividend Date for such distribution. If such distribution is not so paid or made, the Conversion Rate shall be decreased, effective as of the date the Board of Directors (or an authorized committee thereof) determines not to proceed with such distribution, to the Conversion Rate that would then be in effect if such distribution had not been declared. Notwithstanding the foregoing, if "FMV" (as defined above) is equal to or greater than "SP_0" (as defined above), in lieu of the foregoing increase, each Holder of a share of Convertible Preferred Stock shall receive, in respect of each such share, at the same time and upon the same terms as holders of the Common Stock receive the Distributed Property, the amount and kind of Distributed Property such Holder would have received if such Holder owned a number of shares of Common Stock equal to the Conversion Rate in effect on the Ex-Dividend Date for the distribution. If the Corporation determines the "FMV" (as defined above) of any distribution for purposes of this Section 13(c) by reference to the actual or when-issued trading market for any securities, it may (but need not) in doing so consider the prices in such market over the same period used in computing the Average VWAP per share of the Common Stock for the 10 consecutive Trading Day period ending on, and including, the Trading Day immediately preceding the Ex-Dividend Date for such distribution.

With respect to an adjustment pursuant to this Section 13(c) where there has been a payment of a dividend or other distribution on the Common Stock of shares of Capital Stock of any class or series, or similar equity interest, of or relating to a Subsidiary or other business unit of the Corporation, that are, or, when issued, will be, listed or admitted for trading on a U.S. national securities exchange (a "**Spin-Off**"), the Conversion Rate shall be increased based on the following formula:

$$CR' = CR_0 \times \frac{FMV_0 + MP_0}{MP_0}$$

where,

CR_0 = the Conversion Rate in effect immediately prior to the end of the Valuation Period;

CR' = the Conversion Rate in effect immediately after the end of the Valuation Period;

FMV_0 = the Average VWAP per share of the Capital Stock or similar equity interest distributed to holders of the Common Stock applicable to one share of the Common Stock (determined by reference to the definition of VWAP as if references therein to (x) Common Stock were to such Capital Stock or similar equity interest and (y) the Bloomberg page "CSAL <Equity> AQR" were to the equivalent Bloomberg page for such Capital Stock or similar equity interest) for the 10 consecutive Trading Day period after, and including, the Ex-Dividend Date of the Spin-Off (the "**Valuation Period**"); and

MP_0 = the Average VWAP per share of the Common Stock for the Valuation Period.

The increase to the Conversion Rate under the preceding paragraph shall occur on the last Trading Day of the Valuation Period; *provided* that in respect of any conversion of Convertible Preferred Stock, for any Trading Day that falls within the relevant Observation Period for such conversion and within the Valuation Period, references in the portion of this Section 13(c) related to Spin-Offs to 10 Trading Days shall be deemed to be replaced with such lesser number of Trading Days as have elapsed between the Ex-Dividend Date of such Spin-Off and such Trading Day in determining the Conversion Rate as of such Trading Day. If the Ex-Dividend Date of the Spin-Off is after the 10th Trading Day immediately preceding, and including, the end of any Observation Period in respect of a conversion of Convertible Preferred Stock, references in the preceding paragraph to 10 Trading Days will be deemed to be replaced, solely in respect of that conversion of Convertible Preferred Stock, with such lesser number of Trading Days as have elapsed from, and including, the Ex-Dividend Date for the Spin-Off to, and including, the last Trading Day of such Observation Period.

For purposes of this Section 13(c) (and subject in all respect to Section 13(n)), rights, options or warrants distributed by the Corporation to all holders of the Common Stock entitling them to subscribe for or purchase shares of the Corporation's Capital Stock, including Common Stock (either initially or under certain circumstances), which rights, options or warrants, until the occurrence of a specified event or events ("**Trigger Event**"): (i) are deemed to be transferred with such shares of the Common Stock; (ii) are not exercisable; and (iii) are also issued in respect of future issuances of the Common Stock, shall be deemed not to have been distributed for purposes of this Section 13(c) (and no adjustment to the Conversion Rate under this Section 13(c) will be required) until the occurrence of the earliest Trigger Event, whereupon such rights, options or warrants shall be deemed to have been distributed and an appropriate adjustment (if any is required) to the Conversion Rate shall be made under this Section 13(c). If any such right, option or warrant, including any such existing rights, options or warrants distributed prior to the Initial Issue Date, are subject to events, upon the occurrence of which such rights, options or

warrants become exercisable to purchase different securities, evidences of indebtedness or other assets, then the date of the occurrence of any and each such event shall be deemed to be the date of distribution and Ex-Dividend Date with respect to new rights, options or warrants with such rights (in which case the existing rights, options or warrants shall be deemed to terminate and expire on such date without exercise by any of the holders thereof). In addition, in the event of any distribution (or deemed distribution) of rights, options or warrants, or any Trigger Event or other event (of the type described in the immediately preceding sentence) with respect thereto that was counted for purposes of calculating a distribution amount for which an adjustment to the Conversion Rate under this Section 13(c) was made, (1) in the case of any such rights, options or warrants that shall all have been redeemed or purchased without exercise by any holders thereof, upon such final redemption or purchase (x) the Conversion Rate shall be readjusted as if such rights, options or warrants had not been issued and (y) the Conversion Rate shall then again be readjusted to give effect to such distribution, deemed distribution or Trigger Event, as the case may be, as though it were a cash distribution, equal to the per share redemption or purchase price received by a holder or holders of Common Stock with respect to such rights, options or warrants (assuming such holder had retained such rights, options or warrants), made to all holders of Common Stock as of the date of such redemption or purchase, and (2) in the case of such rights, options or warrants that shall have expired or been terminated without exercise by any holders thereof, the Conversion Rate shall be readjusted as if such rights, options and warrants had not been issued.

For purposes of Section 13(a), Section 13(b) and this Section 13(c), if any dividend or distribution to which this Section 13(c) is applicable also includes one or both of:

(A) a dividend or distribution of shares of Common Stock to which Section 13(a) is applicable (the "**Clause A Distribution**"); or

(B) a dividend or distribution of rights, options or warrants to which Section 13(b) is applicable (the "**Clause B Distribution**"),

then, in either case, (1) such dividend or distribution, other than the Clause A Distribution and the Clause B Distribution, shall be deemed to be a dividend or distribution to which this Section 13(c) is applicable (the "**Clause C Distribution**") and any Conversion Rate adjustment required by this Section 13(c) with respect to such Clause C Distribution shall then be made, and (2) the Clause A Distribution and Clause B Distribution shall be deemed to immediately follow the Clause C Distribution and any Conversion Rate adjustment required by Section 13(a) and Section 13(b) with respect thereto shall then be made, except that, if determined by the Corporation (I) the "Ex-Dividend Date" of the Clause A Distribution and the Clause B Distribution shall be deemed to be the Ex-Dividend Date of the Clause C Distribution and (II) any shares of Common Stock included in the Clause A Distribution or Clause B Distribution shall be deemed not to be "outstanding immediately prior to the open of business on such Ex-Dividend Date or Effective Date" within the meaning of Section 13(a) or "outstanding immediately prior to the open of business on such Ex-Dividend Date" within the meaning of Section 13(b).

(d) If any cash dividend or distribution (other than any cash payment constituting all or a portion of any regular, quarterly dividend) is made to all or substantially all holders of the Common Stock, the Conversion Rate shall be adjusted based on the following formula:

$$CR' = CR_0 \times \frac{SP_0}{SP_0 - C}$$

where,

CR_0 = the Conversion Rate in effect immediately prior to the open of business on the Ex-Dividend Date for such dividend or distribution;

CR' = the Conversion Rate in effect immediately after the open of business on the Ex-Dividend Date for such dividend or distribution;

SP_0 = the Average VWAP per share of the Common Stock for the five consecutive Trading Day period ending on the Trading Day immediately preceding the Ex-Dividend Date for such dividend or distribution; and

C = the amount in cash per share the Corporation distributes to all or substantially all holders of the Common Stock.

Any increase pursuant to this Section 13(d) shall become effective immediately after the open of business on the Ex-Dividend Date for such dividend or distribution. If such dividend or distribution is not so paid, the Conversion Rate shall be decreased, effective as of the date the Board of Directors (or an authorized committee thereof) determines not to make or pay such dividend or distribution, to be the Conversion Rate that would then be in effect if such dividend or distribution had not been declared. Notwithstanding the foregoing, if "C" (as defined above) is equal to or greater than "SP_0" (as defined above), in lieu of the foregoing increase, each Holder of a share of Convertible Preferred Stock shall receive, for each such share, at the same time and upon the same terms as holders of shares of the Common Stock, the amount of cash that such Holder would have received if such Holder owned a number of shares of Common Stock equal to the Conversion Rate on the Ex-Dividend Date for such cash dividend or distribution.

(e) If the Corporation or any of its Subsidiaries make a payment in respect of a tender or exchange offer for the Common Stock, other than an odd lot tender offer, to the extent that the cash and value of any other consideration included in the payment per share of the Common Stock exceeds the average of the Average VWAP per share of the Common Stock for the 10 consecutive Trading Day period commencing on, and including, the Trading Day next succeeding the last date on which tenders or exchanges may be made pursuant to such tender or exchange offer, the Conversion Rate shall be increased based on the following formula:

$$CR' = CR_0 \times \frac{AC + (SP' \times OS')}{OS_0 \times SP'}$$

where,

CR_0 = the Conversion Rate in effect immediately prior to the close of business on the 10th Trading Day immediately following, and including, the Trading Day next succeeding the date such tender or exchange offer expires;

CR' = the Conversion Rate in effect immediately after the close of business on the 10th Trading Day immediately following, and including, the Trading Day next succeeding the date such tender or exchange offer expires;

AC = the aggregate value of all cash and the fair market value of any other consideration (as determined by the Board of Directors (or an authorized committee thereof) in good faith) paid or payable for shares of Common Stock purchased in such tender or exchange offer;

OS_0 = the number of shares of Common Stock outstanding immediately prior to the date such tender or exchange offer expires (prior to giving effect to the purchase of all shares of Common Stock accepted for purchase or exchange in such tender or exchange offer);

OS' = the number of shares of Common Stock outstanding immediately after the date such tender or exchange offer expires (after giving effect to the purchase of all shares of Common Stock accepted for purchase or exchange in such tender or exchange offer); and

SP' = the Average VWAP per share of the Common Stock for the 10 consecutive Trading Day period commencing on, and including, the Trading Day next succeeding the date such tender or exchange offer expires.

The increase to the Conversion Rate under this Section 13(e) shall occur at the close of business on the 10th Trading Day immediately following, and including, the Trading Day next succeeding the date such tender or exchange offer expires; *provided* that in respect of any conversion of Convertible Preferred Stock, for any Trading Day that falls within the relevant Observation Period for such conversion and within the 10 Trading Days immediately following, and including, the Trading Day next succeeding the expiration date of any tender or exchange offer, references in this Section 13(e) with respect to 10 Trading Days shall be deemed replaced with such lesser number of Trading Days as have elapsed between the expiration date of such tender or exchange offer and such Trading Day in determining the Conversion Rate as of such Trading Day. In addition, if the Trading Day next succeeding the date such tender or exchange offer expires is after the 10th Trading Day immediately preceding, and including, the end of any Observation Period in respect of a conversion of Convertible Preferred Stock, references in the preceding paragraph to 10 Trading Days shall be deemed to be replaced, solely in respect of that conversion of Convertible Preferred Stock, with such lesser number of Trading Days as have elapsed from, and including, the Trading Day next succeeding the date such tender or exchange offer expires to, and including, the last Trading Day of such Observation Period.

(f) Notwithstanding this Section 13 or any other provision of these Articles Supplementary or the Convertible Preferred Stock, if a Conversion Rate adjustment becomes effective on any Ex-Dividend Date, and a Holder that has converted its Convertible Preferred

Stock on or after such Ex-Dividend Date and on or prior to the related Record Date would be treated as the record holder of the shares of Common Stock as of the related Conversion Date as described under Section 10 based on an adjusted Conversion Rate for such Ex-Dividend Date, then, notwithstanding the Conversion Rate adjustment provisions in this Section 13, the Conversion Rate adjustment relating to such Ex-Dividend Date shall not be made for such converting Holder. Instead, such Holder shall be treated as if such Holder were the record owner of the shares of Common Stock on an unadjusted basis and participate in the related dividend, distribution or other event giving rise to such adjustment.

(g) Except as stated herein, the Corporation shall not adjust the Conversion Rate for the issuance of shares of the Common Stock or any securities convertible into or exchangeable for shares of the Common Stock or the right to purchase shares of the Common Stock or such convertible or exchangeable securities.

(h) In addition to those adjustments required by clauses (a), (b), (c), (d) and (e) of this Section 13, and subject to the applicable rules of any exchange on which any of the Corporation's securities are then listed, the Corporation from time to time may increase the Conversion Rate by any amount for a period of at least 20 Business Days if the Corporation in good faith determines that such increase would be in the Corporation's best interest. In addition, subject to the applicable rules of any exchange on which any of the Corporation's securities are then listed, the Corporation may (but is not required to) increase the Conversion Rate to avoid or diminish any income tax to holders of Common Stock or rights to purchase Common Stock in connection with a dividend or distribution of shares of Common Stock (or rights to acquire shares of Common Stock) or similar event. Whenever the Conversion Rate is increased pursuant to either of the preceding two sentences, the Corporation shall mail to the Holder of each share of Convertible Preferred Stock a notice of the increase at least 15 days prior to the date the increased Conversion Rate takes effect, and such notice shall state the increased Conversion Rate and the period during which it will be in effect.

(i) Notwithstanding anything to the contrary in this Section 13, the Conversion Rate shall not be adjusted:

(i) upon the issuance of any shares of Common Stock pursuant to any present or future plan providing for the reinvestment of dividends or interest payable on the Corporation's securities and the investment of additional optional amounts in shares of Common Stock under any plan;

(ii) upon the issuance of any shares of Common Stock or options or rights to purchase those shares pursuant to any present or future employee, director or consultant benefit plan or program of or assumed by the Corporation or any of the Corporation's Subsidiaries;

(iii) upon the issuance of any shares of the Common Stock pursuant to any option, warrant, right or exercisable, exchangeable or convertible security not described in clause (ii) of this subsection and outstanding as of the Initial Issue Date;

(iv) upon the repurchase of any shares of Common Stock pursuant to an open-market repurchase program or other buy-back transaction that is not a tender offer or exchange offer of the nature described in Section 13(e);

(v) solely for a change in the par value of the Common Stock;

(vi) upon any dividend or distribution on the Common Stock that is a regular, quarterly dividend, whether payable in cash, shares of Common Stock or a combination of cash and shares of Common Stock (including at the election of a holder of the Common Stock); or

(vii) for accumulated and unpaid dividends, if any.

(j) All calculations and other determinations under this Section 13 shall be made by the Board of Directors (or an authorized committee thereof) and shall be made to the nearest one-ten thousandth (1/10,000th) of a share of Common Stock. The Corporation shall not adjust the Conversion Rate pursuant to this Section 13 unless the adjustment would result in a change of at least 1% in the then-effective Conversion Rate. However, the Corporation shall carry forward any adjustment that it would otherwise have had to make and take that adjustment into account in any subsequent adjustment. Notwithstanding the foregoing, all such carried-forward adjustments shall be made with respect to the Convertible Preferred Stock (i) in connection with any subsequent adjustment to the Conversion Rate of at least 1% and (ii) on each Trading Day of any Observation Period related to the conversion of Convertible Preferred Stock.

(k) Whenever the Conversion Rate is adjusted as herein provided, the Corporation shall promptly prepare a notice of such adjustment of the Conversion Rate setting forth the adjusted Conversion Rate (including any adjustment to the table set forth in Section 8(d)(v)), the method of calculation thereof in reasonable detail and the date on which each adjustment becomes effective and shall mail (or, in respect of any Global Preferred Shares, deliver in accordance with the applicable procedures of the Depositary) such notice of such adjustment of the Conversion Rate to each Holder in the manner set forth in Section 18. Failure to deliver such notice shall not affect the legality or validity of any such adjustment.

(l) For purposes of this Section 13, the number of shares of Common Stock at any time outstanding shall not include shares of Common Stock held in the treasury of the Corporation so long as the Corporation does not pay any dividend or make any distribution on shares of Common Stock held in the treasury of the Corporation, but shall include shares of Common Stock issuable in respect of scrip certificates issued in lieu of fractions of shares of Common Stock.

(m) Whenever any provision of these Articles Supplementary requires the Corporation to calculate the Average VWAPs, the Daily Conversion Values or the Daily Settlement Amounts over a span of multiple days (including an Observation Period and the period for determining the Stock Price for purposes of a Make-Whole Fundamental Change), the Board of Directors (or an authorized committee thereof) shall in good faith make appropriate adjustments to each to account for any adjustment to the Conversion Rate that becomes effective, or any event requiring an adjustment to the Conversion Rate where the Ex-Dividend Date, Effective Date or expiration

date, as the case may be, of the event occurs, at any time during the period when the Average VWAPs, Daily Conversion Values or the Daily Settlement Amounts are to be calculated.

(n) If the Corporation has a stockholder rights plan in effect upon conversion of the Convertible Preferred Stock, each share of Common Stock, if any, issued upon such conversion shall be entitled to receive the appropriate number of rights, if any, and the certificates representing the Common Stock issued upon such conversion shall bear such legends, if any, in each case as may be provided by the terms of any such stockholder rights plan, as the same may be amended from time to time. However, if, prior to any conversion of Convertible Preferred Stock, the rights have separated from the shares of Common Stock in accordance with the provisions of the applicable stockholder rights plan (a "**Separation Event**"), the Conversion Rate shall be adjusted at the time of separation as if the Corporation distributed to all or substantially all holders of the Common Stock Distributed Property as provided in Section 13(c), subject to readjustment in the event of the expiration, termination or redemption of such rights.

(o) Notwithstanding anything to the contrary herein, the Corporation may delay the settlement of any conversion of the Convertible Preferred Stock to the extent necessary to calculate the amount of consideration due upon conversion in connection with any adjustment of the Conversion Rate pursuant to this Section 13 (including, for the avoidance of doubt, to calculate any readjustment of the Conversion Rate pursuant to this Section 13), and, in respect of any such delay, the Corporation shall be deemed not to have breached its obligation to deliver the consideration due upon conversion by the date specified in Section 10(b).

SECTION 14. *Reorganization Events.*

(a) In the case of:

(i) any recapitalization, reclassification or change of the Common Stock (other than changes resulting from a subdivision or combination),

(ii) any consolidation, merger, combination or similar transaction involving the Corporation,

(iii) any sale, lease or other transfer to a third party of the consolidated assets of the Corporation and the Corporation's Subsidiaries substantially as an entirety or

(iv) any statutory share exchange,

in each case, as a result of which the Common Stock would be converted into, or exchanged for, stock, other securities, other property or assets (including cash or any combination thereof) (any such event, a "**Reorganization Event**"), then, at and after the effective time of such Reorganization Event, the right to convert each share of Convertible Preferred Stock at the Conversion Rate shall be changed into a right to convert such share into the kind and amount of shares of stock, other securities or other property or assets (including cash or any combination thereof) that a holder of a number of shares of Common Stock equal to the Conversion Rate immediately prior to such Reorganization Event would have owned or been entitled to receive (the "**Reference Property**," with each "**unit of Reference Property**" meaning the kind and

amount of Reference Property that a holder of one share of Common Stock is entitled to receive) upon such Reorganization Event; *provided*, *however*, that at and after the effective time of the Reorganization Event (A) the Corporation shall continue to have the right to determine the form of consideration to be paid or delivered, as the case may be, upon redemption of the Convertible Preferred Stock in accordance with Section 6(d), conversion of Convertible Preferred Stock in accordance with Section 8(c), or repurchase of the Convertible Preferred Stock in accordance with Section 15(c)(i), and all amounts paid or delivered, as the case may be, shall be determined in accordance with Section 6(d)(iii), Section 8(c)(iv) or Section 15(c)(i)(C), as the case may be, and (B) (I) any amount payable in cash upon redemption of the Convertible Preferred Stock in accordance with Section 6(d), conversion of the Convertible Preferred Stock in accordance with Section 8(c), or repurchase of the Convertible Preferred Stock in accordance with Section 15(c)(i), shall continue to be payable in cash as determined in Section 6(d)(iii)(B), Section 8(c)(iv)(B) or Section 15(c)(i)(C)(2), as the case may be, (II) any shares of Common Stock that the Corporation would have been required to deliver upon redemption of the Convertible Preferred Stock in accordance with Section 6(d), conversion of the Convertible Preferred Stock in accordance with Section 8(c), or repurchase of the Convertible Preferred Stock in accordance with Section 15(c)(i), shall instead be deliverable in the amount and type of Reference Property that a holder of that number of shares of Common Stock would have been entitled to receive in such Reorganization Event and (III) the VWAP shall be calculated based on the value of a unit of Reference Property.

