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May 24, 2000

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VIA HAND DELIVERY

Blanca S. Bayo, Director
Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

Re: Initiation of Show Cause Proceedings Against InternetU, Inc. ("InternetU") for Apparent Violation of Section 364.183(1), F.S., Access to Company Records, Florida Public Service Commission (the "Commission") Docket No. 000227-TX, Order No. PSC-00-0693-SC-TX

Dear Ms. Bayo:

DURO Communications, Inc. ("DURO") is in receipt of correspondence from Ms. Melinda Watts of the Commission staff dated May 9, 2000 in response to the letter DURO filed with the Commission on May 3, 2000 in the above-captioned docket (the "DURO Letter"). In furtherance of resolving this matter, DURO hereby files an original and 15 copies of this letter responding to the Staff's data request.

Question No. 1: In the attachment to your letter, labeled "Exhibit 'A', Excerpts from Asset Purchase Agreement between DURO Communications, Inc. and Digital.Net, L.L.C.", why was the Alternate Local Exchange Company (ALEC) certificate, No. 5678, assigned by the Commission to InternetU, Inc., not listed on Schedule 1.2(c) as non-transferrable?

Answer: Sections 1.1 and 1.2 of the Asset Purchase Agreement by and between DURO and digital.net, l.l.c. ("Digital.Net") and Digicom USA, LLC, dated March 26, 1999 (the "Asset Purchase Agreement"), describe those assets that were to be acquired by DURO and those assets that were to be excluded from the transaction and retained by Digital.Net. The Commission is correct that the ALEC certificate of InternetU was described in a section of the Asset Purchase Agreement summarizing those assets that were to be acquired by DURO. At the time it executed the Asset Purchase Agreement, DURO intended to acquire whatever rights that Digital.Net might have had to the ALEC certificate granted to InternetU prior to Digital.Net being acquired by DURO.

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May 24, 2000
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However, after the completion of the transaction, DURO discovered that the InternetU ALEC certificate issued by the Commission was never transferred to Digital.Net (by action of the Commission under Section 364.345 of the Florida Statutes). Consequently, inasmuch as Digital.Net did not hold any interest in the ALEC certificate that could be transferred to DURO, DURO could not have acquired any interest in the InternetU certificate issued by the Commission as a result of its acquisition of Digital.Net. DURO believes that it would have been appropriate for Digital.Net to list the InternetU ALEC certificate as a Non-Transferable License under Schedule 1.2(c) inasmuch as the text of Schedule 1.1(d) discloses that the InternetU ALEC certificate was never transferred to Digital.Net. DURO has no knowledge as to why Digital.Net did not disclose the non-transferred InternetU ALEC certificate under Schedule 1.2(c).

Question No. 2: Why is the ALEC certificate held by InternetU the only asset listed in Schedule 1.1(d)? Based on your letter, Schedule 1.1(d) should list all of the assets DURO acquired from Digital.Net, not an asset that it did not acquire.

Answer: The Commission is correct that the ALEC certificate of InternetU is the only license or authorization listed in Schedule 1.1(d) of the Asset Purchase Agreement. As explained in the DURO Letter, DURO obtained whatever "transferrable rights" to this ALEC certificate that Digital.Net might have had with respect to this certificate prior to Digital.Net being acquired by DURO. Only after the completion of the transaction did DURO discover that the InternetU ALEC certificate issued by the Commission was never transferred to Digital.Net (by action of the Commission under Section 364.345 of the Florida Statutes). Consequently, inasmuch as Digital.Net did not hold any interest in the ALEC certificate that could be transferred to DURO, DURO could not have acquired any interest in the InternetU certificate issued by the Commission as a result of its acquisition of Digital.Net.

The DURO Letter also states that DURO acquired "various other Internet assets of Digital.Net" (DURO Letter p. 2). The other assets acquired by DURO from Digital.Net are summarized at Sections 1.1(a), 1.1(b), 1.1(c), 1.1(e), 1.1(f) and 1.1(g) of the Asset Purchase Agreement and include the following:

[a]ll free standing kiosks, servers, routers, modems, computers, electronic devices, test equipment and all other fixed assets, equipment, furniture, fixtures, leasehold improvements, parts, accessories, inventory, office materials, software, supplies and other tangible personal property of every kind and description owned by [Digital.Net] . . . (Asset Purchase Agreement, Section 1.1(a));

. . . original contracts for the provision of Internet connectivity, dedicated service, web-hosting, web-domain, dial-up services, web-development and Internet commerce, all leases with respect to real property and all co-location agreements . .

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. (Asset Purchase Agreement, Section 1.1(b));¹

[a]ll of [Digital.Net's] Intellectual Property (Asset Purchase Agreement, Section 1.1(c));

. . . cash on hand and in bank accounts, all accounts receivable of [Digital.Net] incurred in the ordinary course of business . . . (Asset Purchase Agreement, Section 1.1(e));

[a]ll of the goodwill of [Digital.Net] in, and the going concern value of, the [b]usiness, and all of the business and customer lists, proprietary information, and trade secrets related to the [b]usiness (Asset Purchase Agreement, Section 1.1(f)); and

[a]ll of [Digital.Net's] customer logs, location files and records, employee records, and other business files and records . . . (Asset Purchase Agreement, Section 1.1(g)).