If the Reorganization Event causes the Common Stock to be converted into, or exchanged for, the right to receive more than a single type of consideration (determined based in part upon any form of stockholder election), then (i) the Reference Property into which the Convertible Preferred Stock will be convertible or with which the Corporation may satisfy its obligation with respect to any Redemption Price or Change of Control Repurchase Price, as applicable, shall be deemed to be (x) the weighted average of the types and amounts of consideration received by the holders of Common Stock that affirmatively make such an election or (y) if no holders of Common Stock affirmatively make such an election, the types and amounts of consideration actually received by the holders of Common Stock, and (ii) the unit of Reference Property for purposes of the immediately preceding paragraph shall refer to the consideration referred to in clause (i) attributable to one share of Common Stock. If the holders of the Common Stock receive only cash in such Reorganization Event, then for all conversions for which the relevant Conversion Date occurs after the effective date of such Reorganization Event (A) the consideration due upon conversion of share of Convertible Preferred Stock shall be solely cash in an amount equal to the greater of (x) the Liquidation Preference per share and (y) the Conversion Rate in effect on the Conversion Date (as may be increased by any Additional Shares pursuant to Section 8(d)), *multiplied by* the price paid per share of Common Stock in such Reorganization Event and (B) the Corporation shall satisfy the Conversion Obligation by paying cash to converting Holders on the third Business Day immediately following the relevant Conversion Date. The Corporation shall notify Holders of such weighted average as soon as practicable after such determination is made.

(b) The above provisions of this Section shall similarly apply to successive Reorganization Events and the provisions of this Section shall apply to any Reference Property.

(c) The Corporation (or any successor thereto) shall, as soon as reasonably practicable (but in any event within 20 calendar days) after the occurrence of any Reorganization Event, provide written notice to the Holders of such occurrence and of the kind and amount of the stock, other securities, other property or assets that constitute the Reference Property. Failure to deliver such notice shall not affect the operation of this Section 14.

(d) The Corporation shall not enter into or consummate any transaction or become a party to any agreement, in each case, with respect to any transaction that would constitute a Reorganization Event unless its terms are consistent with the provisions of Section 14(a).

SECTION 15. *Repurchase of Convertible Preferred Stock at Option of Holders Upon a Change of Control.*

(a) *Repurchase at Option of Holders Upon a Change of Control*. Section 10 If a Change of Control occurs at any time, each Holder shall have the right, at such Holder's option, to require the Corporation to repurchase (a "**Change of Control Repurchase**") all or any integral number of such Holder's shares of Convertible Preferred Stock on the date (the "**Change of Control Repurchase Date**") specified by the Corporation that is not less than 20 Business Days or more than 35 Business Days following the date of the Change of Control Corporation Notice, at the Change of Control Repurchase Price, payable as described in Section 15(c)(i), *plus* an additional amount equal to the Additional Cash Change of Control Amount, payable in cash out of funds legally available for the payment of such distributions. The Change of Control Repurchase Date shall be subject to postponement to comply with applicable law. Upon the occurrence of a Change of Control, a Holder shall also have the right, at such Holder's option, to effect an Optional Conversion of its Convertible Preferred Stock pursuant to Section 8(a) in connection with such Change of Control, regardless of whether such Optional Conversion is effected prior to the First Conversion Date. An Optional Conversion shall be deemed for these purposes to be "in connection with" such Change of Control if the relevant notice of conversion is received by the Conversion and Dividend Disbursing Agent from, and including, the date of the Change of Control Corporation Notice up to, and including, the Business Day immediately prior to the Change of Control Repurchase Date.

(ii) Repurchases of Convertible Preferred Stock under this Section 15(a) shall be made, at the option of the Holder thereof, upon:

(A) delivery to the Conversion and Dividend Disbursing Agent by a Holder of a duly completed notice (the "**Change of Control Repurchase Notice**") in the form set forth in the form of stock certificate attached hereto as Exhibit A, if the shares of Convertible Preferred Stock are in definitive, certificated form, or in compliance with the Depositary's procedures for surrendering interests in Global Preferred Shares, if the shares of Convertible Preferred Stock are Global Preferred Shares, in each case on or before the close of business on the Business Day immediately preceding the Change of Control Repurchase Date; and

(B) delivery of the shares of Convertible Preferred Stock, if such shares are in definitive, certificated form, to the Conversion and Dividend

Disbursing Agent at any time after delivery of the Change of Control Repurchase Notice (together with all necessary endorsements for transfer) at the office of the Conversion and Dividend Disbursing Agent, or book-entry transfer of the shares of Convertible Preferred Stock, if such shares are Global Preferred Shares, in compliance with the procedures of the Depositary, in each case such delivery being a condition to receipt by the Holder of the Change of Control Repurchase Price therefor.

The Change of Control Repurchase Notice in respect of any Convertible Preferred Stock to be repurchased shall state:

(A) in the case of definitive, certificated shares, the certificate numbers of the shares to be delivered for repurchase;

(B) the number of shares to be repurchased, which must be an integer; and

(C) that the shares are to be repurchased by the Corporation pursuant to the applicable provisions of these Articles Supplementary,

provided, *however*, that if the shares are Global Preferred Shares, the Change of Control Repurchase Notice must comply with appropriate Depositary procedures.

Notwithstanding anything herein to the contrary, any Holder delivering to the Conversion and Dividend Disbursing Agent the Change of Control Repurchase Notice contemplated by this Section 15(a)(ii) shall have the right to withdraw, in whole or in part, such Change of Control Repurchase Notice at any time prior to the close of business on the Business Day immediately preceding the Change of Control Repurchase Date by delivery of a written notice of withdrawal to the Conversion and Dividend Disbursing Agent in accordance with Section 15(b).

The Conversion and Dividend Disbursing Agent shall promptly notify the Corporation of the receipt by it of any Change of Control Repurchase Notice or written notice of withdrawal thereof.

(iii) On or before the 20th calendar day after the occurrence of the effective date of a Change of Control, the Corporation shall provide to all Holders and the Transfer Agent and Conversion and Dividend Disbursing Agent (in the case of a Conversion and Dividend Disbursing Agent other than the Transfer Agent) a notice (the "**Change of Control Corporation Notice**") of the occurrence of the effective date of the Change of Control and of the repurchase right at the option of the Holders arising as a result thereof. In the case of shares of Convertible Preferred Stock in definitive, certificated form, such notice shall be by first class mail to each Holder in accordance with Section 18 or, in the case of Global Preferred Shares, such notice shall be delivered in accordance with the applicable procedures of the Depositary. Each Change of Control Corporation Notice shall specify:

(A) the events causing the Change of Control;

(B) the effective date of the Change of Control;

(C) the last date on which a Holder may exercise the repurchase right pursuant to this Section 15;

(D) the Change of Control Repurchase Price and the Settlement Method therefor, and the Additional Cash Change of Control Amount, if any;

(E) the Change of Control Repurchase Date;

(F) the name and address of the Transfer Agent and the Conversion and Dividend Disbursing Agent, if applicable;

(G) if applicable, the Conversion Rate and any adjustments to the Conversion Rate (including the method of calculation thereof in reasonable detail);

(H) the procedures that Holders must follow to require the Corporation to repurchase their shares of Convertible Preferred Stock; and

(I) (1) that Holders may surrender their Convertible Preferred Stock for conversion at any time from, and including, the date of the Change of Control Corporation Notice up to, and including, the Business Day immediately prior to the Change of Control Repurchase Date; (2) the procedures a converting Holder must follow to convert its Convertible Preferred Stock in connection with such Change of Control; (3) the Conversion Rate and, if applicable, the number of Additional Shares added to the Conversion Rate in accordance with Section 8(d); and (4) that the shares of Convertible Preferred Stock with respect to which a Change of Control Repurchase Notice has been delivered by a Holder may be converted only if the Holder withdraws the Change of Control Repurchase Notice in accordance with the terms hereof.

No failure of the Corporation to give the foregoing notices and no defect therein shall limit the Holders' repurchase rights or affect the validity of the proceedings for the repurchase of Convertible Preferred Stock pursuant to this Section 15(a).

(iv) To the extent that the provisions of any securities laws or regulations conflict with the provisions of this Section 15 relating to the Corporation's obligation to repurchase the Convertible Preferred Stock upon a Change of Control, the Corporation shall comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations under such provisions of this Section 15 by virtue of such conflict.

(v) Notwithstanding the foregoing, the Corporation shall not be required to purchase, or to make an offer to purchase, any shares of Convertible Preferred Stock upon a Change of Control if a third party makes such an offer in the same manner, at the same time and otherwise in compliance with the requirements for an offer made by the

Corporation as set forth in this Section 15 and such third party purchases all shares of Convertible Preferred Stock properly surrendered and not validly withdrawn under its offer for cash and otherwise in the same manner, at the same time and otherwise in compliance with the requirements for an offer made by the Corporation as set forth in this Section 15.

(b) *Withdrawal of Change of Control Repurchase Notice.* A Change of Control Repurchase Notice may be withdrawn (in whole or in part) by means of a written notice of withdrawal delivered to the office of the Conversion and Dividend Disbursing Agent in accordance with this Section 15(b) at any time prior to the close of business on the Business Day immediately preceding the Change of Control Repurchase Date, specifying:

(i) the number of shares of Convertible Preferred Stock with respect to which such notice of withdrawal is being submitted,

(ii) if definitive, certificated shares have been issued, the certificate number of the shares in respect of which such notice of withdrawal is being submitted, and

(iii) the number of shares of Convertible Preferred Stock, if any, of such Convertible Preferred Stock that remains subject to the original Change of Control Repurchase Notice, which number of shares must be an integer,

provided, *however*, that if the shares of Convertible Preferred Stock are Global Preferred Shares, the notice must comply with appropriate procedures of the Depositary.

(c) *Satisfaction of Change of Control Repurchase Price and Additional Cash Change of Control Amount*.

(i) Upon any Change of Control Repurchase of any share of Convertible Preferred Stock, the Corporation shall pay or deliver, as the case may be, to the Holder of such share, in respect of each share being repurchased, cash ("**Change of Control Cash Settlement**"), shares of Common Stock, together with cash, if applicable, in lieu of delivering any fractional share of Common Stock in accordance with Section 12 ("**Change of Control Physical Settlement**") or a combination of cash and shares of Common Stock, together with cash, if applicable, in lieu of delivering any fractional share of Common Stock in accordance with Section 12 ("**Change of Control Combination Settlement**"), at its election, as set forth in this Section 15(c), in satisfaction of the Change of Control Repurchase Price for such share.

(A) All Change of Control Repurchases in connection with any Change of Control Corporation Notice shall be settled using the same Settlement Method.

(B) The Corporation may elect a Settlement Method in respect of each Change of Control Repurchase Date in the Change of Control Corporation Notice for such Change of Control, which election shall be binding on the Corporation. If the Corporation does not specify a Settlement Method in the

relevant Change of Control Corporation Notice, the Corporation shall no longer have the right to elect Change of Control Physical Settlement or Change of Control Combination Settlement and the Corporation shall be deemed to have elected Change of Control Cash Settlement in respect of the Change of Control Repurchase Price. In the case of an election of Change of Control Combination Settlement, the relevant Change of Control Corporation Notice shall specify the Specified Dollar Amount per share of Convertible Preferred Stock, which shall be less than the Liquidation Preference per share. If the Corporation delivers a Change of Control Corporation Notice electing Change of Control Combination Settlement in respect of the Change of Control Repurchase Price but does not specify a Specified Dollar Amount per share of Convertible Preferred Stock in such Change of Control Corporation Notice, the Specified Dollar Amount per share of Convertible Preferred Stock shall be deemed to be $0, and the provisions of Section 15(c)(i)(C)(1) shall apply as if the Corporation elected Change of Control Physical Settlement in such Change of Control Corporation Notice.

(C) The Settlement Amount with respect to any Change of Control Repurchase of Convertible Preferred Stock shall be computed as follows:

(1) If the Corporation elects to satisfy the Change of Control Repurchase Price in respect of such Change of Control Repurchase by Change of Control Physical Settlement, the Corporation shall deliver to the relevant Holder in respect of each share of Convertible Preferred Stock being repurchased a number of shares of Common Stock equal to the Change of Control Repurchase Price per share of Convertible Preferred Stock *divided by* the Average VWAP per share of the Common Stock over the related Observation Period; *provided* that the number of shares of Common Stock issued upon a Change of Control Repurchase of each share of Convertible Preferred Stock shall not exceed the NASDAQ Share Cap and, if the application of the NASDAQ Share Cap results in the Corporation delivering fewer shares of Common Stock upon any Change of Control Repurchase of any share of Convertible Preferred Stock than otherwise required, the Corporation shall pay an additional amount in cash in respect of such Change of Control Repurchase of such share of Convertible Preferred Stock equal to such shortfall (which shall be equal to (x) the Change of Control Repurchase Price per share of Convertible Preferred Stock, *minus* (y) the product of a number of shares of Common Stock equal to the NASDAQ Share Cap, *multiplied by* the Average VWAP per share of the Common Stock over the related Observation Period); *provided further* that any payment of cash pursuant to this Section 15(c)(i)(C)(1) shall be made out of funds legally available for such distribution.

(2) if the Corporation elects (or is deemed to have elected) to satisfy the Change of Control Repurchase Price in respect of such Change of Control Repurchase by Change of Control Cash Settlement, the Corporation shall pay to the relevant Holder in respect of each share

of Convertible Preferred Stock being repurchased cash out of funds legally available for such distribution in an amount equal to the Change of Control Repurchase Price per share of Convertible Preferred Stock; and

(3) if the Corporation elects to satisfy the Change of Control Repurchase Price in respect of such Change of Control Repurchase by Change of Control Combination Settlement, the Corporation shall pay or deliver, as the case may be, in respect of each share of Convertible Preferred Stock being repurchased, a Settlement Amount equal to an amount of cash equal to the Specified Dollar Amount in respect of such Change of Control Repurchase and a number of shares of Common Stock equal to the quotient of (I) the Change of Control Repurchase Price per share, *minus* such Specified Dollar Amount, *divided by* (II) the Average VWAP per share of the Common Stock over the related Observation Period; *provided* that the number of shares of Common Stock issued upon a Change of Control Repurchase of each share of Convertible Preferred Stock shall not exceed the NASDAQ Share Cap and, if the application of the NASDAQ Share Cap results in the Corporation delivering fewer shares of Common Stock upon any Change of Control Repurchase of any share of Convertible Preferred Stock than otherwise required, the Corporation shall pay an additional amount in cash in respect of such Change of Control Repurchase of such share of Convertible Preferred Stock equal to such shortfall (which shall be equal to (x) the Change of Control Repurchase Price per share of Convertible Preferred Stock, *minus* (y) the sum of (1) the Specified Dollar Amount and (2) the product of a number of shares of Common Stock equal to the NASDAQ Share Cap, *multiplied by* the Average VWAP per share of the Common Stock over the related Observation Period); *provided further* that any payment of cash pursuant to this Section 15(c)(i)(C)(3) shall be made out of funds legally available for such distribution.

(ii) Subject to receipt of funds and/or shares of Common Stock, as applicable, and/or shares of Convertible Preferred Stock by the Conversion and Dividend Disbursing Agent, payment for shares surrendered for repurchase (and not withdrawn prior to the close of business on the Business Day immediately preceding the Change of Control Repurchase Date) will be made on the later of (x) the relevant Change of Control Settlement Date (*provided* the Holder has satisfied the conditions in Section 15(a)) and (y) the time of book-entry transfer or the delivery of such share to the Conversion and Dividend Disbursing Agent by the Holder thereof in the manner required by Section 15(a). A Holder shall not be required to pay any transfer or similar taxes or duties relating to the issuance or delivery of any Common Stock in respect of a Change of Control Repurchase, but such Holder shall be required to pay any transfer or similar tax or duty that may be payable relating to any transfer involved in the issuance or delivery of any Common Stock in a name other than the name of such Holder. The Transfer Agent may

refuse to deliver the certificates representing the shares of Common Stock being issued in a name other than the Holder's name until the Transfer Agent receives a sum sufficient to pay any tax that is due by such Holder in accordance with the immediately preceding sentence. A certificate representing the shares of Common Stock, if any, issuable upon a Change of Control Repurchase shall be issued and delivered to the Holder of the share of Convertible Preferred Stock being repurchased or, if the Convertible Preferred Stock being repurchased is in book-entry form, the Corporation may elect to deliver the shares of Common Stock issuable upon Change of Control Repurchase, if any, to the Holder of the share of Convertible Preferred Stock being repurchased through book-entry transfer, including through the facilities of the Depositary. Any cash payable on the Change of Control Settlement Date shall be paid by mailing checks for the amount payable to the Holders of shares of Convertible Preferred Stock entitled thereto; *provided, however*, that payments to the Depositary shall be made by wire transfer of immediately available funds to the account of the Depositary or its nominee.

The person or persons entitled to receive the shares of Common Stock issuable upon a Change of Control Repurchase, if any, shall be treated for all purposes as the record holder(s) of such shares of Common Stock as of the close of business on the last Trading Day of the relevant Observation Period. Except as set forth in Section 13(c) and Section 13(d), prior to the close of business on the last Trading Day of the relevant Observation Period, the shares of Common Stock, if any, issuable upon a Change of Control Repurchase of any shares of Convertible Preferred Stock shall not be deemed to be outstanding for any purpose, and Holders shall have no rights with respect to such shares of Common Stock (including voting rights, rights to respond to tender offers for the Common Stock and rights to receive any dividends or other distributions on the Common Stock) by virtue of holding shares of Convertible Preferred Stock.

In the event that a Holder shall not by written notice designate the name in which any shares of Common Stock to be issued upon Change of Control Repurchase of such Convertible Preferred Stock should be registered or, if applicable, the address to which the certificate or certificates representing such shares of Common Stock should be sent, the Corporation shall be entitled to register such shares, and make such payment, in the name of the Holder as shown on the records of the Corporation and, if applicable, to send the certificate or certificates representing such shares of Common Stock to the address of such Holder shown on the records of the Corporation.

(iii) Upon surrender of a certificate representing a number of shares of Convertible Preferred Stock greater than the number of shares to be repurchased pursuant to Section 15(a), the Corporation shall execute and the Transfer Agent shall countersign and deliver to the Holder a new certificate for a number of shares of Convertible Preferred Stock equal to the unrepurchased portion of the certificate surrendered.

SECTION 16. *Transfer Agent, Registrar, and Conversion and Dividend Disbursing Agent.* The duly appointed Transfer Agent, Registrar and Conversion and Dividend Disbursing Agent for the Convertible Preferred Stock shall be Wells Fargo Bank, National Association. The Corporation may, in its sole discretion, remove the Transfer Agent, Registrar or Conversion and Dividend Disbursing Agent in accordance with the agreement between the Corporation and the Transfer Agent, Registrar or Conversion and Dividend Disbursing Agent, as the case may be;

provided that if the Corporation removes Wells Fargo Bank, National Association, the Corporation shall appoint a successor transfer agent, registrar or conversion and dividend disbursing agent, as the case may be, who shall accept such appointment prior to the effectiveness of such removal. Upon any such removal or appointment, the Corporation shall send notice thereof by first-class mail, postage prepaid, to the Holders or, in respect of any Global Preferred Shares, in accordance with the applicable procedures of the Depositary.

SECTION 17. *Record Holders.* To the fullest extent permitted by applicable law, the Corporation and the Transfer Agent may deem and treat the Holder of any shares of Convertible Preferred Stock as the true and lawful owner thereof for all purposes.

SECTION 18. *Notices.* All notices or communications in respect of the Convertible Preferred Stock shall be sufficiently given if given in writing and delivered in person or by first class mail, postage prepaid, or if given in such other manner as may be permitted in these Articles Supplementary, in the Charter or the Bylaws and by applicable law. Notwithstanding the foregoing, if the shares of Convertible Preferred Stock are represented by Global Preferred Shares, such notices shall be given to the Holders in any manner permitted by DTC or any similar facility used for the settlement of transactions in the Convertible Preferred Stock.

SECTION 19. *No Preemptive Rights.* The Holders shall have no preemptive or preferential rights to purchase or subscribe to any stock, obligations, warrants or other securities of the Corporation of any class.

SECTION 20. *Other Rights.* The shares of the Convertible Preferred Stock shall not have any preferences, conversion or other rights (including, but not limited to, any relative, participating, optional or other special rights), voting powers, restrictions, limitations as to dividends, qualifications, or terms or conditions of redemption thereof, other than as set forth herein or in the Charter or as provided by applicable law.

SECTION 21. *Stock Certificates.*

(a) Shares of Convertible Preferred Stock shall initially be represented by stock certificates substantially in the form set forth as Exhibit A hereto.

(b) Stock certificates representing shares of the Convertible Preferred Stock shall be signed by an authorized Officer of the Corporation and attested by the Secretary, any assistant secretary, the Treasurer or any assistant treasurer, in accordance with the Bylaws and applicable Maryland law, by manual or facsimile signature.

(c) A stock certificate representing shares of the Convertible Preferred Stock shall not be valid until manually countersigned by an authorized signatory of the Transfer Agent and Registrar. Each stock certificate representing shares of the Convertible Preferred Stock shall be dated the date of its countersignature.

(d) If any Officer of the Corporation who has signed a stock certificate no longer holds that office at the time the Transfer Agent and Registrar countersigns the stock certificate, the stock certificate shall be valid nonetheless.

(e) The Corporation may, at its option, issue shares of Convertible Preferred Stock without certificates under the circumstances specified in Section 23.

SECTION 22. *Replacement Certificates*.

(a) If physical certificates are issued, and any of the Convertible Preferred Stock certificates shall be mutilated, lost, stolen or destroyed, the Corporation shall, at the expense of the Holder, issue, in exchange and in substitution for and upon cancellation of the mutilated Convertible Preferred Stock certificate, or in lieu of and substitution for the Convertible Preferred Stock certificate lost, stolen or destroyed, a new Convertible Preferred Stock certificate of like tenor and representing an equivalent Liquidation Preference of shares of Convertible Preferred Stock, but only upon receipt of evidence of such loss, theft or destruction of such Convertible Preferred Stock certificate and indemnity, if requested, reasonably satisfactory to the Corporation and the Transfer Agent.

(b) The Corporation is not required to issue any certificate representing the Convertible Preferred Stock on or after the Mandatory Conversion Date. In lieu of the delivery of a replacement certificate following the Mandatory Conversion Date, the Transfer Agent, upon delivery of the evidence and indemnity described above, shall deliver the shares of Common Stock issuable and/or cash deliverable pursuant to the terms of the Convertible Preferred Stock formerly evidenced by the certificate.

SECTION 23. *Form of Convertible Preferred Stock.*

(a) The Convertible Preferred Stock shall initially be issued in definitive, certificated form, registered in the name of the Holder specified on the face of the certificate evidencing such Convertible Preferred Stock. No definitive, certificated Convertible Preferred Stock may be exchanged for Global Preferred Shares unless and until the transfer restrictions described in Section 24 and in the restrictive legend on the face of such Convertible Preferred Stock no longer apply to such Convertible Preferred Stock.

(b) (i) Subject to Section 23(a), the Convertible Preferred Stock may be issued in global form ("**Global Preferred Shares**") eligible for book-entry settlement with the Depositary, represented by one or more stock certificates in global form registered in the name of the Depositary or a nominee of the Depositary bearing the form of global securities legend set forth in Exhibit A. The aggregate number of shares of Convertible Preferred Stock represented by each stock certificate representing Global Preferred Shares may from time to time be increased or decreased by a notation by the Registrar and Transfer Agent on Schedule I attached to the stock certificate.

(ii) Members of, or participants in, the Depositary ("**Agent Members**") shall have no rights under these Articles Supplementary, with respect to any Global Preferred Shares, and the Depositary shall be treated by the Corporation, the Registrar and any agent of the Corporation or the Registrar as the absolute owner of the Convertible Preferred Stock. Notwithstanding the foregoing, nothing herein shall prevent the Corporation, the Registrar or any agent of the Corporation or the Registrar from giving effect to any written certification, proxy or other authorization furnished by the

Depositary or impair, as between the Depositary and its Agent Members, the operation of customary practices of the Depositary governing the exercise of the rights of a holder of a beneficial interest in any shares of Convertible Preferred Stock. The Holders may grant proxies or otherwise authorize any Person to take any action that a Holder is entitled to take pursuant to the Convertible Preferred Stock, these Articles Supplementary or the Charter.

(iii) Transfers of a Global Preferred Share shall be limited to transfers of such Global Preferred Share in whole, but not in part, to nominees of the Depositary or to a successor of the Depositary or such successor's nominee.

(iv) If DTC is at any time unwilling or unable to continue as Depositary for the Global Preferred Shares or DTC ceases to be registered as a "clearing agency" under the Exchange Act, and in either case a successor Depositary is not appointed by the Corporation within 90 days, the Corporation shall issue certificated shares in exchange for the Global Preferred Shares. In any such case, the Global Preferred Shares shall be exchanged in whole for definitive stock certificates, in substantially the form attached hereto as Exhibit A, representing an equal aggregate Liquidation Preference. Such definitive stock certificates shall be registered in the name or names of the Person or Persons specified by DTC in a written instrument to the Registrar.

SECTION 24. *Transfer Restrictions.*

(a) Each share of Convertible Preferred Stock (and every security issued in exchange therefor or substitution thereof, except any shares of Common Stock issued upon conversion, redemption or repurchase thereof) shall not be transferred except in compliance with the Stockholder's and Registration Rights Agreement, and each Holder of Convertible Preferred Stock, by such Holder's acceptance of such Convertible Preferred Stock, shall be deemed to be bound by such restriction on transfer. Each stock certificate evidencing the Convertible Preferred Stock (and every security issued in exchange therefor or substitution thereof, except any shares of Common Stock issued upon conversion, redemption or repurchase thereof, which shall bear the legend set forth in Section 24(b), if applicable) shall bear a legend in substantially the following form:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED, OR ANY NON-U.S. OR STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN COMPLIANCE THEREWITH. THIS SECURITY IS ALSO SUBJECT TO ADDITIONAL RESTRICTIONS ON TRANSFER AS SET FORTH IN THE STOCKHOLDER'S AND REGISTRATION RIGHTS AGREEMENT DATED AS OF [____], 2016, AS AMENDED FROM TIME TO TIME, COPIES OF WHICH MAY BE OBTAINED UPON REQUEST FROM COMMUNICATIONS, SALES & LEASING, INC. (THE "**CORPORATION**") OR ANY SUCCESSOR THERETO, AND THIS SECURITY MAY NOT BE VOTED OR OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN COMPLIANCE THEREWITH.

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO RESTRICTIONS ON TRANSFER AND OWNERSHIP OF SHARES AS SET FORTH IN ARTICLE SEVEN OF THE CHARTER OF THE CORPORATION, AS SUPPLEMENTED BY SECTION 24 OF THE ARTICLES SUPPLEMENTARY THAT HAVE BEEN FILED IN RESPECT TO THE CLASS OF PREFERRED STOCK OF WHICH SUCH SHARES ARE A PART.

The Convertible Preferred Stock shall be issued with a restricted CUSIP number.

(b) (i) If any shares of Common Stock are issued upon conversion, redemption or repurchase of any Convertible Preferred Stock, then any stock certificate representing such shares of Common Stock shall bear a legend in substantially the following form (unless such Common Stock has been transferred pursuant to a registration statement that has become or been declared effective under the Securities Act and that continues to be effective at the time of such transfer, or pursuant to the exemption from registration provided by Rule 144 or any similar provision then in force under the Securities Act, or unless otherwise agreed by the Corporation with written notice thereof to the Transfer Agent and Registrar and the transfer agent for the Common Stock (if other than the Transfer Agent or Registrar)):

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN ACCORDANCE WITH THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE ACQUIRER AGREES FOR THE BENEFIT OF COMMUNICATIONS SALES & LEASING, INC. (THE "**CORPORATION**") THAT IT WILL NOT OFFER, SELL, PLEDGE OR OTHERWISE TRANSFER THIS SECURITY OR ANY BENEFICIAL INTEREST HEREIN EXCEPT:

(A) TO THE CORPORATION OR ANY SUBSIDIARY THEREOF, OR

(B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BECOME EFFECTIVE UNDER THE SECURITIES ACT, OR

(C) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT OR ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

PRIOR TO THE REGISTRATION OF ANY TRANSFER IN ACCORDANCE WITH CLAUSE (C) ABOVE, THE CORPORATION AND THE TRANSFER AGENT FOR THE CORPORATION'S COMMON STOCK RESERVE THE RIGHT TO REQUIRE THE DELIVERY OF SUCH LEGAL OPINIONS, CERTIFICATIONS OR OTHER EVIDENCE AS MAY REASONABLY BE REQUIRED IN ORDER TO DETERMINE THAT THE PROPOSED TRANSFER IS BEING MADE IN COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. NO REPRESENTATION IS MADE AS TO THE AVAILABILITY OF ANY EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

Any such Common Stock (i) that has been transferred pursuant to a registration statement that has become or been declared effective under the Securities Act and that continues to be effective at the time of such transfer or (ii) that has been sold pursuant to the exemption from registration provided by Rule 144 or any similar provision then in force under the Securities Act, may, upon surrender of the certificates representing such shares of Common Stock for exchange in accordance with the procedures of the transfer agent for the Common Stock, be exchanged for a new certificate or certificates for a like aggregate number of shares of Common Stock, which shall not bear the restrictive legend required by this Section 24(b).

(c) As used in this Section 24, the term "**transfer**" encompasses any sale, pledge, transfer or other disposition whatsoever of any Convertible Preferred Stock or Common Stock issued upon conversion, redemption or repurchase thereof, as the case may be.

SECTION 25. *Provisions Relating To Ownership Limit And Transfer Restrictions.* The acquisition and ownership of Convertible Preferred Stock are subject to the provisions and limitations relating to ownership and transfer restrictions in the Charter, as amended from time to time. To the extent that the provisions of these Articles Supplementary conflict in any respect with the provisions and limitations relating to ownership and transfer restrictions in the Charter, as amended from time to time, such provisions and limitations relating to ownership and transfer restrictions in the Charter, as amended from time to time, shall prevail. Without limiting the foregoing, no Holder of Convertible Preferred Stock shall be entitled to receive Common Stock following any conversion, redemption or repurchase of such Convertible Preferred Stock to the extent that receipt of such Common Stock would cause such Holder to exceed any Stock Ownership Limit or violate any of the other restrictions on ownership or transfer contained in the Charter, as amended from time to time, and the Corporation shall not deliver such shares of Common Stock until permitted by this Section 25. If any delivery of Common Stock owed to a Holder upon conversion, redemption or repurchase of the Convertible Preferred Stock is not made, in whole or in part, as a result of a Stock Ownership Limit or any violation of the other restrictions on ownership or transfer contained in the Charter, as amended from time to time, the Corporation's obligation to make such delivery shall not be extinguished and the Corporation shall deliver such Common Stock as promptly as practicable after any such Holder (i) gives notice and satisfactory evidence to the Corporation that such delivery would not result in (x) it exceeding any Stock Ownership Limit or (y) any violation of the other restrictions on ownership or transfer contained in the Charter, as amended from time to time, as applicable, or (ii) to the extent contemplated by the Charter, as amended from time to time, obtains a suitable Excepted Holder Limit (as defined in the Charter as the same may be amended from time to time) from the Board of Directors (or an authorized committee thereof); *provided*, *however*, that in the event any transfer of shares of Common Stock or other event would result in a Holder beneficially owning shares of Capital Stock in excess of a Stock Ownership Limit or in any violation of the other restrictions on ownership or transfer contained in the Charter, as amended from time to time, or would result in the Corporation's disqualification as a REIT for federal income tax purposes, the foregoing shall not prevent such shares of Common Stock from being automatically transferred to a trust for the benefit of a charitable organization selected by the Board of Directors (or an authorized committee thereof) or limit the authority of the Board of Directors (or an authorized committee thereof) to take such other actions pursuant to the Charter,

as amended from time to time, in order to ensure that the Corporation remains qualified as a REIT for federal income tax purposes.

SECTION 26. *Miscellaneous.* (a) The Corporation shall pay any and all stock transfer and documentary stamp taxes that may be payable in respect of any issuance or delivery of shares of Convertible Preferred Stock or shares of Common Stock or other securities issued on account of Convertible Preferred Stock pursuant hereto or certificates representing such shares or securities. The Corporation shall not, however, be required to pay any such tax that may be payable in respect of any transfer involved in the issuance or delivery of shares of Common Stock or other securities in a name other than that in which the shares of Convertible Preferred Stock with respect to which such shares or other securities are issued or delivered were registered, and shall not be required to make any such issuance or delivery unless and until the Person otherwise entitled to such issuance or delivery has paid to the Corporation the amount of any such tax or has established, to the satisfaction of the Corporation, that such tax has been paid or is not payable.

(b) The Liquidation Preference and the Dividend Amount each shall be subject to equitable adjustment whenever there shall occur a stock split, combination, reclassification or other similar event involving the Convertible Preferred Stock. Such adjustments shall be determined in good faith by the Corporation and submitted by the Corporation to the Transfer Agent.

(c) All shares of Convertible Preferred Stock redeemed, repurchased or otherwise acquired in any manner by the Corporation shall be retired and shall be restored to the status of authorized but unissued Preferred Stock, without designation as to series or class.

THIRD: The 3.00% Series A Convertible Preferred Stock has been re-classified and designated by the Board of Directors under the authority contained in the Charter.

FOURTH: These Articles Supplementary have been approved by the Board of Directors in the manner and by the vote required by law.

FIFTH: The undersigned acknowledges these Articles Supplementary to be the corporate act of the Corporation and, as to all matters or facts required to be verified under oath, the undersigned acknowledges that, to the best of his knowledge, information and belief, these matters and facts are true in all material respects and that this statement is made under the penalties of perjury.

IN WITNESS WHEREOF, these Articles Supplementary are executed on behalf of the Corporation by its [_____] and attested to by its [_____] on this ____ day of [___], [___].

ATTEST:

Name:
Title:

COMMUNICATIONS SALES & LEASING, INC.

By:

Name:
Title:

Exhibit A

[FORM OF FACE OF CONVERTIBLE PREFERRED STOCK CERTIFICATE]

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED, OR ANY NON-U.S. OR STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN COMPLIANCE THEREWITH. THIS SECURITY IS ALSO SUBJECT TO ADDITIONAL RESTRICTIONS ON TRANSFER AS SET FORTH IN THE STOCKHOLDER'S AND REGISTRATION RIGHTS AGREEMENT DATED AS OF [____], 2016, AS AMENDED FROM TIME TO TIME, COPIES OF WHICH MAY BE OBTAINED UPON REQUEST FROM COMMUNICATIONS, SALES & LEASING, INC. (THE "**CORPORATION**") OR ANY SUCCESSOR THERETO, AND THIS SECURITY MAY NOT BE VOTED OR OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN COMPLIANCE THEREWITH.

THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO RESTRICTIONS ON TRANSFER AND OWNERSHIP OF SHARES AS SET FORTH IN ARTICLE SEVEN OF THE CHARTER OF THE CORPORATION, AS SUPPLEMENTED BY SECTION 24 OF THE ARTICLES SUPPLEMENTARY THAT HAVE BEEN FILED IN RESPECT TO THE CLASS OF PREFERRED STOCK OF WHICH SUCH SHARES ARE A PART.

[INCLUDE FOR GLOBAL PREFERRED SHARES]

[UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("**DTC**"), TO THE CORPORATION OR THE TRANSFER AGENT NAMED ON THE FACE OF THIS CERTIFICATE, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO., OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL IN AS MUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO. HAS AN INTEREST HEREIN.

TRANSFERS OF THIS GLOBAL SECURITY SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR'S NOMINEE.]

Certificate Number [__]

[Initial][15] Number of Shares of Convertible Preferred Stock [_____]

CUSIP [__]
ISIN [__]

COMMUNICATIONS SALES & LEASING, INC.

3.00% Series A Convertible Preferred Stock
(par value $0.0001 per share)
(Liquidation Preference as specified below)

COMMUNICATIONS SALES & LEASING, INC., a Maryland corporation (the "**Corporation**"), hereby certifies that [_____] (the "**Holder**"), is the registered owner of [_____][16][the number shown on Schedule I hereto of][17] fully paid and non-assessable shares of the Corporation's designated 3.00% Series A Convertible Preferred Stock, with a par value of $0.0001 per share and a Liquidation Preference of $1,000.00 per share (the "**Convertible Preferred Stock**"). The shares of Convertible Preferred Stock are transferable in accordance with the terms of the Articles Supplementary (as defined below) on the books and records of the Registrar, in person or by a duly authorized attorney, upon surrender of this certificate duly endorsed and in proper form for transfer. The designations, rights, privileges, restrictions, preferences and other terms and provisions of the Convertible Preferred Stock represented hereby are and shall in all respects be subject to the provisions of the Articles Supplementary establishing the 3.00% Series A Convertible Preferred Stock of Communications Sales & Leasing, Inc. dated [____] as the same may be amended from time to time (the "**Articles Supplementary**"). Capitalized terms used herein but not defined shall have the meaning given them in the Articles Supplementary. The Corporation will provide a copy of the Articles Supplementary to the Holder without charge upon written request to the Corporation at its principal place of business. In the case of any conflict between this Certificate and the Articles Supplementary, the provisions of the Articles Supplementary shall control and govern.

Reference is hereby made to the provisions of the Convertible Preferred Stock set forth on the reverse hereof and in the Articles Supplementary, which provisions shall for all purposes have the same effect as if set forth at this place.

Upon receipt of this executed certificate, the Holder is bound by the Articles Supplementary and is entitled to the benefits thereunder.