Consequently, based upon the above-referenced description of assets acquired by DURO from Digital.Net, DURO acquired many assets from Digital.Net. These assets were merely described in other subsections of the Asset Purchase Agreement

Question No. 3: What happened to InternetU's customers? Are they now being served by DURO (or one of its acquisitions)?

Answer: DURO currently provides Internet services to the former customers of InternetU that had subscribed to Internet services. DURO is not aware whether, and does not believe that, InternetU provided any regulated local exchange telecommunications services to customers in the State of Florida. Furthermore, DURO's search of the Commission records does not indicate that InternetU had filed an interconnection or resale agreement or a price list or tariff with the Commission.

Question No. 4: In a telephone conversation with Commission staff, you indicated that all mail for InternetU is forwarded to DURO and that Ms. Rita Meltzer, the Commission's contact person for InternetU, is now a DURO employee. Please explain why DURO did not contact the Commission when it received the questionnaire in order to explain that it did not hold the ALEC certificate.

¹The term "collocation agreements" refers to agreements for collocation of Internet service provider equipment with the existing Internet equipment of Digital.Net.

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DURO hopes that this letter further clarifies the events, as well as DURO's understanding of the issues, surrounding the InternetU ALEC certificate. DURO sincerely regrets that the Commissions' staff efforts and resources have had to be expended to clarify the ownership status of the InternetU ALEC certificate. DURO recognizes that its delay in providing the staff with all of the facts surrounding the non-transferred InternetU ALEC certificate when it received the staff questionnaire directed to InternetU was a contributing factor in the issuance of the show cause order in this docket. Therefore, in consideration of the staff effort caused by DURO's delay and to bring a prompt, amicable and fair resolution of this docket, DURO is willing to discuss a modest contribution to the general revenue fund of the State of Florida, with no admission that DURO violated any statute, rule or order of the Commission. Please let us know if the Commission staff is willing to engage in such discussions.

Please acknowledge receipt of these documents by stamping the extra copy of this letter "filed" and returning the copy to me.

Thank you for your assistance with this filing.

Respectfully submitted,



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Counsel for DURO Communications, Inc.

ASSET PURCHASE AGREEMENT

Agreement made as of March 26, 1999 by and between DURO Communications, Inc., a Delaware corporation ("Buyer"), digital.net, l.l.c., a Florida limited liability company ("Seller"), and Digicom USA, LLC, a West Virginia limited liability company and the manager and sole member of Seller ("Digicom").

WHEREAS, subject to the terms and conditions hereof, Seller desires to sell, transfer and assign to Buyer, and Buyer desires to purchase from Seller, all of the properties, rights and assets used or useful in connection with the Internet service provider and related businesses of Seller, all as hereinafter described (the "Business").

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

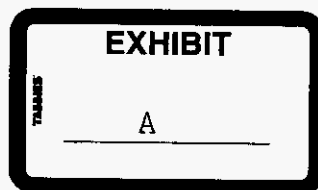
SECTION 1. PURCHASE AND SALE OF ASSETS.

1.1 Sale of Assets. Upon the terms and subject to the conditions set forth in this Agreement, and the performance by the parties hereto of their respective obligations hereunder, Seller agrees to sell, assign, transfer and deliver to Buyer, and Buyer agrees to purchase from Seller, all of Seller's right, title and interest in and to all of the properties, assets and business of the Business of every kind and description, tangible and intangible, real, personal or mixed, and wherever located, but excluding the Excluded Assets (as defined in Section 1.2 below), including, without limitation, the following:

(a) Equipment. All free standing kiosks, servers, routers, modems, computers, electronic devices, test equipment and all other fixed assets, equipment, furniture, fixtures, leasehold improvements, parts, accessories, inventory, office materials, software, supplies and other tangible personal property of every kind and description owned by Seller and used or held for use in connection with the Business, including but not limited to that equipment identified on Schedule 1.1(a) attached hereto (collectively, "Equipment");

(b) Contracts. All of the rights of Seller under and interest of Seller in and to all contracts relating to the Business (other than the Excluded Contracts (as defined below)), including, without limitation, original contracts for the provision of Internet connectivity, dedicated service, web-hosting, web-domain, dial-up services, web-development and Internet commerce, all leases with respect to real property and all co-location agreements, a true, correct and complete list of which contracts is attached hereto as Schedule 1.1(b) (collectively, the "Contracts");

(c) Intellectual Property. All of Seller's Intellectual Property (as defined in Section 2.20), including but not limited to that Intellectual Property identified on Schedule 1.1(c) attached hereto;



(d) Insurance. The cash surrender value of Seller's contracts of insurance and all insurance proceeds of settlement and insurance claims made by Seller on or before the Closing Date as set forth on Schedule 1.2(d) attached hereto;

(e) Tax Items. All claims, rights and interest in and to any refunds for federal, state or local Taxes (as defined below) for periods prior to the Closing Date as set forth on Schedule 1.2(e) attached hereto;

(f) Intellectual Property. The company name "Digicom;" and

(g) Corporate Records. All of Seller's corporate and other organizational records.