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[15] **Include for Global Preferred Shares.**

[16] **Include for certificated shares.**

[17] **Include for Global Preferred Shares.**

Unless the Transfer Agent and Registrar have properly countersigned, these shares of Convertible Preferred Stock shall not be entitled to any benefit under the Articles Supplementary or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, this certificate has been executed on behalf of the Corporation by an Officer of the Corporation and attested this [__] of [_____] [____].

ATTEST:

Name:
Title:

COMMUNICATIONS SALES & LEASING, INC.

By:

Name:
Title:

COUNTERSIGNATURE

These are shares of Convertible Preferred Stock referred to in the within-mentioned Articles Supplementary.

Dated: [_____], [____]

Wells Fargo Bank, National Association, as Registrar and Transfer Agent

By: _____
Name:
Title:

Cumulative dividends on each share of Convertible Preferred Stock shall be payable at the applicable rate provided in the Articles Supplementary.

The shares of Convertible Preferred Stock shall be convertible in the manner and accordance with the terms set forth in the Articles Supplementary.

The Corporation shall furnish without charge to each Holder who so requests a summary of the authority of the Board of Directors to determine variations for future series within a class of stock and the designations, limitations, preferences and relative, participating, optional or other special rights of each class or series of share capital issued by the Corporation and the qualifications, limitations or restrictions of such preferences and/or rights.

NOTICE OF CONVERSION

(To be Executed by the Holder
in order to Convert the Convertible Preferred Stock)

The undersigned hereby irrevocably elects to convert (the "**Conversion**") [_____] shares of 3.00% Series A Convertible Preferred Stock (the "**Convertible Preferred Stock**"), of Communications Sales & Leasing, Inc. (hereinafter called the "**Corporation**"), represented by stock certificate No(s). [_____] (the "**Convertible Preferred Stock Certificates**"), into cash, common stock, par value $0.0001 per share, of the Corporation (the "**Common Stock**") or a combination of cash and Common Stock, at the Corporation's election, according to the conditions of the Articles Supplementary establishing the Convertible Preferred Stock (the "**Articles Supplementary**"), as of the date written below. If Common Stock is to be issued in the name of a person other than the undersigned, the undersigned shall pay all transfer taxes payable with respect thereto, if any. Any amount required to be paid to the undersigned on account of dividends accompanies this Convertible Preferred Stock Certificate. Each Convertible Preferred Stock Certificate (or evidence of loss, theft or destruction thereof) is attached hereto.

Capitalized terms used but not defined herein shall have the meanings ascribed thereto in or pursuant to the Articles Supplementary.

Date of Conversion: _____

Number of Shares of Convertible Preferred Stock to be Converted: * _____

Signature: _____

Name: _____

Address:** _____

Fax No.: _____

_____

* The Corporation is not required to issue Common Stock until the original Convertible Preferred Stock Certificate(s) (or evidence of loss, theft or destruction thereof) to be converted are received by the Corporation or the Conversion and Dividend Disbursing Agent.

** Address where Common Stock and any other payments or certificates shall be sent by the Corporation.

[FORM OF CHANGE OF CONTROL REPURCHASE NOTICE]

To: Wells Fargo Bank, National Association
[*Insert Wells Fargo Address*]

The undersigned registered owner of [ ] shares of 3.00% Series A Convertible Preferred Stock (the "**Convertible Preferred Stock**") of Communications Sales & Leasing, Inc. (hereinafter called the "**Corporation**"), represented by stock certificate No(s). [_____] (the "**Convertible Preferred Stock Certificates**") hereby acknowledges receipt of a notice from the Corporation as to the occurrence of a Change of Control with respect to the Corporation and specifying the Change of Control Repurchase Date and requests and instructs the Corporation to pay or deliver, as the case may be, to the registered holder hereof in accordance with Section 15 of the Articles Supplementary establishing the Convertible Preferred Stock (the "**Articles Supplementary**") (1) the consideration due as determined in Section 15(c) in respect of the entire Liquidation Preference of the shares of Convertible Preferred Stock represented by the Convertible Preferred Stock Certificates, or the integral portion thereof below designated, and (2) the Additional Cash Change of Control Amount (if any) in cash out of funds legally available for the payment of such dividends. Capitalized terms used herein but not defined shall have the meanings ascribed to such terms in the Articles Supplementary.

Dated: _____

_____
Signature(s)

_____
Social Security or Other Taxpayer
Identification Number

Number of shares of Convertible Preferred Stock to be repaid (if less than all): _____

NOTICE: The above signature(s) of the Holder(s) hereof must correspond with the name as written upon the face of the Convertible Preferred Stock Certificates in every particular without alteration or enlargement or any change whatever.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned assigns and transfers the shares of Convertible Preferred Stock evidenced hereby to:

(Insert assignee's social security or taxpayer identification number, if any)

(Insert address and zip code of assignee)

and irrevocably appoints:

as agent to transfer the shares of Convertible Preferred Stock evidenced hereby on the books of the Transfer Agent. The agent may substitute another to act for him or her.

In connection with any transfer of the shares of Convertible Preferred Stock evidenced hereby, the undersigned confirms that such shares are being transferred in compliance with the restrictions on transfer as set forth in the Stockholder's and Registration Rights Agreement dated as of [____], 2016, as amended from time to time, by and among Communications Sales & Leasing, Inc., PEG Bandwidth Holdings, LLC and the other parties thereto.

Date:

Signature:

(Sign exactly as your name appears on the other side of this Certificate)

Signature Guarantee:

(Signature must be guaranteed by an "eligible guarantor institution" that is a bank, stockbroker, savings and loan association or credit union meeting the requirements of the Transfer Agent, which requirements include membership or participation in the Securities Transfer Agents Medallion Program ("**STAMP**") or such other "signature guarantee program" as may be determined by the Transfer Agent in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.)

SCHEDULE I[18]

Communications Sales & Leasing, Inc.

Global Preferred Share
3.00% Series A Convertible Preferred Stock

Certificate Number:

The number of shares of Convertible Preferred Stock initially represented by this Global Preferred Share shall be [_____]. Thereafter the Transfer Agent and Registrar shall note changes in the number of shares of Convertible Preferred Stock evidenced by this Global Preferred Share in the table set forth below:

Date of Exchange	Amount of Decrease in Number of Shares Represented by this Global Preferred Share	Amount of Increase in Number of Shares Represented by this Global Preferred Share	Number of Shares Represented by this Global Preferred Share following Decrease or Increase	Signature of Authorized Officer of Transfer Agent and Registrar

[18] **Attach Schedule I only to Global Preferred Shares.**

FORM OF LOCK-UP AGREEMENT

This LOCK-UP AGREEMENT (this "**Agreement**") is made and entered into as of [●], 2016 by and between Communications Sales & Leasing, Inc., a Maryland corporation ("**CS&L**"), and [_][1][, a [_] [ ] (the "**Unitholder**").

RECITALS

WHEREAS, this Agreement is entered into in connection with the closing (the "**Closing**") of the transactions contemplated by the Agreement and Plan of Merger, dated as of January 7, 2015 (the "**Merger Agreement**"), by and among CS&L, CSL Bandwidth Inc., a Delaware corporation and an indirect wholly owned Subsidiary (as defined in the Merger Agreement) of CS&L ("**Purchaser**"), Penn Merger Sub, LLC, a Delaware limited liability company and wholly owned Subsidiary (as defined in the Merger Agreement) of Purchaser, PEG Bandwidth Holdings, LLC, a Delaware Limited Liability Company ("**PEG Holdings**"), PEG Bandwidth, LLC, a Delaware limited liability company, and PEG Holdings, as the Unitholders' Representative thereunder;

WHEREAS, at the Closing, the Unitholder received certain shares of convertible preferred stock of CS&L, par value $0.0001 per share, with the terms set forth on the Certificate of Designations (as defined in the Merger Agreement) (the "**Convertible Preferred Stock**"), and shares of CS&L's common stock, par value $0.0001 per share (the "**Common Stock**"); and

WHEREAS, the parties hereto wish to provide for certain arrangements with respect to the sale and transfer of (i) the Convertible Preferred Stock and Common Stock received at the Closing, (ii) any Common Stock issued upon redemption, repurchase, conversion or any other physical settlement of the Convertible Preferred Stock received at the Closing, pursuant to the terms of the Certificate of Designations, and (iii) any other securities issued or issuable with respect to any of the securities described in clauses (i) and (ii) above by way of a stock dividend or stock split or in connection with a combination of shares, recapitalization, merger, consolidation, amalgamation and other reorganization (such Convertible Preferred Stock, Common Stock or other securities described in clauses (i), (ii) and (iii), collectively, the "**Subject Securities**"), following the Closing.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

[1] Any party that receives a portion of the Merger Consideration in the form of Convertible Preferred Stock or Common Stock will be required, as a condition to receiving such consideration, to execute a lockup agreement substantially identical to this Agreement.

AGREEMENT

1. Defined Terms. Capitalized terms used herein but not otherwise defined herein shall have the meanings ascribed to them in the Merger Agreement.

2. Restrictions on Transfers of Equity Securities. (a) Subject to Section 4, from and after the date hereof until the second anniversary of the Closing, the Unitholder agrees that it shall not, and agrees to cause any of its Affiliates to whom it (or any of its Affiliates) has Transferred Subject Securities pursuant to the following proviso not to, directly or indirectly, Transfer any Subject Securities; *provided* that such prohibition shall not apply to Transfers

(1) to Affiliates of such Unitholder so long as such Affiliates are controlled Affiliates of such Unitholder or Associated Partners, L.P., a Guernsey limited partnership ("**AP**");

(2) to CS&L pursuant to any right or obligation of CS&L to repurchase the Subject Securities from the Unitholder or any of its Affiliates to whom it (or any of its Affiliates) has Transferred Subject Securities pursuant to clause (1),

(3) with the prior written consent of CS&L,

(4) (A) that are a pledge or hypothecation of any Subject Securities to a nationally recognized bank experienced in margin lending (a "**Pledgee**") for purposes of collateralizing a margin loan, or any entry into a contract, option or other arrangement or understanding with respect thereto; (B) in which any Pledgee exercises its rights to foreclose upon and take ownership of any Subject Securities pledged to it or (C) in which such Pledgee Transfers any Subject Securities that such Pledgee took ownership of in connection with exercise of such Pledgee's rights of foreclosure; *provided* that in the case of a Transfer pursuant to clause (4)(C), the Transfer of such Subject Securities is not made to Persons who are (x) set forth on Exhibit A hereto or (y) identified on the most-recently available "SharkWatch 50" list (or if such list does not exist, a nationally recognized, publicly available list of activist investors) as of the date of such Transfer, *provided*, *further*, that, from time to time, CS&L may identify additional Persons to be set forth on Exhibit A hereto subject to the consent of the Unitholder (such consent not to be unreasonably withheld, conditioned or delayed),

(5) to a nominee or custodian of a Person to whom Transfer would be permitted hereunder, provided that such nominee or custodian agrees to be bound in writing by the restrictions set forth herein and in the Stockholders' Agreement, and

(6) pursuant to any tender offer, merger or other similar business combination transaction effected by CS&L or by any third Person which is recommended or approved by the Board.

Notwithstanding the foregoing restrictions, in the case of a Transfer pursuant to clause (4)(C), the Pledgee shall be permitted to sell Subject Securities (a) in a Broadly Distributed Public Offering of the Subject Securities or (b) over an exchange or similar anonymous trading platform, *provided*, in the case of clause (b), that the purchaser is not identifiable by the Pledgee using commercial reasonable efforts. "**Broadly Distributed Public Offering**" means a public offering in which no one purchaser acquires greater than 5% of the Subject Securities.

(b) Each Affiliate to which the Unitholder transfers Subject Securities in accordance with Section 2(a)(1) hereof shall be required, at the time of and as a condition to such Transfer, to become a party to this Agreement by executing and delivering to CS&L a joinder to this Agreement or an agreement substantially identical to this Agreement.

(c) For purposes of this Agreement, "**Transfer**" (including the terms "**Transferring**" and "**Transferred**") means, directly or indirectly (including by the direct or indirect transfer of the equity of a company or a parent company), in one transaction or a series of related transactions, to sell, transfer, assign, pledge, or similarly dispose of or hypothecate, either voluntarily or involuntarily, or to enter into any contract, option or other arrangement or understanding with respect to the sale, transfer, assignment, pledge or similar disposition or hypothecation of, any Subject Securities beneficially owned (for purposes of this definition, as calculated pursuant to Rule 13d-3 under the Exchange Act) by a Person or any interest in any Subject Securities beneficially owned by a Person (including any arrangement to provide another Person the economic performance of all or any portion of such Subject Securities (including by means of any option, swap, forward or other contract or arrangement the value of which is linked in whole or in part to the value of such Subject Securities)).

3. Inconsistent Agreements: The Unitholder represents and agrees that it has not and shall not, and its Affiliates have not and shall not, (1) grant any proxy with respect to the Subject Securities, (2) enter into or agree to be bound by any voting trust or agreement with respect to the Subject Securities or (3) enter into any agreement or arrangement of any kind with any Person, in each case if any such proxy, voting trust, agreement or arrangement is inconsistent with the provisions of, or for the purpose or with the effect of denying or reducing the rights of any party to, this Agreement.

4. Termination; Suspension. This Agreement and the obligations and restrictions hereunder shall terminate in full on the earlier of (i) the second anniversary of the Closing and (ii) the occurrence of a Change of Control (as defined in the Certificate of Designations). Notwithstanding the foregoing, the obligations and restrictions set forth in this Agreement shall be suspended with respect to any holder of Convertible Preferred Stock during the period beginning on, and including, the date on which CS&L would have been required to deliver shares of Common Stock to such holder pursuant to the terms of the Certificate of Designations but is prohibited from delivering such shares of Common Stock to such holder by a Stock Ownership Limit (as defined in the Certificate of Designations) or any other restriction on ownership or transfer contained in the Charter (as defined in the Certificate of Designations) and ending on, and including, the date on

which CS&L delivers all shares of Common Stock that are due and deliverable pursuant to the terms of the Certificate of Designations.

5. Notices. All notices, requests and other communications to any party hereunder shall be in writing (including facsimile transmission and electronic mail "**e-mail**") and shall be given:

if to CS&L, to:

Communications Sales & Leasing, Inc.
10802 Executive Center Drive
Benton Building, Suite 300
Little Rock, AR 72211

Attention: Daniel L. Heard
Email: Daniel.Heard@cslreit.com

with a copy to:

Davis Polk & Wardwell LLP
450 Lexington Avenue
New York, New York 10017
Attention: H. Oliver Smith
Facsimile No.: (212) 701-5636
E-mail: oliver.smith@davispolk.com

if to the Unitholder, to:

[_____]
[_____]
Attention: [_____]
Facsimile No.: [_____]
E-mail: [_____]

with a copy to:

[_____]
[_____]
Attention: [_____]
Facsimile No.: [_____]
E-mail: [_____]

or, in each case, such other address, email address or facsimile number as such party may hereafter specify for the purpose by notice to the other parties hereto. All such notices, requests and other communications shall be deemed received on the date of receipt by the recipient thereof if received prior to 4:00 p.m. in the place of receipt and such day is a Business Day. Otherwise, any such notice, request or communication shall be deemed not to have been received until the next succeeding business day in the place of receipt.

6. Governing Law. This Agreement shall be governed by and construed in accordance with the law of the State of Delaware, without regard to the conflicts of law rules of such state.

7. Jurisdiction. The parties hereto agree that any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement or the transactions contemplated hereby shall be brought in the Delaware Chancery Court or, if such court shall not have jurisdiction, any federal court located in the State of Delaware or other Delaware state court, so long as one of such courts shall have subject matter jurisdiction over such suit, action or proceeding, and that any cause of action arising out of this Agreement shall be deemed to have arisen from a transaction of business in the State of Delaware, and each of the parties hereby irrevocably consents to the exclusive jurisdiction of such courts (and of the appropriate appellate courts therefrom) in any such suit, action or proceeding and irrevocably waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. Process in any such suit, action or proceeding may be served on any party anywhere in the world, whether within or without the jurisdiction of any such court. Without limiting the foregoing, each party agrees that service of process on such party as provided in Paragraph 5 shall be deemed effective service of process on such party.

8. WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

9. Counterparts; Effectiveness; Third Party Beneficiaries. This Agreement may be signed in any number of counterparts (including by electronic means), each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement shall become effective when each party hereto shall have received a counterpart hereof signed by all of the other parties hereto. Until and unless each party has received a counterpart hereof signed by each other party hereto, this Agreement shall have no effect and no party shall have any right or obligation hereunder (whether by virtue of any other oral or written agreement or other communication). No provision of this Agreement is intended to confer any rights, benefits, remedies, obligations, or liabilities hereunder upon any Person other than the parties hereto and their respective successors and assigns.

10. Entire Agreement. This Agreement and the Stockholder's and Registration Rights Agreement dated as of the date hereof by and between CS&L and AP constitute the entire agreement between the parties with respect to the subject matter of this Agreement and supersede all prior agreements and understandings, both oral and written, between the parties with respect to the subject matter of this Agreement.

11. Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other Governmental Authority to be

invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such a determination, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible.

12. Amendments and Waivers. Any provision of this Agreement may be amended or waived if, but only if, such amendment or waiver is in writing and is signed, in the case of an amendment, by each party to this Agreement, or in the case of a waiver, by the party against whom the waiver is to be effective.

[*The remainder of this page has been left blank intentionally.*]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their authorized representatives as of the date first above written.

COMMUNICATIONS SALES & LEASING, INC.

By: _____
Name:
Title:

[UNITHOLDER]

By: _____
Name:
Title:

[*Signature Page to Lockup Agreement*]

Exhibit 10.2

FORM OF

STOCKHOLDERS' AND REGISTRATION RIGHTS AGREEMENT

dated as of

[●]

by and among

COMMUNICATIONS SALES & LEASING, INC.,

PEG BANDWIDTH HOLDINGS, LLC,

and

the other Unitholders set forth on Schedule A hereto

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STOCKHOLDERS' AND REGISTRATION RIGHTS AGREEMENT

This STOCKHOLDERS' AND REGISTRATION RIGHTS AGREEMENT (this "**Agreement**") dated as of [●] is made and entered into by and among Communications Sales & Leasing, Inc., a Maryland corporation ("**CS&L**"), PEG Bandwidth Holdings, LLC, a Delaware limited liability company ("**PEG Holdings**") and the other Unitholders (as defined in the Merger Agreement (as defined below)) set forth on Schedule A (collectively, with PEG Holdings, the "**Stockholders**")[1].

RECITALS:

WHEREAS, this Agreement is entered into in connection with the closing (the "**Closing**") of the transactions contemplated by the Merger Agreement, dated as of January 6, 2016 (the "**Merger Agreement**"), by and among CS&L, CSL Bandwidth Inc., a Delaware corporation and an indirect wholly owned Subsidiary (as defined in the Merger Agreement) of CS&L ("**Purchaser**"), Penn Merger Sub, LLC, a Delaware limited liability company and wholly owned Subsidiary (as defined in the Merger Agreement) of Purchaser, PEG Bandwidth, LLC, a Delaware limited liability company, and PEG Holdings, in its own capacity and in its capacity as the Unitholders' Representative thereunder;

WHEREAS, at the Closing, each of the Stockholders received Convertible Preferred Stock and Common Stock (each as defined below); and

WHEREAS, the parties hereto desire to enter into this Agreement to establish certain arrangements with respect to ownership of Convertible Preferred Stock and Common Stock and certain other matters related thereto.

NOW, THEREFORE, in consideration of the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties hereto hereby agree as follows:

ARTICLE 1
DEFINITIONS

Section 1.01. *Definitions*. i) Capitalized terms used herein but not otherwise defined herein shall have the meanings ascribed to them in the Merger Agreement

(b) As used in this Agreement, the following terms shall have the following meanings:

"**Adverse Disclosure**" means public disclosure of material non-public information that, in the Board's good faith judgment, after consultation with counsel to

[1] Any member of PEG Bandwidth, LLC that receives Convertible Preferred Stock or Common Stock will be a party to this Agreement.

CS&L, (i) would be required to be made in any Registration Statement filed with the SEC by CS&L and (ii) CS&L has a *bona fide* business purpose for not disclosing publicly.

"**Affiliate**" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with such Person; *provided* that (i) no securityholder of CS&L shall be deemed an Affiliate of any other securityholder solely by reason of any investment in CS&L and (ii) CS&L, its Subsidiaries and any of CS&L's other controlled Affiliates shall not be deemed an Affiliate of any Stockholder Party. For purposes of this definition, "control" when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise, and the terms "**controlling**" and "**controlled**" have correlative meanings.

"**AP**" means Associated Partners, L.P., a Guernsey limited partnership.

"**Beneficial Owner**" or "**Beneficially Own**" has the meaning given in Rule 13d-3 under the Exchange Act and a Person's beneficial ownership of securities of any Person will be calculated in accordance with the provisions of that Rule, except that for purposes of determining beneficial ownership, no Person will be deemed to beneficially own any security solely as a result of that Person's execution of this Agreement.

"**Board**" means the board of directors of CS&L.

"**Business Day**" means a day, other than Saturday, Sunday or other day on which commercial banks in New York, New York, or Little Rock, Arkansas, are authorized or required by Applicable Law to close.

"**Common Stock**" means CS&L's common stock, par value $0.0001 per share.

"**Convertible Preferred Stock**" means the convertible preferred stock of CS&L, par value $0.0001 per share, with the terms set forth on the Certificate of Designations, issued at Closing.

"**Equity Securities**" means (i) the Common Stock, (ii) the Convertible Preferred Stock, (iii) securities convertible into or exchangeable for Common Stock, (iv) any other equity or equity-linked security issued by CS&L and (v) options, warrants or other rights to acquire any of the foregoing.

"**Exchange Act**" means the U.S. Securities Exchange Act of 1934 and any successor thereto.

"**FINRA**" means the Financial Industry Regulatory Authority.

"**Governmental Authority**" means any transnational, domestic or foreign federal, state or local governmental, regulatory or administrative authority (including self-regulatory authorities), department, court, agency or official, including any political subdivision thereof.

"**Permitted Transferee**" means any of a Stockholder's controlled Affiliates or, in the case of PEG Holdings, any Affiliate of PEG Holdings so long as such Affiliate is a controlled Affiliate of AP.

"**Person**" means an individual, corporation, partnership, limited liability company, association, trust or other entity or organization, including a Governmental Authority.

"**Prospectus**" means the prospectus included in any Registration Statement (including any free writing prospectus), all amendments and supplements to such prospectus, including post-effective amendments, and all other material incorporated by reference in such prospectus.

"**Public Offering**" means an underwritten public offering of Registrable Securities pursuant to an effective Registration Statement under the Securities Act, other than pursuant to a Registration Statement on Form S-4, Form S-8 or any similar or successor form.

"**Registrable Securities**" means (a) the Common Stock received by a Stockholder Party pursuant to the Merger Agreement and any Common Stock issued upon redemption, repurchase, conversion or any other physical settlement of the Convertible Preferred Stock received by a Stockholder Party pursuant to the Certificate of Designations, and (b) any other securities issued or issuable with respect to any of the securities described in clause (a) above by way of a stock dividend or stock split or in connection with a combination of shares, recapitalization, merger, consolidation, amalgamation and other reorganization; *provided* that the term "Registrable Securities" shall exclude any security (i) the offering and sale of which has been registered effectively under the Securities Act and which has been sold in accordance with an effective Registration Statement, (ii) that has been sold by a Stockholder Party in a transaction or transactions exempt from the registration and prospectus delivery requirements of the Securities Act under Section 4(a)(1) thereof (including transactions pursuant to Rule 144) and CS&L has delivered a new certificate or other evidence of ownership for such security not bearing the legend required pursuant to this Agreement and such security is not subject to any stop-transfer order or other restriction on transfer or (iii) that is eligible for sale by a Stockholder Party without limitation as to volume or manner of sale pursuant to Rule 144.

"**Registration Expenses**" means any and all expenses incident to the performance of or compliance with any registration of Registrable Securities pursuant to this Agreement, including all (i) registration and filing fees, and all other fees and expenses payable in connection with the listing of securities on any securities exchange or automated interdealer quotation system, (ii) fees and expenses of compliance with any securities or "blue sky" laws (including reasonable fees and disbursements of counsel in connection with "blue sky" qualifications of the securities registered), (iii) expenses in connection with the preparation, printing, mailing and delivery of any Registration Statements, Prospectuses and other documents in connection therewith and any amendments or supplements thereto, (iv) security engraving and printing expenses, (v) internal expenses of CS&L (including all salaries and expenses of its officers and employees performing legal or accounting duties), (vi) reasonable fees and disbursements

of counsel for CS&L and customary fees and expenses for independent certified public accountants retained by CS&L (including the expenses relating to any comfort letters or costs associated with the delivery by independent certified public accountants of any "cold comfort" letters requested pursuant to Section 3.04(h)), (vii) reasonable fees and expenses of any special experts retained by CS&L in connection with such registration, (viii) reasonable fees, out-of-pocket costs and expenses of the Stockholder Parties, including one counsel for all of the Stockholder Parties participating in the offering selected by the Stockholder Parties holding the majority of the Registrable Securities to be sold for the account of all Registering Investors, (ix) costs of printing and producing any "blue sky" or legal investment memoranda and any other documents in connection with the offering of the Registrable Securities, (x) transfer agents' and registrars' fees and expenses and the fees and expenses of any other agent or trustee appointed in connection with such offering and (xi) expenses relating to any analyst or investor presentations or any "road shows" undertaken in connection with the registration, marketing or selling of the Registrable Securities. For the avoidance of doubt, no Selling Expenses shall be considered Registration Expenses.

"**Registration Statement**" means any registration statement of CS&L filed with, or to be filed with, the SEC under the rules and regulations promulgated under the Securities Act, including the related Prospectus, amendments and supplements to such registration statement, including pre- and post-effective amendments, and all exhibits attached to or incorporated in and all other material incorporated by reference in such registration statement.

"**Required Registration Date**" means (i) the second anniversary of the Closing and (ii) prior to the second anniversary of the Closing, each date on which the obligations and restrictions contained in the Lock-Up Agreement dated as of the date hereof between CS&L and PEG Holdings (regardless whether such agreement is in effect on such date) first terminate or are suspended (or would have terminated or been suspended) pursuant to Section 4 thereof.

"**Securities Act**" means the U.S. Securities Act of 1933 and any successor thereto.

"**Selling Expenses**" shall mean all underwriting discounts, selling commissions and stock transfer taxes applicable to the sale of the Registrable Securities being registered by the Stockholder Parties.

"**Stockholder Parties**" means, to the extent each holds Registrable Securities, each Stockholder and those of its Permitted Transferees that have executed and delivered to CS&L a joinder to this Agreement as contemplated by Section 4.04.

"**Subsidiary**" means, with respect to any Person, any entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions (of, if there are no such voting securities or voting interests, of which at least a majority of the equity interests) is directly or indirectly owned or controlled by such Person. Unless context otherwise

requires, the term Subsidiary as used in this Agreement shall relate to Subsidiaries of CS&L.

"**Transfer**" (including the terms "**Transferring**" and "**Transferred**") means, directly or indirectly (including by the direct or indirect transfer of the equity of a holding company or parent company), in one transaction or a series of related transactions, to sell, transfer, assign, pledge, or similarly dispose of or hypothecate, either voluntarily or involuntarily, or to enter into any contract, option or other arrangement or understanding with respect to the sale, transfer, assignment, pledge or similar disposition or hypothecation of, any Equity Securities Beneficially Owned by a Person or any interest in any Equity Securities Beneficially Owned by a Person (including any arrangement to provide another Person the economic performance of all or any portion of such Equity Securities (including by means of any option, swap, forward or other contract or arrangement the value of which is linked in whole or in part to the value of such Equity Securities)).

"**Voting Securities**" means, at any time, any class of Equity Securities that are then entitled to vote generally in the election of Directors.

(c) Each of the following terms is defined in the Section set forth opposite such term:

Term	**Section**
Agreement	**Preamble**
Closing	Recital
CS&L	Preamble
CS&L Public Sale	3.02(a)
Demand	3.01(d)
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Effectiveness Date	3.01(a)
Indemnified Party	3.06
Indemnifying Party	3.06
Inspectors	3.04(g)
Loss or Losses	3.05(a)
Maximum Offering Size	3.01(g)
Merger Agreement	Recital
Piggyback Registration	3.02(a)
Purchaser	Recitals
Registering Investors	3.01(d)
Registration Request	3.01(d)
Regular Self Suspension	3.01(c)
Requesting Investor	3.01(d)
SEC	3.01(a)
Shelf Period	3.01(b)
Shelf Registration Statement	3.01(a)
Shelf Suspension	3.01(c)
Unusual Shelf Suspension	3.01(c)

Term	Section
Windstream	3.01(g)(iii)
Windstream Registration Rights Agreement	3.01(g)(iii)

Section 1.02. *Other Definitional and Interpretative Provisions.* The words "hereof", "herein" and "hereunder" and words of like import used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The captions herein are included for convenience of reference only and shall be ignored in the construction or interpretation hereof. References to Articles, Sections and Schedules are to Articles, Sections and Schedules of this Agreement unless otherwise specified. All Schedules annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein. Any capitalized terms used in any Schedule but not otherwise defined therein, shall have the meaning as defined in this Agreement. Any singular term in this Agreement shall be deemed to include the plural, and any plural term the singular. Whenever the words "include", "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation", whether or not they are in fact followed by those words or words of like import. "Writing", "written" and comparable terms refer to printing, typing and other means of reproducing words (including electronic media) in a visible form. The word "will" shall be construed to have the same meaning and effect as the word "shall." The word "or" when used in this Agreement is not exclusive. References to any Applicable Law shall be deemed to refer to such Applicable Law as amended from time to time and to any rules or regulations promulgated thereunder. References to any agreement or contract are to that agreement or contract as amended, modified or supplemented from time to time in accordance with the terms hereof and thereof. References to any Person include the successors and permitted assigns of that Person. References from or through any date mean, unless otherwise specified, from and including or through and including, respectively. The parties have participated jointly in the negotiation and drafting of this Agreement and each has been represented by counsel of its choosing and, in the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as jointly drafted by the parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provision of this Agreement.

ARTICLE 2
TRANSFER RESTRICTIONS AND OTHER COVENANTS

Section 2.01. *Restrictions on Transfers of Equity Securities.* a) The Stockholder Parties and their transferees shall be entitled to Transfer Equity Securities so long as such Transfer complies in all respects with the Securities Act, and any other applicable securities or "blue sky" laws.

(b) In furtherance of the foregoing, it is understood and agreed that no Equity Securities may be Transferred (or offered to be Transferred) except (i) pursuant to the registration provisions of the Securities Act and applicable securities or "blue sky" laws, or (ii) in any Transfer for which registration under the Securities Act and applicable securities or "blue sky" laws is not required; *provided* that, unless waived by CS&L,

CS&L receives a legal opinion in form and substance reasonably acceptable to CS&L, as well as such other documentation requested by CS&L, that registration under such laws is not required in connection with such Transfer (or offer to Transfer).

(c) Any attempt to Transfer any Equity Securities not in compliance with this Agreement shall be null and void, and CS&L shall not, and shall cause any transfer agent not to, give any effect in CS&L's stock records to such attempted Transfer.

Section 2.02. *Legend*. (a) The Stockholder Parties agree that all certificates or other instruments representing Equity Securities subject to this Agreement will bear a legend in substantially the following form:

> THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED, OR ANY NON-U.S. OR STATE SECURITIES LAWS AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN COMPLIANCE THEREWITH.

(b) If any such Equity Securities cease to be subject to any and all restrictions on Transfer set forth in this Agreement, CS&L, upon the written request of the holder thereof, shall issue to such holder a new certificate evidencing such Equity Securities without the legend required by Section 2.02(a) endorsed thereon. Following the effective date of any registration statement pursuant to which Equity Securities are registered for resale, CS&L shall, as soon as reasonably practicable, deliver or cause to be delivered to the holder of such Equity Securities certificates representing such Equity Securities that are free from all restrictive legends, and cause all stop transfer or similar instructions or restrictions relating to such Equity Securities to be terminated or removed.

Section 2.03. *Inconsistent Agreements*. Each Stockholder Party represents and agrees that it has not and shall not, and its Permitted Transferees have not and shall not, (i) grant any proxy with respect to Equity Securities, (ii) enter into or agree to be bound by any voting trust or agreement with respect to Equity Securities or (iii) enter into any agreement or arrangement of any kind with any Person, in each case if any such proxy, voting trust, agreement or arrangement is inconsistent with the provisions of, or for the purpose or with the effect of denying or reducing the rights of any party to, this Agreement.

ARTICLE 3
Registration Rights

Section 3.01. *Shelf Registration*. (a) On or prior to the Required Registration Date, CS&L shall file with the Securities and Exchange Commission (the "**SEC**") a registration statement on Form S-3 (which shall be an automatic shelf registration statement (as defined in Rule 405 under the Securities Act) if CS&L is then a well-known seasoned issuer (as defined in Rule 405 under the Securities Act)) (a "**Shelf Registration Statement**") relating to the offer and sale of all Registrable Securities by the Stockholder

Parties from time to time in accordance with the methods of distribution elected by the Stockholder Parties and set forth in the Shelf Registration Statement, and, if applicable, shall use its reasonable best efforts to cause such Shelf Registration Statement to become effective under the Securities Act as promptly as practicable thereafter (the "**Effectiveness Deadline**").

(b) CS&L shall use its reasonable best efforts to keep such Shelf Registration Statement continuously effective under the Securities Act in order to permit the Prospectus forming a part thereof to be usable by the Stockholder Parties until the date as of which there are no Registrable Securities outstanding (such period, the "**Shelf Period**"). If CS&L does not pay the filing fee covering the Registrable Securities at the time the Shelf Registration Statement is filed, CS&L agrees to pay such fee at such time or times as the Registrable Securities are to be offered. If the Shelf Registration Statement has been outstanding for at least three (3) years and any Registrable Securities remain outstanding, at the end of the third year CS&L shall refile a Shelf Registration Statement covering the Registrable Securities. If, at any time when CS&L is required to re-evaluate its status as a well-known seasoned issuer, CS&L determines that it is not a well-known seasoned issuer, CS&L shall use its reasonable best efforts to post-effectively amend such Shelf Registration Statement to a Registration Statement on Form S-3, or refile the Shelf Registration Statement on Form S-3 or, if such form is not available, Form S-1 and keep such Registration Statement effective during the Shelf Period.

(c) If the continued use of such Shelf Registration Statement at any time would require CS&L to make an Adverse Disclosure, CS&L may, upon giving at least ten days' prior written notice of such action to each Stockholder Party, suspend use of the Shelf Registration Statement (a "**Unusual Shelf Suspension**"); *provided* that CS&L shall not be permitted to exercise an Unusual Shelf Suspension (i) more than two times during any twelve-month period and (ii) for a period exceeding 30 days on any one occasion. In addition, CS&L may, upon giving at least ten days' prior written notice to each Stockholder Party, suspend the use of the Shelf Registration Statement during the regular quarterly period during which directors and officers of CS&L are not permitted to trade under the insider trading policy of CS&L then in effect until the expiration of such quarterly period (a "**Regular Shelf Suspension**," together with an Unusual Shelf Suspension, a "**Shelf Suspension**"); *provided* that the right of CS&L to cause a Shelf Suspension shall not be applicable to holders of Registrable Securities for more than a total of 120 days during any twelve-month period. In the case of a Shelf Suspension, the Stockholder Parties agree to suspend use of the applicable Prospectus in connection with any sale or purchase of, or offer to sell or purchase, Registrable Securities, upon receipt of the notice referred to above. CS&L shall immediately notify each Stockholder Party upon the termination of any Shelf Suspension, amend or supplement the Prospectus, if necessary, so it does not contain any untrue statement or omission and furnish to each Stockholder Party such numbers of copies of the Prospectus as so amended or supplemented as such Stockholder Party may reasonably request. CS&L shall, if necessary, supplement or make amendments to the Shelf Registration Statement, if required by the registration form used by CS&L for the Shelf Registration or by the instructions applicable to such registration form or by the Securities Act.

(d) Following the Required Registration Date, if CS&L shall receive a request (a "**Registration Request**") from the Stockholder Parties holding the majority of the Registrable Securities (the "**Requesting Investor**") that CS&L effect an underwritten offering of all or any portion of the Stockholder Parties' Registrable Securities (all such Stockholder Parties together with the Requesting Investor, as well as any Stockholder Parties participating in a Piggyback Registration pursuant to Section 3.02, the "**Registering Investors**"), then CS&L shall use its reasonable best efforts to effect promptly the offering and sale under an effective Registration Statement of (each such registration shall be referred to herein as a "**Demand**") all Registrable Securities which the Requesting Investor has requested to offer and sell under this Section 3.01; *provided* that subject to Section 3.01(c) and Section 3.01(e), (1) CS&L shall not be obligated to effect more than two Demands in any calendar year and (2) CS&L shall not be obligated to effect a Demand unless the aggregate proceeds expected to be received from the sale of the Registrable Securities requested to be included in such Demand equals or exceeds $25,000,000; *provided* that, if the aggregate proceeds expected to be received from the sale of all Registrable Securities outstanding are less than such amount, the amount of Registrable Securities requested to be included in such Demand shall be all of the outstanding Registrable Securities.

(e) At any time prior to the launch of the offering relating to a Demand, the Requesting Investor may revoke its Registration Request, without liability to any of the other Registering Investors, by providing a notice to CS&L revoking such Registration Request. A request so revoked shall be considered to be a Demand unless (i) such revocation arose out of the fault of CS&L (in which case CS&L shall be obligated to pay all Registration Expenses in connection with such revoked request), or (ii) the Requesting Investor reimburses CS&L for all Registration Expenses of such revoked request.

(f) Unless the Requesting Investor elects to reimburse CS&L for Registration Expenses as described in Section 3.01(e) above, CS&L shall be liable for and pay all Registration Expenses in connection with any Demand, regardless of whether such registration is effected, and in connection with a Shelf Registration.

(g) If the managing underwriter advises CS&L and the Registering Investors that, in its view, the number of shares of Registrable Securities requested to be included in such registration (including any securities that CS&L proposes to be included that are not Registrable Securities) exceeds the largest number of shares that can be sold without having an adverse effect on such offering, including the price at which such shares can be sold (the "**Maximum Offering Size**"), CS&L shall include in such registration, in the priority listed below, up to the Maximum Offering Size:

(i) *first*, all Registrable Securities requested to be registered by the Registering Investors (allocated, if necessary for the offering not to exceed the Maximum Offering Size, *pro rata* among such Registering Investors on the basis of the relative number of shares of Registrable Securities so requested to be included in such registration by each such Registering Investor);

(ii) *second*, any Equity Securities proposed to be registered by CS&L;

(iii) *third*, all Equity Securities held by Windstream Holdings, Inc. ("**Windstream**") or its Affiliates and registered under that certain Stockholder's and Registration Rights Agreement by and between Windstream Services, LLC and CS&L (the "**Windstream Registration Rights Agreement**"); and

(iv) *fourth*, any Equity Securities proposed to be registered for the account of any other Persons, with such priorities among them as CS&L shall determine;

provided that, if such registration involves a Public Offering, CS&L, Windstream and all other Persons registering Equity Securities in connection therewith must sell their Equity Securities to the underwriters selected as provided in Section 3.04(f)(ii) on the same terms and conditions as apply to the Registering Investors.