1.3 Assumed Liabilities; Excluded Liabilities; Employees.

(a) Assumed Liabilities. Buyer shall, on and as of the Closing Date, accept and assume, and shall become and be fully liable and responsible for, and other than as expressly set forth herein Seller shall have no further liability or responsibility for or with respect to, (i) liabilities and obligations arising out of events occurring on and after the Closing Date related to Buyer's ownership of the Assets and Buyer's operation of the Business on and after the Closing; (ii) those current liabilities and accrued expenses of Seller as of the Closing Date consisting of (A) accounts payable arising in the ordinary course of business and (B) unearned revenues (the "Assumed Current Liabilities and Accrued Expenses") and (iii) all obligations and liabilities of Seller which are to be performed after the Closing Date arising under the Contracts and the Authorizations (as defined in Section 2.13), including, without limitation, Seller's obligations to Subscribers (as defined in Section 2.16) under such Contracts for (A) Subscriber deposits held by Seller as of the Closing Date in the amount for which Buyer receives a credit pursuant to Section 1.6(a) below, (B) Subscriber advance payments held by Seller as of the Closing Date for services to be rendered in connection with the Business in the amount for which Buyer receives a credit pursuant to Section 1.6(a) below, and (C) the delivery of Internet connectivity service to Subscribers (whether pursuant to a Contract or otherwise) after the Closing Date ((i), (ii) and (iii) together, the "Assumed Liabilities"). The assumption of the Assumed Liabilities by Buyer hereunder shall not enlarge any rights of third parties under contracts or arrangements with Buyer or Seller or any of their respective affiliates or subsidiaries. No parties other than Buyer and Seller shall have any rights under this Agreement.

(b) Excluded Liabilities. It is expressly understood that, except for the Assumed Liabilities, Buyer shall not assume, pay or be liable for any liability or obligation of Seller of any kind or nature at any time existing or asserted, whether, known, unknown, fixed, contingent or otherwise, not specifically assumed herein or granted by Buyer, including, without limitation, any liability or obligation relating to, resulting from or arising out of (i) the Excluded Assets, including, without limitation, the Excluded Contracts, (ii) the employees of the Business, including, without limitation, any obligation to provide any amounts due to the employees under any pension, profit sharing or similar plan, any bonus or other compensation plan, or related to

vacation or other similar employee benefits, or arising as a result of the transactions contemplated hereby, except any obligation created by Buyer's express actions, or (iii) any fact existing or event occurring prior to the Closing Date or relating to the operation of the Business prior to the Closing Date. The liabilities which are not assumed by Buyer under this Agreement are hereinafter sometimes referred to as the "Excluded Liabilities."

(c) Employees, Wages and Benefits.

(i) Seller shall terminate all of its employees (excluding Seller's officers: E.F. Taylor, Thomas E. Loehr and Josh Mondry) effective as of the Closing Date and Buyer shall not assume or have any obligations or liabilities with respect to such employees or such terminations, including, without limitation, any severance obligation, except any obligation created by Buyer's express actions. Seller acknowledges and agrees that Buyer has the right to interview and discuss employment terms and issues with such employees prior to and after the Closing.

(ii) Buyer specifically reserves the right, on or after the Closing Date, to employ or reject any of Seller's employees or other applicants in its sole and absolute discretion; provided that Buyer shall provide to Seller a list of employees to whom Buyer intends to offer employment at the Closing. Nothing in this Agreement shall be construed as a commitment or obligation of Buyer to accept for employment any of Seller's employees, and no employee shall be a third-party beneficiary of this Agreement.

(iii) Seller shall pay all wages, salaries, commissions, and the cost of all fringe benefits provided to its employees which shall have become due for work performed as of and through the day preceding the Closing Date, and Seller shall collect and pay all Taxes in respect of such wages, salaries, commissions and benefits.

(iv) Seller acknowledges and agrees that Buyer shall not acquire any rights or interests of Seller in, or assume or have any obligations or liabilities of Seller under, any benefit plans maintained by, or for the benefit of any employees of Seller prior to the Closing Date, including, without limitation, obligations for severance or vacation accrued but not taken as of the Closing Date.

1.4 The Closing. The transactions contemplated by this Agreement shall take place at a closing (the "Closing") to be held at 10:00 a.m., local time, at the offices of Goodwin, Procter & Hoar LLP, on the date of this Agreement or at such other time and place as shall be mutually agreed upon in writing by Buyer and Seller (the "Closing Date").

1.5 Purchase Price. In consideration of the sale by Seller to Buyer of the Assets, and subject to the assumption by Buyer of the Assumed Liabilities and satisfaction of the conditions contained herein, Buyer shall pay at the Closing an amount (as adjusted in accordance with Section 1.6 below, the "Purchase Price") equal to [REDACTED] as follows:

(a) Buyer shall deliver to Kataro, Inc., f/k/a SuNet Direct Corporation ("Kataro") cash in an amount equal to the outstanding indebtedness, including all accrued interest fees and penalties, of Seller under that certain promissory note dated as of January 8, 1999 (the "Kataro Amount"), such amount to be set forth in a payoff letter to be delivered by Seller to the Buyer prior to the Closing;

(b) Buyer shall deliver to XIU, Inc., f/k/a InternetU, Inc. ("XIU") cash in an amount equal to the outstanding indebtedness, including all accrued interest fees and penalties, of Seller under that certain promissory note dated as of September 1, 1998 (the "XIU Amount"), such amount to be set forth in a payoff letter to be delivered by Seller to the Buyer prior to the Closing;

(c) Buyer shall deliver to GE Capital Colonial Pacific Leasing ("Colonial") cash in an amount equal to the outstanding indebtedness, including all accrued interest fees and penalties, of Seller under that certain promissory note dated as of October 16, 1997 (the "Colonial Amount"), such amount to be set forth in a payoff letter to be delivered by Seller to the Buyer prior to the Closing;

(d) (intentionally omitted);

(e) Buyer shall deposit the sum of [REDACTED] (the "Escrow Deposit") with Boston Safe Deposit and Trust Company as Escrow Agent under the Escrow Agreement in the form attached hereto and incorporated by reference herein as Exhibit A (the "Escrow Agreement"), to be held, administered and distributed in accordance with the terms of the Escrow Agreement, which, subject to the terms and conditions thereof, shall have a term of twelve (12) months commencing on the Closing Date; and

(f) Buyer shall deliver the sum of [REDACTED] less (i) the Kataro Amount, (ii) the XIU Amount, (iii) the Colonial Amount, (iv) [REDACTED] owing to Ascend Communication, Inc. under that certain lease dated August 6, 1996, (v) [REDACTED] owing to Solunet under that certain lease dated October 20, 1997, and (vi) the Estimated Adjustment (as defined below) if such number is a positive number to Seller by bank cashier's check or bank wire transfer pursuant to payment instructions delivered by Seller to Buyer at the Closing; provided that if the Estimated Adjustment is a negative number, the amount payable to Seller at Closing shall be increased by the absolute value of such number.

1.6 Adjustments to Purchase Price.

(a) The Purchase Price shall be reduced dollar for dollar by the amount of Seller's Net Working Capital (as defined herein) if such amount is negative, or increased dollar for dollar by the amount of Seller's Net Working Capital if such amount is positive. "Net Working Capital" means an amount equal to Current Assets as of the Closing Date minus the sum of Assumed Current Liabilities and Accrued Expenses as of the Closing Date that are assumed by Buyer.

(b) The Purchase Price shall be decreased, on a dollar for dollar basis, by the Revenues Adjustment Amount in the event Recurring Revenues for the month ending February 28, 1999 are less than \$253,000 (the "Target Revenues"). For purposes hereof, the term "Revenues Adjustment Amount" shall equal the product obtained by multiplying (i) \$1,700 by (ii) the quotient obtained by dividing (X) the Annualized Recurring Revenues Deficiency, by (Y) one thousand dollars (\$1,000). For purposes hereof, "Recurring Revenues" shall mean revenues of Seller from recurring sources, calculated by multiplying the number of Subscribers as of February 28, 1999 by the average monthly rate in effect for such Subscribers, by type, excluding one-time set-up fees and other ancillary charges. For purposes hereof, the term "Annualized Recurring Revenues Deficiency" shall equal the product of (i) the difference between (A) the Target Revenues and (B) Recurring Revenues, multiplied by (ii) twelve (12).

(c) (i) Buyer and Seller shall prepare a statement to be attached hereto as Schedule 1.6(c) (the "Estimated Adjustment Statement") which sets forth (x) the estimated amount of the Net Working Capital as of the Closing Date (the "Estimated Net Working Capital") and (y) the estimated Revenues Adjustment Amount (the "Estimated Revenues Adjustment Amount"). The Purchase Price payable at the Closing shall be decreased on a dollar-for-dollar basis to the extent of the Estimated Adjustment (as herein defined), set forth on the Estimated Adjustment Statement, if such number is a positive number, or increased on a dollar-for-dollar basis by the absolute value of the Estimated Adjustment set forth on such Estimated Adjustment Statement, if such number is a positive number. "Estimated Adjustment" means (a) if Estimated Net Working Capital is a negative number, the sum of the absolute value of Estimate Net Working Capital and the Estimated Revenues Adjustment Amount, or (b) if Estimated Net Working Capital is a positive number, the amount equal to the Estimated Revenues Adjustment Amount minus Estimated Net Working Capital.

(ii) No later than sixty (60) days following the Closing, Buyer shall prepare and deliver to Seller a statement (the "Final Adjustment Statement") setting forth the actual Net Working Capital. Subject to Section 1.6(c)(iii) below, within ten (10) days following the delivery of such Final Adjustment Statement to Seller, Buyer or Seller, as the case may be, shall pay to the other party, by wire transfer of immediately available funds, the difference between the Estimated Net Working Capital, as shown on the Estimated Adjustment Statement, and the actual Net Working Capital, as shown on the Final Adjustment Statement.

(iii) In the event Seller objects to the Final Adjustment Statement, Seller shall notify Buyer in writing of such objection within the ten (10) day period following the delivery thereof, stating in such written objection the reasons therefor and setting forth the Seller's calculation of Seller's actual Net Working Capital at the Closing. Upon receipt by Buyer of such written objection, the parties shall attempt to resolve the disagreement concerning the Final Adjustment Statement through negotiation. Notwithstanding any other dispute resolution procedure provided for in this Agreement,

if Buyer and Seller cannot resolve such disagreement concerning the Final Adjustment Statement within thirty (30) days following the end of the foregoing 10-day period, the parties shall submit the matter for resolution to a nationally recognized firm of independent certified public accountants not affiliated with either party, with the costs thereof to be shared equally by the parties. Such accounting firm shall deliver a statement setting forth its own calculation of the final adjustment to the parties within thirty (30) days of the submission of the matter to such firm. Any payment shown to be due by a party on the statement of such accounting firm shall be paid to the other party promptly but in no event later than five (5) days following the delivery of such statement by such accounting firm to the parties.