(h) Notwithstanding the foregoing, it is agreed and understood that the Stockholder Parties shall not be entitled to exercise a Demand Registration if substantially simultaneously therewith Windstream or its Affiliates has exercised their "Demand Registration" rights under the Windstream Registration Rights Agreement, in which case Section 3.02 shall apply.

Section 3.02. *Piggyback Registration*. (a) If following the Required Registration Date, CS&L proposes file a Registration Statement pursuant to such Registration Statement with respect to any offering of Equity Securities for its own account and/or for the account of any Person (other than (i) a registration under Section 3.01, (ii) a registration pursuant to a Registration Statement on Form S-8 or on Form S-4 or similar form that relates to a transaction subject to Rule 145 under the Securities Act, (iii) in connection with any dividend reinvestment or similar plan, (iv) for the sole purpose of offering Equity Securities to another entity or its security holders in connection with the acquisition of assets or securities of such entity or any similar transaction or (v) a registration in which the only Common Stock being registered is Common Stock issuable upon conversion of debt securities that are also being registered) (each, a "**CS&L Public Sale**"), then, as soon as practicable but in any event not less than 15 days prior to the anticipated filing date of the Registration Statement, CS&L shall give written notice of such proposed filing to each Stockholder Party, which notice shall set forth such Stockholder Party's rights under this Section 3.02 and shall offer such Stockholder Party the opportunity to include in the offering subject to such Registration Statement the number of Registrable Securities of the same class or series as those proposed to be registered as such Stockholder Party may request in writing (a "**Piggyback Registration**"), subject to the provisions of Section 3.02(b). CS&L shall use its reasonable best efforts to include in the offering subject to such Registration Statement with respect to a CS&L Public Sale all Registrable Securities that are requested to be included therein within five Business Days after the receipt of any such notice; *provided* that (1) if such registration involves a Public Offering, all such Registering Investors must sell their Registrable Securities to the underwriters selected as provided in Section 3.04(f)(i) on the same terms and conditions as apply to CS&L, and (2) if, at any time after giving notice of its intention to register any Equity Securities pursuant to this Section 3.02(a) and prior to the effective date of the Registration Statement filed in

connection with such registration, CS&L shall determine for any reason not to register such securities, CS&L shall give notice to all such Registering Investors and, thereupon, shall be relieved of its obligation to register any Registrable Securities in connection with such registration.

(b) If a Piggyback Registration involves a Public Offering (other than a Demand, in which case the provisions with respect to priority of inclusion in such offering set forth in Section 3.01(g) shall apply) and the managing underwriter advises CS&L that, in its view, the number of shares of Common Stock or other Equity Securities that CS&L and the Registering Investors intend to include in such registration exceeds the Maximum Offering Size, CS&L shall include in such registration, in the following priority, up to the Maximum Offering Size:

(i) *first*, those Equity Securities proposed to be registered for the account of CS&L and any other Persons (other than CS&L's executive officers and directors) for whom CS&L is effecting the registration, as the case may be, as would not cause the offering to exceed the Maximum Offering Size;

(ii) *second*, to the extent Windstream and its Affiliates under the Windstream Registration Rights Agreement are not the requesting party, those Equity Securities requested to be included in such Registration by Windstream and its Affiliates under the Windstream Registration Rights Agreement as would not cause the offering to exceed the Maximum Offering Size (allocated, if necessary for the offering not to exceed the Maximum Offering Size, *pro rata* among such holders on the basis of the relative number of shares of Registrable Securities so requested to be included in such registration by each such holder);

(iii) *third*, the number of securities of executive officers and directors of CS&L for whom CS&L is effecting the registration, as the case may be, with such number to be allocated *pro rata* among the executive officers and directors pursuant to the Windstream Registration Rights Agreement;

(iv) *fourth*, all Registrable Securities requested to be included in such registration by any Registering Investor (allocated, if necessary for the offering not to exceed the Maximum Offering Size, *pro rata* among such Registering Investors on the basis of the relative number of shares of Registrable Securities so requested to be included in such registration by each such Registering Investor); and

(v) *fifth*, any securities proposed to be registered for the account of any other Persons with such priorities among them as CS&L shall determine.

(c) No registration effected under this Section 3.02 shall relieve CS&L of its obligations to effect a registration to the extent required by Section 3.01. CS&L shall be liable for and pay all Registration Expenses in connection with any Piggyback Registration, regardless of whether such registration is effected.

Section 3.03. *Lock-Up Agreements*. If any registration of Registrable Securities shall be effected in connection with a Public Offering, neither CS&L nor any Stockholder Party shall effect any public sale or distribution, including any sale pursuant to Rule 144, of any Equity Securities (except as part of such Public Offering) during the 90-day period beginning 14 days prior to the offering date and ending 90 days after the offering date, unless CS&L and the lead managing underwriter shall mutually agree to a shorter period.

Section 3.04. *Registration Procedures*. In connection with CS&L's registration obligations under Sections 3.01 and 3.02, subject to the provisions of such Sections, CS&L shall effect the registration and the sale of such Registrable Securities in accordance with the intended method of disposition thereof, and, in connection therewith:

(a) CS&L shall as expeditiously as possible prepare and file with the SEC a Registration Statement on any form for which CS&L then qualifies or that counsel for CS&L shall deem appropriate and which form shall be available for the sale of the Registrable Securities to be registered thereunder in accordance with the intended method of distribution thereof, and cause such filed Registration Statement to become and remain effective.

(b) Prior to filing a Registration Statement (including any Prospectus or amendment or supplement thereto), CS&L shall, if requested, furnish to each Registering Investor and each underwriter, if any, of the Registrable Securities covered by such Registration Statement copies of such Registration Statement as proposed to be filed, and thereafter CS&L shall furnish to such Registering Investor and underwriter, if any, such number of copies of such Registration Statement, each amendment and supplement thereto (in each case including all exhibits thereto and documents incorporated by reference therein), the Prospectus included in such Registration Statement (including each preliminary Prospectus and any summary Prospectus) and any other Prospectus filed under Rule 424 or Rule 430A under the Securities Act and such other documents as such Registering Investor or such underwriter may reasonably request in order to facilitate the disposition of the Registrable Securities owned by such Registering Investor. CS&L shall give the Registering Investor on whose behalf such Registrable Securities are to be registered, the underwriter in a Public Offering and their respective counsel and accountants the opportunity to participate in the preparation of any Registration Statement or Prospectus, or any amendment or supplement thereto. Each Registering Investor shall have the right to request that CS&L modify any information contained in such Registration Statement or Prospectus, or any amendment and supplement thereto, pertaining to such Registering Investor, and CS&L shall use its reasonable best efforts to comply with such request; *provided*, *however*, that CS&L shall not have any obligation to modify any information if CS&L reasonably expects that so doing would cause the Registration Statement to contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading.

(c) After the filing of the Registration Statement, CS&L shall (i) cause the related Prospectus to be supplemented by any required Prospectus supplement, and, as so supplemented, to be filed pursuant to Rule 424 under the Securities Act, (ii) comply with

the provisions of the Securities Act and the Exchange Act with respect to the disposition of all Registrable Securities covered by such Registration Statement during the applicable period in accordance with the intended methods of disposition by the Registering Investors thereof set forth in such Registration Statement and (iii) promptly notify each Registering Investor of any stop order issued or threatened by the SEC or any state securities commission and take all reasonable actions required to prevent the entry of such stop order or to remove it if entered.

(d) CS&L shall (i) register or qualify the Registrable Securities covered by such Registration Statement under such other securities or "blue sky" laws of such jurisdictions in the United States as any Registering Investor reasonably (in light of such Registering Investor's intended plan of distribution) requests and (ii) cause such Registrable Securities to be registered with or approved by such other Governmental Authorities as may be necessary by virtue of the business and operations of CS&L and do any and all other acts and things that may be reasonably necessary or advisable to enable such Registering Investor to consummate the disposition of the Registrable Securities owned by such Registering Investor; *provided* that CS&L shall not be required to (A) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this Section 3.04(d), (B) subject itself to taxation in any such jurisdiction, (C) consent to general service of process in any such jurisdiction or (D) cause any Registrable Securities to be registered in any jurisdiction where it is reasonably unlikely that the proceeds of sales of such Registrable Securities in such jurisdiction will exceed the registration costs.

(e) CS&L shall immediately notify each Registering Investor with respect to Registrable Securities covered by such Registration Statement, at any time when a Prospectus relating thereto is required to be delivered under the Securities Act, of the occurrence of an event requiring the preparation of a supplement or amendment to such Prospectus so that, as thereafter delivered to the purchasers of such Registrable Securities, such Prospectus will not contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading and promptly prepare and make available to each Registering Investor and file with the SEC any such supplement or amendment.

(f) (i) CS&L shall have the right, in its sole discretion, to select an underwriter or underwriters in connection with any Public Offering pursuant to Section 3.02 and (ii) the Requesting Investor shall have the right, in its sole discretion, to select an underwriter or underwriters in connection with any Public Offering pursuant to Section 3.01; *provided, however,* that such underwriter or underwriters shall be nationally recognized investment banking firms and, in the case of clause (ii), reasonably acceptable to CS&L. In connection with any Public Offering, CS&L shall enter into customary agreements (including an underwriting agreement in customary form) and take all other actions as are required in order to expedite or facilitate the disposition of such Registrable Securities in any such Public Offering, including the engagement of a "qualified independent underwriter" in connection with the qualification of the underwriting arrangements with FINRA.

(g) CS&L shall make available for inspection by any Registering Investor and any underwriter participating in any disposition pursuant to a Registration Statement being filed by CS&L pursuant to this Section 3.04 and any attorney, accountant or other professional retained by any such Registering Investor or underwriter (collectively, the "**Inspectors**"), all financial and other records, pertinent corporate documents and properties of CS&L and its Subsidiaries as shall be reasonably necessary to enable them to exercise their due diligence responsibility, and cause CS&L's officers, directors, employees and independent accountants to supply all information reasonably requested by any Inspectors in connection with such Registration Statement; *provided* that any access by any Registering Investor, underwriter or other Inspector to information furnished pursuant to this Section 3.04(g) shall be subject to a customary confidentiality obligation.

(h) In connection with any Public Offering of Registrable Securities, CS&L shall enter into such customary agreements and take all such other actions in connection therewith (including those requested by a majority in interest of the Registering Investors) in order to expedite or facilitate the disposition of such Registrable Securities, and in such connection, (i) to the extent possible make such representations and warranties to the underwriters of such Registrable Securities with respect to the business of CS&L and its Subsidiaries, the Registration Statement, Prospectus and documents incorporated by reference or deemed incorporated by reference, if any, with respect to such underwritten offering, in each case, in form, substance and scope as are customarily made by issuers to underwriters in similar underwritten offerings and confirm the same if and when requested, (ii) provide indemnities to the effect and to the extent provided in Section 3.05, (iii) obtain opinions of counsel to CS&L and "10b-5" letters (which counsel and opinions and letters, in form, scope and substance, shall be reasonably satisfactory to the underwriters and their counsel) addressed to each underwriter of Registrable Securities and, in the case of legal opinions only, each Registering Investor, covering the matters customarily covered in opinions and "10b-5" letters requested in similar underwritten offerings, (iv) obtain "cold comfort" letters dated as of the pricing date and the closing date for such offering of Registrable Securities from the independent certified public accountants of CS&L (and, if necessary, any other certified public accountant of any Subsidiary of CS&L, or of any business acquired by CS&L for which financial statements and financial data are or are required to be included in the Registration Statement) addressed to each underwriter of Registrable Securities and each Registering Investor, such letters to be in customary form and covering matters of the type customarily covered in "cold comfort" letters in connection with similar underwritten offerings, (v) deliver such documents and certificates as may be reasonably requested by the underwriters, and which are customarily delivered in similar underwritten offerings, to evidence the continued validity of the representations and warranties of CS&L made pursuant to clause (i) above and to evidence compliance with any customary conditions contained in an underwriting agreement and (vi) cause its senior management to participate in "road shows" and other information meetings organized by the underwriters.

(i) CS&L may require each Registering Investor promptly to furnish in writing to CS&L such information regarding the distribution of the Registrable Securities as

CS&L may from time to time reasonably request and such other information as may be legally required in connection with such registration.

(j) Each Registering Investor agrees that, upon receipt of any notice from CS&L of the happening of any event of the kind described in Section 3.04(e), such Registering Investor shall forthwith discontinue disposition of Registrable Securities pursuant to the Registration Statement covering such Registrable Securities until such Registering Investor's receipt of the copies of the supplemented or amended Prospectus contemplated by Section 3.04(e), and, if so directed by CS&L, such Registering Investor shall deliver to CS&L all copies, other than any permanent file copies then in such Registering Investor's possession, of the most recent Prospectus covering such Registrable Securities at the time of receipt of such notice. If CS&L shall give such notice, CS&L shall extend the period during which such Registration Statement shall be maintained effective (including the period referred to in Section 3.04(a)) by the number of days during the period from and including the date of the giving of notice pursuant to Section 3.04(e) to the date when CS&L shall make available to each such Registering Investor a Prospectus supplemented or amended to conform with the requirements of Section 3.04(e).

(k) CS&L shall list all Registrable Securities covered by such Registration Statement on any securities exchange or quotation system on which any similar securities of CS&L are then listed or traded.

(l) CS&L shall cooperate with any Registering Investor and any underwriter participating in any disposition pursuant to a Registration Statement being filed by CS&L pursuant to this Section 3.04 and their respective counsel in connection with any filings required to be made with FINRA.

(m) Each Registering Investor agrees that in connection with any offering pursuant to this Agreement, except as provided by CS&L, it will not prepare or use or refer to, any "free writing prospectus" (as defined in Rule 405 of the Securities Act) without the prior written authorization of CS&L (which authorization shall not be unreasonably withheld), and will not distribute any written materials in connection with the offer or sale of the Registrable Securities pursuant to any Registration Statement hereunder other than the Registration Statement, the related Prospectus and any such free writing prospectus so authorized.

Section 3.05. Indemnification.

(a) CS&L agrees to indemnify and hold harmless, to the full extent permitted by law, each Registering Investor, its officers, directors, agents, advisors, employees and each Person, if any, who controls (within the meaning of the Section 15 of the Securities Act or Section 20 of the Exchange Act) such Registering Investor from and against any and all losses, claims, damages, liabilities (or actions or proceedings in respect thereof, whether or not such indemnified party is a party thereto) and expenses (including reasonable costs of investigation and legal expenses) (each, a "**Loss**" and collectively "**Losses**") arising out of or based upon:

(i) any untrue or alleged untrue statement of a material fact contained or incorporated by reference in any Registration Statement under which the offering and sale of such Registrable Securities was registered under the Securities Act (including any final or preliminary Prospectus contained therein or any amendment thereof or supplement thereto or any documents incorporated by reference therein); or

(ii) any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading;

provided, that with respect to any untrue statement or omission or alleged untrue statement or omission made in any Prospectus, the indemnity agreement contained in this paragraph shall not apply to the extent that any such liability results from or arises out of (A) the fact that a current copy of a Prospectus was not sent or given to the Person asserting any such liability at or prior to the written confirmation of the sale of the Registrable Securities if CS&L had provided such Prospectus to the Registering Investor and it was the responsibility of such Registering Investor or its agents to provide such Person with a copy of the Prospectus and such copy of the Prospectus would have cured the defect giving rise to such liability, (B) the use of any Prospectus by or on behalf of any Registering Investor after CS&L has notified such Person (x) that such Prospectus contains or incorporates by reference an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, (y) that a stop order has been issued by the SEC with respect to a Registration Statement or (z) that a Shelf Suspension has occurred, or (C) information furnished in writing by such Registering Investor or on such Registering Investor's behalf, in either case for use in the applicable Registration Statement or Prospectus. CS&L also agrees to indemnify any underwriters of Registrable Securities, their officers, directors, agents, advisors, employees and each Person, if any, who controls (within the meaning of the Section 15 of the Securities Act or Section 20 of the Exchange Act) such underwriter on substantially the same basis as that of the indemnification of the Registering Investors pursuant to this Section 3.05(a).

(b) Each Registering Investor agrees (severally and not jointly) to indemnify and hold harmless, to the fullest extent permitted by law, CS&L, its directors, officers, agents, advisors, employees and each Person, if any, who controls (within the meaning of Section 15 of the Securities Act) CS&L from and against any and all Losses arising out of or based upon information furnished in writing by such Registering Investor or on such Registering Investor's behalf to CS&L, in either case for use in a Registration Statement, Prospectus or related filing.

(c) Each Registering Investor also agrees to indemnify any underwriters of Registrable Securities, their officers, directors, agents, advisors, employees and each Person, if any, who controls (within the meaning of the Section 15 of the Securities Act or Section 20 of the Exchange Act) such underwriter on substantially the same basis as that of the indemnification of CS&L pursuant to this Section 3.05(b). No Registering

Investor shall be liable under this Section 3.05(b) for any Losses in excess of the net proceeds realized by such Registering Investor in the sale of Registrable Securities of such Registering Investor to which such Losses relate.

(d) If for any reason the indemnification provided for in Section 3.05(a) or Section 3.05(b) is unavailable to an Indemnified Party (as defined below) or insufficient to hold such Person harmless as contemplated by Section 3.05(a) or Section 3.05(b), then the Indemnifying Party (as defined below) in lieu of indemnifying such Indemnified Party thereunder, shall contribute to the amount paid or payable by the Indemnified Party as a result of such Loss in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party on the one hand and the Indemnified Party on the other hand. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Indemnifying Party or the Indemnified Party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such untrue statement or omission. For the avoidance of doubt, the establishment of such relative fault, and any disagreements or disputes relating thereto, shall be subject to Section 4.06. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

Section 3.06. *Conduct of Indemnification Proceedings*. If any proceeding (including any investigation by any Governmental Authority) shall be instituted involving any Person in respect of which indemnity may be sought pursuant to Section 3.05, such Person (an "**Indemnified Party**") shall promptly notify the Person against whom such indemnity may be sought (the "**Indemnifying Party**") in writing and the Indemnifying Party shall assume the defense thereof, including the employment of counsel reasonably satisfactory to such Indemnified Party, and shall assume the payment of all reasonable fees and expenses; *provided* that the failure of any Indemnified Party to notify the Indemnifying Party shall not relieve the Indemnifying Party of its obligations hereunder except to the extent that the Indemnifying Party is actually prejudiced by such failure. In any such proceeding, any Indemnified Party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party unless (14) the Indemnifying Party and the Indemnified Party shall have mutually agreed to the retention of such counsel, (15) in the reasonable judgment of such Indemnified Party, representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them or (16) if counsel chosen by the Indemnifying Party requests a conflict waiver or other waiver from the Indemnified Party with respect to such matter. It is understood that, in connection with any proceeding or related proceedings in the same jurisdiction, the Indemnifying Party shall not be liable for the reasonable fees and expenses of more than one separate firm of attorneys (in addition to any local counsel) at any time for all such Indemnified Parties, and that all such fees and expenses shall be reimbursed as they are incurred. In the case of any such separate firm for the Indemnified Parties, such firm shall be designated in writing by the Indemnified Parties. The Indemnifying Party shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such

consent, or if there be a final judgment for the plaintiff, the Indemnifying Party shall indemnify and hold harmless such Indemnified Parties from and against any Losses (to the extent stated above) by reason of such settlement or judgment. Without the prior written consent of the Indemnified Party, no Indemnifying Party shall effect any settlement of any pending or threatened proceeding in respect of which any Indemnified Party is or could have been a party and indemnity could have been sought hereunder by such Indemnified Party, unless such settlement includes an unconditional release of such Indemnified Party from all liability arising out of such proceeding and does not include any statement as to or any admission of fault, culpability or a failure to act by or on behalf of any Indemnified Person.

Section 3.07. *Participation in Public Offering*. No Stockholder Party may participate in any Public Offering hereunder unless such Stockholder Party (a) agrees to sell its Registrable Securities on the basis provided in any underwriting arrangements approved by the Persons entitled hereunder to approve such arrangements, (b) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents reasonably required under the terms of such underwriting arrangements and the provisions of this Agreement in respect of registration rights and (c) agrees to pay all Selling Expenses related to the sale of the Registrable Securities.

Section 3.08. *Windstream Registration Rights Agreement*. The rights granted to Stockholder Parties hereunder are subject in all respects to the rights granted to Windstream and its Affiliates under the Windstream Registration Rights Agreement. Notwithstanding anything to the contrary in this Agreement, the rights so granted to the Stockholder Parties hereunder shall not limit or restrict the rights of Windstream or its Affiliates under the Windstream Registration Rights Agreement.

ARTICLE 4
MISCELLANEOUS

Section 4.01. *Notices*. All notices, requests and other communications to any party hereunder shall be in writing (including facsimile transmission and electronic mail ("**e-mail**") transmission) and shall be given:

if to CS&L, to:

Communications Sales & Leasing, Inc.
10802 Executive Center Drive
Benton Building, Suite 300
Little Rock, AR 72211
Attention: Daniel L. Heard
Email: Daniel.Heard@cslreit.com

with a copy to:

Davis Polk & Wardwell LLP
450 Lexington Avenue
New York, New York 10017
Attention: Michael Kaplan
H. Oliver Smith
Facsimile No.: (212) 701-5111
(212) 701-5636
E-mail: michael.kaplan@davispolk.com
oliver.smith@davispolk.com

if to the Stockholder Parties to:

Associated Partners, L.P.
c/o Associated Partners GP Limited
3 Bala Plaza East, Suite 502
Bala Cynwyd, Pennsylvania 19004
Attention: Scott Bruce
Facsimile No.: (610) 660-4920
E-mail: SBruce@agrp.com

with copies to:

Jay Birnbaum, Esquire
8004 Split Oak Drive
Bethesda, Maryland 20817
Tel. No.: (301) 469-4930
E-mail: JBirnbaum@agrp.com

Cravath Swaine & Moore LLP
Worldwide Plaza
825 Eighth Avenue
New York, New York 10014
Attention: Thomas E. Dunn
Facsimile No.: (212) 474–3700
E-mail: tdunn@cravath.com

or, in each case, to such other address or facsimile number as such party may hereafter specify for the purpose by notice to the other parties hereto. All such notices, requests and other communications shall be deemed received on the date of receipt by the recipient thereof if received prior to 4:00 p.m. in the place of receipt and such day is a Business Day. Otherwise, any such notice, request or communication shall be deemed not to have been received until the next succeeding business day in the place of receipt.

Section 4.02. *Amendments and Waivers*. (a) Any provision of this Agreement may be amended or waived if, but only if, such amendment or waiver is in writing and is

signed, in the case of an amendment, by each party to this Agreement, or in the case of a waiver, by the party against whom the waiver is to be effective.

(a) No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by Applicable Law.

Section 4.03. *Expenses.* Except as otherwise provided herein, all costs and expenses incurred in connection with this Agreement shall be paid by the party incurring such cost or expense.

Section 4.04. *Successors and Assigns*. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; *provided* that no party may assign, delegate or otherwise transfer any of its rights or obligations under this Agreement without the consent of each other party hereto; *provided, further,* that any Stockholder Party may assign its rights, interests and obligations under this Agreement, in whole or in part, to one or more Permitted Transferees that execute a joinder to this Agreement in form and substance reasonably satisfactory to CS&L.

Section 4.05. *Governing Law*. This Agreement shall be governed by and construed in accordance with the law of the State of Delaware, without regard to the conflicts of law rules of such state.

Section 4.06. *Jurisdiction*. The parties hereto agree that any suit, action or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement or the transactions contemplated hereby shall be brought in the Delaware Chancery Court or, if such court shall not have jurisdiction, any federal court located in the State of Delaware or other Delaware state court, so long as one of such courts shall have subject matter jurisdiction over such suit, action or proceeding, and that any cause of action arising out of this Agreement shall be deemed to have arisen from a transaction of business in the State of Delaware, and each of the parties hereby irrevocably consents to the exclusive jurisdiction of such courts (and of the appropriate appellate courts therefrom) in any such suit, action or proceeding and irrevocably waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding in any such court or that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. Process in any such suit, action or proceeding may be served on any party anywhere in the world, whether within or without the jurisdiction of any such court. Without limiting the foregoing, each party agrees that service of process on such party as provided in Section 4.01 shall be deemed effective service of process on such party.

Section 4.07. *WAIVER OF JURY TRIAL*. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY

IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.

Section 4.08. *Counterparts; Effectiveness; Third Party Beneficiaries.* This Agreement may be signed in any number of counterparts (including by electronic means), each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Agreement shall become effective when each party hereto shall have received a counterpart hereof signed by all of the other parties hereto. Until and unless each party has received a counterpart hereof signed by each other party hereto, this Agreement shall have no effect and no party shall have any right or obligation hereunder (whether by virtue of any other oral or written agreement or other communication). No provision of this Agreement is intended to confer any rights, benefits, remedies, obligations, or liabilities hereunder upon any Person other than the parties hereto and their respective successors and assigns.

Section 4.09. *Entire Agreement.* This Agreement and the Lockup Agreements entered into between the Stockholder Parties and CS&L constitute the entire agreement between the parties with respect to the subject matter of this Agreement and supersede all prior agreements and understandings, both oral and written, between the parties with respect to the subject matter of this Agreement.

Section 4.10. *Severability.* If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other Governmental Authority to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such a determination, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible.

Section 4.11. *Specific Performance.* The parties hereto agree that irreparable damage would occur if any provision of this Agreement were not performed in accordance with the terms hereof and that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement or to enforce specifically the performance of the terms and provisions hereof in the courts set forth in Section 4.06, in addition to any other remedy to which they are entitled at law or in equity.

Section 4.12. *Termination*. This Agreement shall terminate with respect to each Stockholder Party at the time at which such Stockholder Party ceases to own any Equity Securities, except that such termination shall not affect (a) the rights perfected or the obligations incurred by such Stockholder Party under this Agreement prior to such termination (including any liability for breach of this Agreement), (b) the obligations expressly stated to survive termination hereof, (c) Section 4.05 and (d) this Article 4.

Section 4.13. *Relationship to Lockup Agreement*. To the extent that any provision of this Agreement conflicts with any obligation of any Stockholder Party under its Lockup Agreement, the terms of this Agreement shall control.

[The remainder of this page has been left blank intentionally.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their authorized representatives as of the date first above written.

COMMUNICATIONS SALES & LEASING, INC.

By: _____
Name:
Title:

[PEG BANDWIDTH HOLDINGS, LLC]

By: _____
Name:
Title:

[OTHER UNITHOLDERS]

By: _____
Name:
Title:

CS&L

The Communications REIT

PEG

Bandwidth

Jefferies 2016 Global Data Center REIT Summit

January 12, 2016

Safe Harbor

Certain statements in this presentation may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, as amended from time to time. Those forward-looking statements include all statements that are not historical statements of fact and those regarding our intent, belief or expectations including without limitation, statements regarding CS&L's expectations with respect to the proposed transaction with PEG.

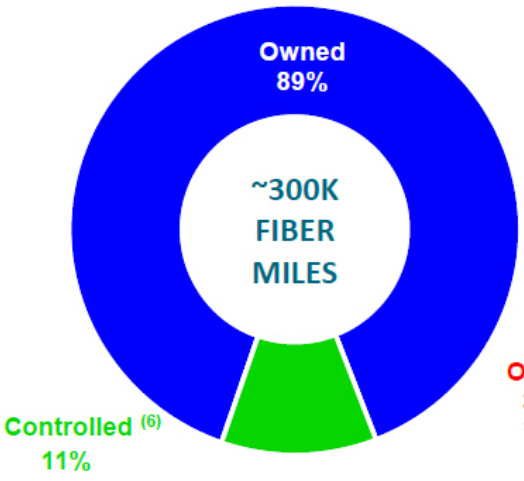
Words such as "anticipate(s)," "expect(s)," "intend(s)," "estimate(s)," "foresee(s)," "plan(s)," "believe(s)," "may," "will," "would," "could," "should," "seek(s)" and similar expressions, or the negative of these terms, are intended to identify such forward-looking statements. These statements are based on management's current expectations and beliefs and are subject to a number of risks and uncertainties that could lead to actual results differing materially from those projected, forecasted or expected. Although we believe that the assumptions underlying the forward-looking statements are reasonable, we can give no assurance that our expectations will be attained. Factors which could materially alter our expectations with regard to the proposed transaction with PEG include, among other things, the risk that we fail to fully realize the potential benefits of the transaction or have difficulty integrating PEG; the possibility that the terms of the transaction as described in this presentation are modified; the possibility that PEG's fourth quarter 2015 results differ from our current expectations; the risk that the transaction agreements may be terminated prior to expiration; risks related to satisfying the conditions to the transactions, including timing (including possible delays) and receipt of regulatory approvals from various governmental entities (including any conditions, limitations or restrictions placed on these approvals) and the risk that one or more governmental entities may deny approval.

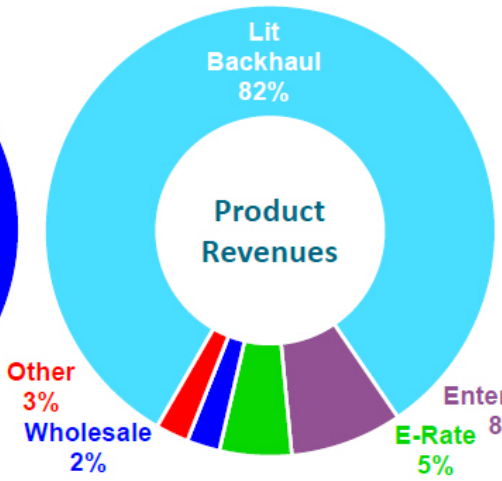
CS&L expressly disclaims any obligation to release publicly any updates or revisions to any of the forward looking statements set forth in this presentation to reflect any change in its expectations or any change in events, conditions or circumstances on which any statement is based.

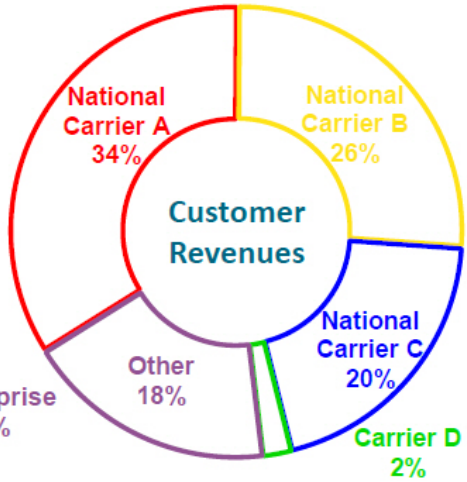
Fourth quarter and full year 2015 unaudited results for PEG are preliminary and subject to year end closing procedures, audit and purchase accounting adjustments. Actual results for these periods could differ materially. Investors should not place undue reliance on such numbers. PEG operating metrics have been provided by PEG without verification and investors should not place undue reliance on those operating metrics.

This presentation contains certain supplemental measures of performance that are not required by, or presented in accordance with, U.S. GAAP. Such measures should not be considered as alternatives to GAAP. Further information with respect to and reconciliations of such measures to the nearest GAAP measure can be found in the appendix hereto.

PEG At A Glance







Financial Data (1)

$ in Millions	4Q LQA
LQA Revenue	$80
LQA Adjusted EBITDA	$35
Revenue Y-o-Y Growth	25%
Adjusted EBITDA Margin	44%
Maintenance Capex to Revenues	~5%

Operating Metrics (1)

Employees	180
Customer Connections (2)	3,200
Avg. Backhaul Bandwidth Speed	108 Mbps
Monthly Revenue – MRR and MAR (3)	$6.2M
Avg. Remaining Contract Term (4)	57 months
Revenue Under Contract (5)	> $300M

High Growth FTTT Backhaul Provider

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(1) Fourth quarter and full year unaudited results for PEG are preliminary and subject to year end closing procedures, audit and purchase accounting adjustments. Actual results for these periods could differ materially. Investors should not place undue reliance on such numbers. PEG operating metrics have been provided by PEG without verification and investors should not place undue reliance on those operating metrics.
(2) 2,500 Fiber and 700 Microwave customer connections as of November 2015.
(3) Expected Monthly Recurring Revenue (MRR) and Monthly Amortized Revenue (MAR) at closing.
(4) Represents average remaining contract length of Backhaul contracts only as of November 2015.
(5) See definition in Appendix.
(6) Controlled fiber principally represents Dark Fiber IRU's

Transaction Rationale

- **Fiber-To-The-Tower focused connections**
  - **Mission critical communication infrastructure assets**
- **Long term contracts with strong credit quality customers**
  - **Contractual annual revenue of ~$70 million (1)**
  - **Strong relationships with major wireless carriers**
- **Organic growth allows deployment of success-based capital**
  - **Lit Backhaul, Enterprise, E-Rate, Wholesale, and Dark Fiber opportunities**
- **Experienced operations team to capture growth potential**
- **M&A platform to synergistically acquire other fiber operating companies**
- **Diversifies CS&L revenue mix and customer base**
  - **~10% of combined CS&L revenues (2)**

Highly Complementary and Leveragable Business

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(1) Includes $3.5 million of estimated annualized MAR expected at transaction closing. A portion of these contracts is subject to renewal each year, and there can be no assurances that the contracts will be renewed at all or, if they are renewed, that the renewal will not provide for lower rates. Accordingly, our presentation of contractual revenue is not a guarantee of future revenues and should not be viewed as a predictor of future annual revenues.

(2) Fourth quarter and full year unaudited results for PEG are preliminary and subject to year end closing procedures, audit and purchase accounting adjustments. Actual results for these periods could differ materially. Investors should not place undue reliance on such numbers.

Investment Highlights

- **Strong revenue growth and operating performance**
  - Success based deployments with large anchor tenant awards
  - Focused on Tier II and Tier III markets
- **Robust sales opportunities to expand and diversify revenues**
  - ~11,000 near-net cell site backhaul opportunities within 1 mile
  - ~7,000 near-net cell site backhaul opportunities within ½ mile
- **Scalable operating platform to exploit growth potential**
  - Nearly 80% of network capacity is available for future business
  - Opportunities in Wholesale, E-Rate, Enterprise and carrier Dark Fiber
- **Total Revenue Under Contract exceeding $300 million** (1)
- **Accretive to CS&L AFFO in year 1**

Compelling Growth Opportunities

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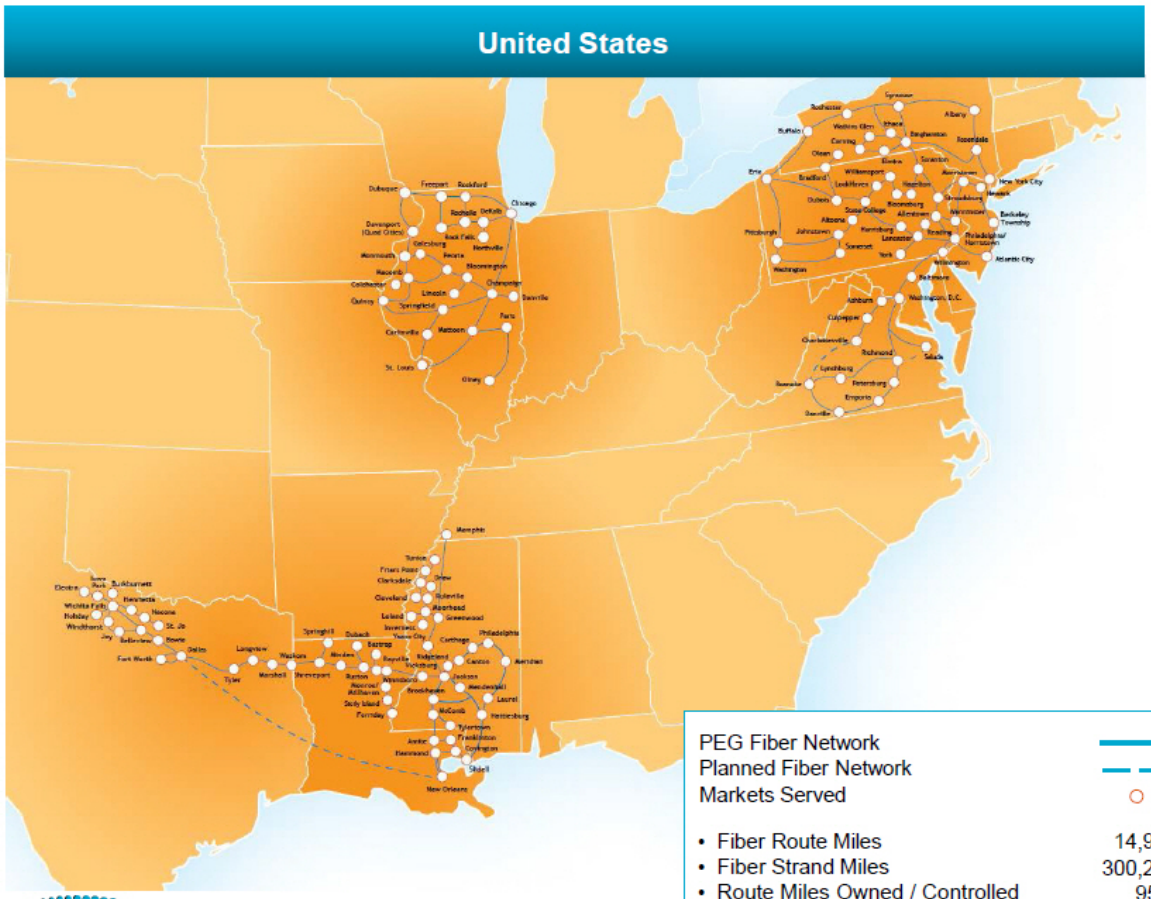
(1) See definition in Appendix.