1.7 Purchase Price Allocation. At the Closing, Buyer and Seller shall agree on the allocation of the Purchase Price as set forth on Schedule 1.7 attached hereto. Such allocation shall be binding upon Buyer and Seller for all purposes (including financial accounting purposes, financial and regulatory reporting purposes and tax purposes). Buyer and Seller each further agrees to file its Federal income tax returns and its other tax returns reflecting such allocation, Form 8594 and any other reports required by Section 1060 of the Code.

1.8 Records and Contracts. To the extent not previously provided to Buyer and except as set forth in Section 4.5 hereof, at the Closing, Seller shall deliver to Buyer all of the Contracts, with such assignments thereof and consents to assignments as are necessary to assure Buyer of the full benefit of the same. Seller shall also deliver to Buyer at the Closing all of Seller's files and records constituting Assets.

1.9 Sales and Transfer Taxes. All sales, transfer, use, recordation, documentary, stamp, excise taxes, personal property taxes, fees and duties (including any real estate transfer taxes) under applicable law incurred in connection with this Agreement or the transactions contemplated hereby will be borne and paid by Seller, and Seller shall promptly reimburse Buyer for the payment of any such tax, fee or duty which Buyer is required to make under applicable law.

1.10 Transfer of Subject Assets. Except as set forth in Section 4.5 hereof, at the Closing, Seller shall deliver or cause to be delivered to Buyer good and sufficient instruments of transfer transferring to Buyer title to all of the Assets, together with all required consents. Such instruments of transfer (a) shall be in form and substance reasonably satisfactory to the parties and their respective counsel, (b) shall effectively vest in Buyer good and marketable title to all of the Assets free and clear of all Liens (as defined in Section 2.8), and (c) where applicable, shall be accompanied by evidence of the discharge of all Liens against the Assets.

SECTION 2. REPRESENTATIONS AND WARRANTIES OF SELLER AND DIGICOM.

In order to induce Buyer to enter into this Agreement, Seller and Digicom, jointly and severally, hereby represent and warrant to Buyer as follows:

2.1 Organization: Subsidiaries.

(a) Seller is a limited liability company duly formed, validly existing and in good standing under the laws of the State of Florida, with all requisite limited liability company power and authority to own or lease its properties and to conduct its business in the manner and in the places where such properties are owned or leased or such business is currently conducted or proposed to be conducted. The copies of Seller's certificate of formation and limited liability company operating agreement, each as amended to date, heretofore delivered to Buyer's counsel are complete and correct. Seller is not in violation of any term of certificate of formation and limited liability company operating agreement. Seller is duly qualified to do business in the State of Florida, and is not required to be licensed or qualified to conduct its business or own its property in any other jurisdiction.

(b) Seller has no subsidiaries and does not own any securities issued by any other business organization or governmental authority, except U.S. Government securities, bank certificates of deposit and money market accounts acquired as short-term investments in the ordinary course of its business. Seller does not own or have any direct or indirect interest in or control over any corporation, partnership, joint venture or entity of any kind.

2.2 Required Action. All actions and proceedings necessary to be taken by or on the part of Seller in connection with the transactions contemplated by this Agreement have been duly and validly taken, and this Agreement and each other agreement, document and instrument to be executed and delivered by or on behalf of Seller pursuant to, or as contemplated by, this Agreement (collectively, the "Seller Documents") has been duly and validly authorized, executed and delivered by Seller and no other action on the part of Seller or Digicom is required in connection therewith. Each of Seller and Digicom have full right, authority, power and capacity to execute and deliver this Agreement and each other Seller Document and to carry out the transactions contemplated hereby and thereby. This Agreement and each other Seller Document constitutes, or when executed and delivered will constitute, the legal, valid and binding obligation of each of Seller and Digicom enforceable in accordance with its respective terms.

2.3 No Conflicts.

(a) The execution, delivery and performance by Seller of this Agreement and each other Seller Document does not and will not (i) violate any provision of the certificate of formation and limited liability company operating agreement of Seller, in each case as amended to date, (ii) constitute a material violation of, or materially conflict with or result in any material breach of, acceleration of any obligation under, right of termination under, or default under, any

agreement or instrument to which Seller is a party or by which Seller or the Assets is bound, (iii) violate any judgment, decree, order, statute, rule or regulation applicable to Seller or the Assets, (iv) except as set forth on Schedule 4.5 require Seller to obtain any approval, consent or waiver of, or to make any filing with, any person or entity (governmental or otherwise) that has not been obtained or made or undertaken or (v) result in the creation or imposition of any Lien on any of the Assets.

(b) The execution, delivery and performance by Digicom of this Agreement and each other Seller Document does not and will not (i) constitute a material violation of, or materially conflict with or result in any material breach of, acceleration of any obligation under, right of termination under, or default under, any agreement or instrument to which Digicom is a party or by which Digicom is bound, (ii) violate any judgment, decree, order, statute, rule or regulation applicable to Digicom, (iii) require Digicom to obtain any approval, consent or waiver of, or to make any filing with, any person or entity (governmental or otherwise) that has not been obtained or made or undertaken, or (iv) result in the creation or imposition of any Lien on any of the Assets.

2.4 Taxes.

(a) Seller has paid or caused to be paid all federal, state, local, foreign and other taxes, including, without limitation, income taxes, estimated taxes, alternative minimum taxes, excise taxes, sales taxes, use taxes, value-added taxes, gross receipts taxes, franchise taxes, capital stock taxes, employment and payroll-related taxes, withholding taxes, stamp taxes, transfer taxes, windfall profit taxes, environmental taxes and property taxes, whether or not measured in whole or in part by net income, and all deficiencies, or other additions to tax, interest, fines and penalties owed by it (collectively, "Taxes"), required to be paid by it through the date hereof whether disputed or not.

(b) Seller has in accordance with applicable law filed all federal, state, local and foreign tax returns required to be filed by it through the date hereof, and all such returns correctly and accurately set forth the amount of any Taxes relating to the applicable period. A list of all federal and state income tax returns filed with respect to Seller for taxable periods ended on or after August 31, 1998, is set forth in Schedule 2.4 attached hereto. Seller has delivered to Buyer correct and complete copies of all federal and state income tax returns listed on said schedule, and of all examination reports and statements of deficiencies assessed against or agreed to by Seller with respect to said returns.

(c) Neither the Internal Revenue Service nor any other governmental authority is now asserting or, to the knowledge of Seller or Digicom, threatening to assert against Seller any deficiency or claim for additional Taxes. To the knowledge of Seller and Digicom, no claim has ever been made by an authority in a jurisdiction where Seller does not file reports and returns that Seller is or may be subject to taxation by that jurisdiction. There are no security interests on any of the Assets of Seller that arose in connection with any failure (or alleged

failure) to pay any Taxes. Seller has never entered into a closing agreement pursuant to Section 7121 of the Internal Revenue Code of 1986, as amended (the "Code")

(d) There has not been any audit of any tax return filed by Seller, no audit of any tax return of Seller is in progress, and Seller has not been notified by any tax authority that any such audit is contemplated or pending. No extension of time with respect to any date on which a tax return was or is to be filed by Seller is in force, and no waiver or agreement by Seller is in force for the extension of time for the assessment or payment of any Taxes.

(e) Seller has never been (and has never had any liability for unpaid Taxes because it once was) a member of an "affiliated group" (as defined in Section 1504(a) of the Code). Seller has never filed, and has never been required to file, a consolidated, combined or unitary tax return with any other entity. Seller does not own and has never owned a direct or indirect interest in any trust, partnership, corporation or other entity and therefore Buyer is not acquiring from Seller an interest in any entity. Seller is not a party to any tax sharing agreement.

(f) Seller is not a "foreign person" within the meaning of Section 1445 of the Code and Treasury Regulations Section 1.1445-2.

(g) For purposes of this Agreement, all references to Sections of the Code shall include any predecessor provisions to such Sections and any similar provisions of federal, state, local or foreign law.

2.5 Compliance with Laws. Seller's operation of the Business and the Assets is in compliance in all material respects with all applicable statutes, ordinances, orders, rules and regulations promulgated by any federal, state, municipal or other governmental authority (including the Federal Communications Commission), and Seller has not received notice of a material violation or alleged violation of any such statute, ordinance, order, rule or regulation.

2.6 Insurance. The physical properties and tangible Assets are insured to the extent disclosed in Schedule 2.6 attached hereto, and all insurance policies and arrangements of Seller in effect as of the date hereof are disclosed in said Schedule. Said insurance policies and arrangements are in full force and effect, all premiums with respect thereto are currently paid, and Seller is in compliance in all material respects with the terms thereof. Said insurance is adequate and customary for the business engaged in by Seller and is sufficient for material compliance by Seller with all requirements of law and all agreements and leases to which Seller is a party.

2.7 Contracts. The Contracts constitute all leases, contracts and arrangements, whether oral or written, under which Seller is bound or to which Seller is a party which relate to the Business or Assets. Schedule 1.1(b) attached hereto contains a true, correct and complete list of all Contracts. With respect to each material oral agreement or understanding involving the Business, Seller has provided a written summary of the material terms of each such agreement or

understanding on Schedule 1.1(b). Each Contract is valid, in full force and effect and binding upon Seller and the other parties thereto in accordance with its terms. Neither Seller nor, to the knowledge of Seller and Digicom, any other party is in material default under or in arrears in the performance, payment or satisfaction of any agreement or condition on its part to be performed or satisfied under any Contract, nor does any condition exist that with notice or lapse of time or both would constitute such a material default, and no material waiver or indulgence has been granted by any party under any Contract. Seller has not received notice of, and each of Seller and Digicom have no knowledge of, any fact which would result in a termination, repudiation or breach of any Contract. Seller has provided Buyer with true and complete copies of all of such Contracts, other than with respect to the oral agreements or understandings described on Schedule 1.1(b).