Extensive Rural Fiber Network Serving 7 Markets



PEG Fiber Network
Planned Fiber Network
Markets Served

- Fiber Route Miles 14,900
- Fiber Strand Miles 300,200
- Route Miles Owned / Controlled 95%
- Tower Connections Owned / Controlled 95%

Northeast-Mid Atlantic Network

Illinois Network

South Central Network

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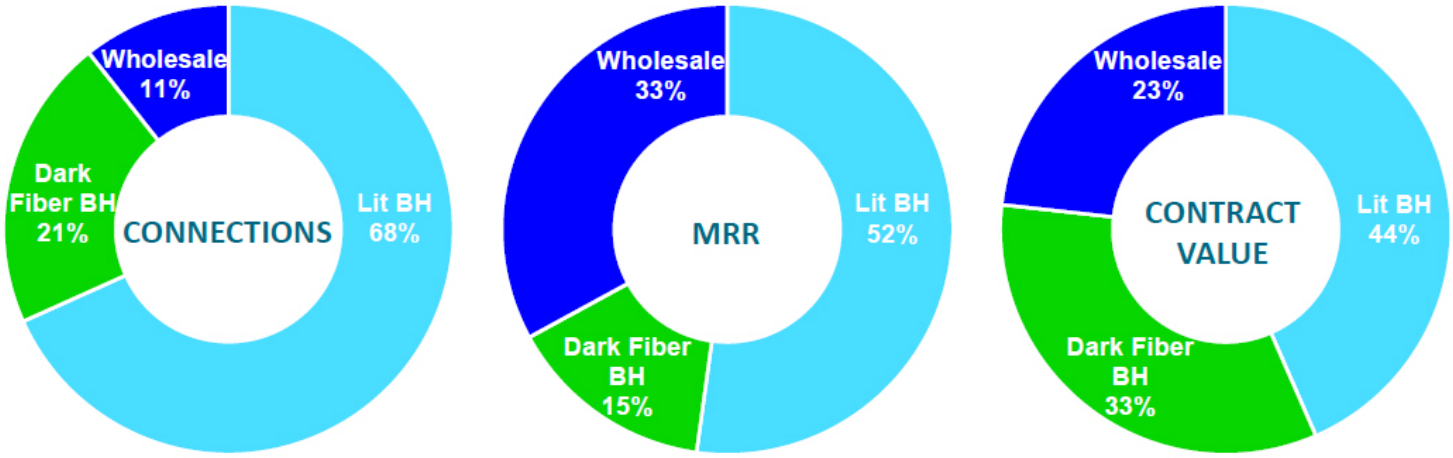
PEG Sales Opportunities (1)



Robust Opportunities Across All Products

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(1) Represents sales opportunities currently being pursued by PEG as of November 2015, and does not represent contractual backlog or committed revenue. There can be no assurances that any of these opportunities will be realized. "BH" abbreviation for Backhaul.

PEG Leadership Team

- **Rich Ruben – Vice Chairman**
  - 20 years of experience in the telecommunications and technology industry
  - CEO of PEG Bandwidth from February 2010 through February 2015
  - Served as CEO at XOS Technologies, WireOne Communications and V-SPAN, and President at Comcast-Spectacor
  - Previously Vice President of Planning and CFO of Bell Atlantic Mobile
  - Helped develop and implement plan that eventually transformed Bell Atlantic Mobile into Verizon Wireless
- **Michael Friloux – CEO**
  - 25 years of experience in the telecommunications and technology industry
  - Joined PEG Bandwidth in 2014
  - Served as President and COO at Citynet Fiber Network
  - Chief Operating Officer at Anyware Mobile Solutions
  - Previously with AFN Communications and Williams Communications Group
- **Greg Ortyl – SVP Sales**
  - 20 years of experience in the telecommunications industry
  - Co-founded PEG Bandwidth in 2009
  - Served as Vice President and Director of Wireless Backhaul Sales at Level 3
  - National Account Director at FiberTower
  - Previously with LightCore, New Edge Networks, Gabriel Communications and Southwestern Bell Mobile Systems
- **Jim Volk – CFO**
  - 20 years of experience in the telecommunications industry
  - Served as Chief Financial Officer at Hargray Communications
  - Previously with Comcast Cellular, AT&T, UbiquiTel (a Sprint PCS affiliate) and SunCom PCS
  - CPA and Deloitte alumni

Capable Leadership Team with Strong Industry Relationships

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Transaction Summary

Overview	▪ Purchase price of $409 million for all outstanding equity interests of PEG Bandwidth LLC (1)
Consideration	▪ $315 million cash ▪ One million shares of CS&L common stock ▪ 87,500 shares of 3% Series A Convertible Preferred Stock; each with a liquidation preference of $1,000 or $87.5 million in the aggregate
Structure	▪ Privately negotiated transaction ▪ PEG to retain brand and operate as a separate business ▪ Taxable transaction with CS&L receiving step-up basis
Board of Directors	▪ Scott Bruce of Associated Partners expected to join the Company's Board of Directors following transaction close
Financing	▪ Cash consideration to be funded with available cash on hand and borrowings under CS&L's $500 million revolver
Closing Conditions and Timing	▪ Regulatory and other approvals required; customary closing conditions ▪ Expect to close in early 2Q16

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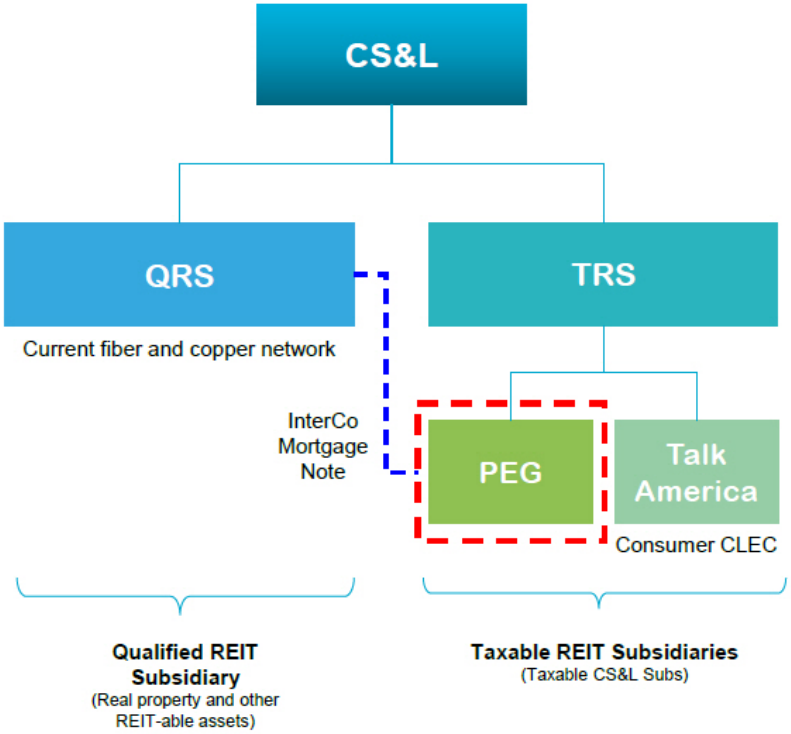
(1) Excludes capital lease obligations expected to be assumed and transaction fees and expenses. Subject to customary purchase price adjustments.

Pro Forma CS&L Structure



- **Acquired and operated as a Taxable REIT Subsidiary ("TRS")**
- **CS&L receives step-up in basis of assets**
- **REIT synergies include:**
  - **Mortgage Loans against PEG fiber network provide TRS tax shield**
  - **Future dark fiber asset and leases potentially qualifying REIT assets**
  - **Tax planning opportunities for future transactions**

Nearly $1 Billion of TRS Capacity Remains for Future Acquisitions

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Note: Structure for illustration only. Does not reflect actual legal structure.

Convertible Preferred Shares

Issue	**87,500 of Series A Convertible Preferred Stock** **Par value of $.0001 per share** **Liquidation preference of $1,000 per share** **Non-voting except for customary matters affecting the holders**
Maturity	**8 years**
Coupon	**3.00%**
Conversion Price	**$35.00 – Conversion rate per share of 28.571 (1)**
Settlement Amount	**Greater of par value or conversion value**
Early Conversion Option	**Holders of the Series A Convertible Preferred Stock have the option to convert at anytime after 3 years**
Conversion Settlement	**Settled with new common shares of the Company, cash or combination thereof, at CS&L's option**
Call Protection	**Non-callable for 3 years, callable at liquidation preference thereafter**
Change of Control	**Customary change of control terms and conditions including a make whole premium**
Pro Forma Ownership	**Associated Partners pro forma as converted ownership of 2.3% (2)**

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(1) Subject to customary anti-dilution adjustments.
(2) Assumes $35 conversion price yielding 2.5 million common equity in addition to 1 million equity issued as transaction consideration.

Capitalization
(Debt Agreement Basis)

$ in Millions

	9/30/2015	Transaction Adjustment	Combined
Cash	$ 210	$ --	$ 210
Revolver [1]	--	321	321
Term Loan B	2,135	--	2,135
Secured Notes	400	--	400
Unsecured Notes	1,110	--	1,110
Capital Leases [2]	--	41	41
Total Debt	3,645	362	4,007
Convertible Preferred at Fair Value	--	75	75
LQA Revenue [3] [4]	694	80	775 [5]
LQA Adjusted EBITDA [3] [4]	660	35	695 [5]
Net Debt	**$ 3,435**	**$ 362**	**$ 3,797**
Net Debt / LQA Adjusted EBITDA	**5.2x**	**--**	**5.5x**

Note: Presented in accordance with Debt Agreements and not GAAP accounting standards. Amounts may not foot due to rounding.
(1) Cash portion of consideration expected to be funded on revolver. Includes estimated transaction fees and expenses of $6 million.
(2) Capital leases are related to IRU's.
(3) Fourth quarter and full year unaudited results for PEG are preliminary and subject to year end closing procedures, audit and purchase accounting adjustments. Actual results for these periods could differ materially. Investors should not place undue reliance on such numbers.
(4) LQA Adjusted EBITDA for CS&L is calculated as 3Q15 annualized Adjusted EBITDA. LQA Revenue and Adjusted EBITDA for PEG is calculated as annualized 4Q15 preliminary results as reported by PEG and subject to change.
(5) Represents simple summation of CS&L Revenue or EBITDA and PEG Revenue or EBITDA, as applicable, without any pro forma adjustments under Regulation S-X. Actual pro forma adjustments, including with respect to deferred revenue, could be material and could result in materially different pro forma results.

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CS&L Business Strategy

Characteristics of Communication Infrastructure Assets

- Same customers and sales cycle
- Value increases over time
- Difficult to replicate
- Customers willing to lease on a long term basis
- Attractive economics
- REITable

	Fiber	Towers	Consumer Broadband	Ground Leases	Data Centers
U.S. Market Size (1)	**$129.0B**	**$72.3B**	**$180.5B**	**$61.0B**	**$136.4B**
Existing Market	2.14M U.S. metro & long haul fiber route miles $106.9B	124.7K North American cell towers $62.4B	133M U.S. connections $188.9B	124.7K ground leases $52.6B	$95.1B
Projected Construction Growth (1)	440K route miles $22.1B	19.9K towers $9.9B	Connections decrease to 127.1M	19.9K originations $8.4B	Estimated to grow to $136.4B in 2020
CS&L M&A Pipeline (3)	**59%**	**31%**	**9%**	**– (2)**	**1%**

Robust M&A Pipeline with Over 100 Potential Transactions

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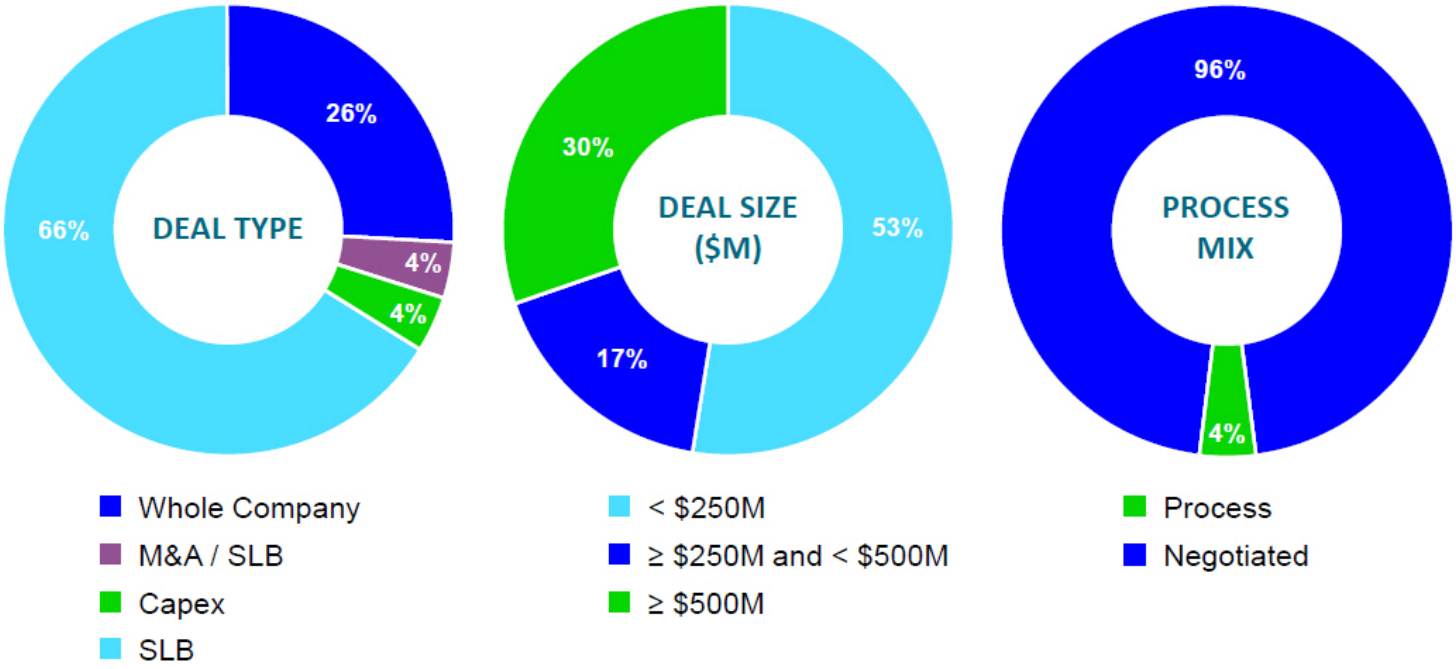
(1) Company estimates for U.S. market. Projections are five years forward.
(2) Included in towers.
(3) This is a summary of the transactions we are actively pursuing as of November 2015. We have not signed a purchase agreement and are not otherwise committed to consummating any of these transactions and there can be no assurances that any of these transactions will be completed.

CS&L M&A Pipeline (1)



Pipeline Well Diversified and Privately Sourced

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(1) This is a summary of the transactions we are actively pursuing as of November 2015. We have not signed a purchase agreement and are not otherwise committed to consummating any of these transactions and there can be no assurances that any of these transactions will be completed.

Q&A

Appendix

Non-GAAP Financial Measures

We refer to EBITDA, Adjusted EBITDA, Funds From Operations, or "FFO" (as defined by the National Association of Real Estate Investment Trusts ("NAREIT")), and Adjusted Funds From Operations, or "AFFO," in this presentation, which are not required by, or presented in accordance with, accounting principles generally accepted in the United States ("GAAP"). While we believe that net income, as defined by GAAP, is the most appropriate earnings measure, we also believe that EBITDA, Adjusted EBITDA, FFO and AFFO are important non-GAAP supplemental measures of operating performance for a real estate investment trust ("REIT").

We define "EBITDA" as net income, as defined by GAAP, before interest expense, provision for income taxes and depreciation and amortization. Adjusted EBITDA represents EBITDA, excluding stock-based compensation expense, and the impact, which may be recurring in nature, of acquisition and transaction related expenses, the write-off of unamortized deferred financing costs, costs incurred as a result of the early re-payment of debt, changes in the fair value of contingent consideration and financial instruments and other similar items.

We believe EBITDA and Adjusted EBITDA are important supplemental measures to net income because they provide additional information to evaluate our operating performance on an unleveraged basis, and serve as an indicator of our ability to service debt. Adjusted EBITDA is calculated similar to defined terms in our material debt agreements used to determine compliance with specific financial covenants. Since EBITDA and Adjusted EBITDA are not measures calculated in accordance with GAAP, they should not be considered as an alternative to net income determined in accordance with GAAP.

Non-GAAP Financial Measures

Because the historical cost accounting convention used for real estate assets requires the recognition of depreciation expense except on land, such accounting presentation implies that the value of real estate assets diminishes predictably over time. However, since real estate values have historically risen or fallen with market and other conditions, presentations of operating results for a REIT that uses historical cost accounting for depreciation could be less informative. Thus, NAREIT created FFO as a supplemental measure of operating performance for REITs that excludes historical cost depreciation and amortization, among other items, from net income, as defined by GAAP.

FFO is defined by NAREIT as net income computed in accordance with GAAP, excluding gains or losses from real estate dispositions, plus real estate depreciation and amortization and impairment charges. We compute FFO in accordance with NAREIT's definition.

We define AFFO as FFO excluding (i) noncash revenues and expenses such as stock-based compensation expense, amortization of debt discounts, amortization of deferred financing costs, amortization of intangible assets, straight-line rental revenue and revenue associated with the amortization of tenant funded capital improvements and (ii) the impact, which may be recurring in nature, of the following items: acquisition and transaction related expenses, the write off of unamortized deferred financing costs, costs incurred as a result of the early repayment of debt, changes in the fair value of contingent consideration and financial instruments, and other similar items.

We believe that the use of FFO and AFFO, combined with the required GAAP presentations, improves the understanding of operating results of REITs among investors and makes comparisons of operating results among such companies more meaningful. We consider FFO and AFFO to be useful measures for reviewing comparative operating and financial performance. In particular, we believe AFFO, by excluding certain revenue and expense items, can help investors compare our operating performance between periods and to other REITs on a consistent basis without having to account for differences caused by unanticipated items and events, such as acquisition and transaction related costs.

While FFO and AFFO are relevant and widely used measures of operating performance of REITs, they do not represent cash flows from operations or net income as defined by GAAP and should not be considered an alternative to those measures in evaluating our liquidity or operating performance. FFO and AFFO do not purport to be indicative of cash available to fund our future cash requirements.

Further, our computations of EBITDA, Adjusted EBITDA, FFO and AFFO may not be comparable to that reported by other REITs or companies that do not define FFO in accordance with the current NAREIT definition or that interpret the current NAREIT definition or define EBITDA, Adjusted EBITDA and AFFO differently than we do.

Other Reporting Definitions

- **Adjusted EBITDA Margin:** Adjusted EBITDA divided by consolidated revenue. Adjusted EBITDA margin is a supplemental measure of our operating margin that should be considered along with, but not as an alternative to our operating margins
- **Contract Value:** MRR and MAR under contract multiplied by the remaining contract term in months
- **Monthly Amortized Revenue (MAR):** Revenue related to the amortized portion of upfront charges and IRU's
- **Monthly Recurring Revenue (MRR):** Revenues for ongoing service from both contractual and month-to-month customer arrangements
- **Net Debt:** Principal amount of debt outstanding, less unrestricted cash and cash equivalents
- **Revenue Under Contract:** Total revenue contract value that PEG is entitled to receive pursuant to existing contracts, some of which may be past their expiration date and currently on a month to month basis. A portion of these contracts is subject to renewal each year, and there can be no assurances that the contracts will be renewed at all or, if they are renewed, that the renewal will not provide for lower rates. Accordingly, our presentation of contractual revenue is not a guarantee of future revenues and should not be viewed as a predictor of future annual revenues

Reconciliation of Non-GAAP Historical Financials

(Unaudited, $ in Millions)

CS&L	3Q15
Net Income	$ 9.4
Depreciation & amortization	87.3
Interest expense	66.5
Income tax expense	0.3
EBITDA	**163.5**
Stock-based compensation	0.8
Acquisition and transaction costs	0.8
Adjusted EBITDA	165.0
Annualized Adjusted EBITDA [2]	**$ 660.1**

PEG Bandwidth	4Q15E [1]
Net Income	$ (4.5)
Depreciation & amortization	8.0
Interest expense	5.7
Income tax expense	-
EBITDA	**9.2**
Stock-based compensation	0.2
Other (income) / expense	(0.7)
Adjusted EBITDA	8.8
Annualized Adjusted EBITDA [2]	**$ 35.1**

CS&L
The Communications REIT

Note: Subtotals may not foot due to rounding.
(1) Fourth quarter and full year unaudited results for PEG are preliminary and subject to year end closing procedures, audit and purchase accounting adjustments. Actual results for these periods could differ materially. Investors should not place undue reliance on such numbers.
(2) Annualized Adjusted EBITDA is calculated as Adjusted EBITDA multiplied by 4.