2.8 Title. Except as set forth on Schedule 2.8, Seller has good and marketable title to all of the Assets free and clear of all mortgages, pledges, security interests, charges, liens, restrictions and encumbrances of any kind (collectively, "Liens") whatsoever. Subject to Section 4.5 hereof, upon the sale, assignment, transfer and delivery of the Assets to Buyer hereunder and under the Seller Documents, there will be vested in Buyer good, marketable and indefeasible title to the Assets, free and clear of all Liens. Except for the Excluded Assets, the Assets include all of the assets and properties (i) held for use by Seller to conduct the Business as presently conducted and (ii) necessary or useful for Buyer to operate the Business in the same manner as such business is currently operated by Seller. All of the tangible Assets are in good repair, have been well maintained and are in good operating condition, do not require any material modifications or repairs, and comply in all material respects with applicable laws, ordinances and regulations, ordinary wear and tear excepted. Seller has delivered complete and true copies of all real property leases (the "Leases") set forth on Schedule 1.1(b). To our knowledge, seller holds good, clear, marketable, valid and enforceable leasehold interest in the real property subject to the Leases (the "Leased Real Property"), subject only to the right of reversion of the landlord or lessor under the Leases, free and clear of all other prior or subordinate interests, including, without limitation, mortgages, deeds of trust, ground leases, leases, subleases, assessments, tenancies, claims, covenants, conditions, restrictions, easements, judgments or other encumbrances or matters affecting title, and free of encroachments onto or off of the leased real property. To our knowledge, and without further investigation, there are no material defects in the physical condition of any improvements constituting a part of the Leased Real Property, including, without limitation, structural elements, mechanical systems, roofs or parking and loading areas, and all of such improvements are in good operating condition and repair and have been adequately maintained. Seller does not hold or own a fee interest in any real property.

2.9 No Litigation. Seller is not now involved in nor, to the knowledge of Seller and Digicom, is Seller threatened to be involved in any material adverse litigation or legal or other proceedings related to or affecting the Business or any Asset (including any Intellectual Property) or any litigation or legal or other proceedings which would prevent or hinder the consummation of the transactions contemplated by this Agreement. Seller has not been operating the Business under, and the Business is not subject to, any order, injunction or decree of any court of federal,

state, municipal or other governmental department, commission, board, agency or instrumentality.

2.10 Employees: Labor Matters. Seller employs approximately 23 full-time employees and 1 part-time employee and generally enjoys good employer-employee relationships. Seller shall provide to Buyer a list of the employees of Seller in connection with the Business at the Closing, including the name, date of hire and wages of such employees. Seller is not delinquent in payments to any of its employees for any wages, salaries, commissions, bonuses or other direct compensation for any services performed for it to the date hereof or amounts required to be reimbursed to such employees. Upon termination of the employment of any of said employees, neither Seller nor Buyer will by reason of the transactions contemplated hereby or anything done prior to the Closing be liable to any of said employees for so-called "severance pay" or any other payments, except as set forth in Schedule 2.10 attached hereto. Seller does not have any policy, practice, plan or program of paying severance pay or any form of severance compensation in connection with the termination of employment, except as set forth in said Schedule. Seller is in compliance in all material respects with all applicable laws and regulations respecting labor, employment, fair employment practices, work place safety and health, terms and conditions of employment, and wages and hours. There are no charges of employment discrimination or unfair labor practices, nor are there any strikes, slowdowns, stoppages of work, or any other concerted interference with normal operations existing, pending or, to the knowledge of Seller and Digicom, threatened against or involving Seller. No question concerning representation exists respecting any group of employees of Seller. No collective bargaining agreement is in effect or is currently being or is about to be negotiated by Seller. Seller has received no information to indicate that any of its employment policies or practices is currently being audited or investigated by any federal, state or local government agency. Seller is, and at all times since August 31, 1998 has been, in compliance with the requirements of the Immigration Reform Control Act of 1986.

2.11 Financial Statements. Attached hereto as Schedule 2.11 are copies of the balance sheet of Seller as at December 31, 1998 (the "Base Balance Sheet") and the statements of income and expense of Seller for the year then ended (collectively the "Financial Statements"). The Financial Statements have been prepared in accordance with Accounting Principles applied consistently during the periods covered thereby (except for the absence of footnotes with respect to unaudited financials), are complete and correct and present fairly and substantially accurately in all material respects the financial condition of the Business at the dates of said statements and the results of operations of the Business for the periods covered thereby. As of the date of the Base Balance Sheet (the "Base Balance Sheet Date"), Seller had no material liabilities or obligations of any kind with respect to the Business, whether accrued, contingent or otherwise, that are not disclosed and adequately reserved against on the Base Balance Sheet. Except as set forth on Schedule 2.11, as of the date hereof and at the Closing, Seller had and will have no material liabilities or obligations of any kind with respect to the Business, whether accrued, contingent or otherwise, that are not disclosed and adequately reserved against on the Base Balance Sheet.

2.12 Business Since the Base Balance Sheet Date. Except as set forth on Schedule 2.12, since the Base Balance Sheet Date:

(a) there has been no material adverse change in the Business or in the Assets, operations or financial condition of the Business;

(b) the Business has, in all material respects, been conducted in the ordinary course of business and in substantially the same manner as it was conducted before the date of the Base Balance Sheet Date;

(c) there has not been any material obligation or liability (contingent or other) incurred by Seller with respect to the Business, whether or not incurred in the ordinary course of business;

(d) there has not been any purchase, sale or other disposition, or any agreement or other arrangement, oral or written, for the purchase, sale or other disposition, of any material properties or assets of the Business, whether or not in the ordinary course of business;

(e) there has not been any mortgage, encumbrance or lien placed on any of the Assets, nor any payment or discharge of a material lien or liability of Seller which was not reflected on the Base Balance Sheet;

(f) there has not been any damage, destruction or loss, whether or not covered by insurance, materially adversely affecting the Business or Assets;

(g) there has not been any change in Seller's pricing, marketing, customer service, billing, operational or promotional activities in any material way from that which Seller was providing these activities directly prior to the Base Balance Sheet Date; and

(h) there has not been any agreement or understanding, whether in writing or otherwise, for Seller to take any of the actions specified above.

2.13 Licenses. As of the date of this Agreement, Seller is the holder of all of the licenses, permits and authorizations required for operation of the Business as now operated (the "Authorizations"). All of the Authorizations are in full force and effect and no material licenses, permits or authorizations of any governmental department or agency are required for the operation of the Business which have not been duly obtained. As of the date hereof, there is not pending or, to the knowledge of Seller and Digicom, threatened any material action by or before any governmental agency to revoke, cancel, rescind or modify any of the Authorizations, and there is not now issued or outstanding or, to the knowledge of Seller and Digicom, pending or threatened any order to show cause, notice of violation, notice of apparent liability, or notice of forfeiture or complaint against Seller with respect to the Business.

2.14 Approvals; Consents. Except as set forth on Schedule 2.14 attached hereto, no material approval, consent, authorization or exemption from or filing with any person or entity not a party to this Agreement is required to be obtained or made by Seller in connection with the execution and delivery of this Agreement and the Seller Documents and the consummation of the transactions contemplated hereby and thereby. Except as set forth in Section 4.5 hereof, all of the approvals, consents and authorizations listed on Schedule 2.14 shall be obtained by Seller at or prior to the Closing.

2.15 Customers and Suppliers. Seller's relations with its customers and suppliers, including its Subscribers, are good and there are not pending or, to Seller's knowledge, threatened claims or controversies with any customer or suppliers that is material to the Assets or the Business.

2.16 Subscribers. Schedule 2.16(a) attached hereto sets forth, as of the date hereof, the Subscribers of the Business as listed by class, type and billing plan. For purposes of this Agreement, the terms "Subscriber" shall mean any active subscriber to Internet services offered by Seller in the Business who has subscribed to a service for at least one month and has paid at least one bill, including, without limitation, any person who receives dial-up Internet access through the Business (a "Dial-up Subscriber"), any person who receives dedicated Internet access from Seller offering higher data transmission rates than available from dial-up access (a "Dedicated Subscriber"), and any person with a web page or domain name on Seller's server and to whom Seller provides Internet access (a "Web-hosting/Domain-hosting Subscriber"); provided, however, that "Subscriber" shall not include any person who is (i) more than thirty (30) days delinquent in payment of such person's bill for such services provided by the Business and (ii) any person receiving complimentary Internet services or Internet services at a promotional discounted rate. Set forth on Schedule 2.16(b) attached hereto is a listing of all such accounts which receive complimentary Internet services or Internet services at a promotional discounted rate.

2.17 Brokers. Seller has not retained any broker or finder or other person who would have any valid claim against any of the parties to this Agreement for a commission or brokerage fee in connection with this Agreement or the transactions contemplated hereby.

2.18 Collectibility of Accounts Receivable. All of the Accounts Receivable of Seller are or will be as of the Closing Date bona fide, valid and enforceable claims, subject to no setoff or counterclaim and to Seller's knowledge are collectible in accordance with their terms. Seller has no accounts or loans receivable from any person, firm or corporation which is affiliated with Seller or from any director, officer or employee of Seller, or from any of their respective spouses or family members.

2.19 Banking Relations. All of the arrangements which Seller has with any banking institution are described in Schedule 2.19 attached hereto, indicating with respect to each of such arrangements the type of arrangement maintained (such as checking account, borrowing arrangements, safe deposit box, etc.) and the person or persons authorized in respect thereof.

2.20 Intellectual Property.

(a) Set forth on Schedule 2.20 attached hereto are all computer programs and related documentation sold, marketed, licensed and distributed by Seller (the "Products"). All of the Intellectual Property of Seller is set forth on Schedule 2.20 attached hereto (except for Trade Secrets and Copyrights (each as hereinafter defined)). For purposes hereof, the term "Intellectual Property" includes: (i) all patents, patent applications, patent rights, and inventions and discoveries and invention disclosures (whether or not patented) (collectively, "Patents"); (ii) Seller's rights to the names "Florida Online" "SuNet" "digital.net" and "InternetU", and any and all other Internet domain names, trade names, trade dress, logos, packaging design, slogans, registered and unregistered trademarks and service marks and applications used or useful in the business of Seller (expressly excluding the name "Digicom") (collectively, "Marks"); (iii) all copyrights in both published and unpublished works, including, without limitation, all compilations, databases and computer programs, and all copyright registrations and applications, and all derivatives, translations, adaptations and combinations of the above (collectively, "Copyrights"); (iv) all know-how, trade secrets, confidential or proprietary information, customer lists, IP addresses, research in progress, algorithms, data, designs, processes, formulae, drawings, schematics, blueprints, flow charts, models, prototypes, techniques, Beta testing procedures and Beta testing results (collectively, "Trade Secrets"); (v) Seller's web-sites (including but not limited to the domain name "digital.net"); (vi) all goodwill, franchises, licenses, permits, consents, approvals, technical information, telephone numbers, and claims of infringement against third parties (the "Rights"); and (vii) all contracts relating to the Products and the Intellectual Property to which Seller is a party or is bound, including, without limitation, all nondisclosure and/or confidentiality agreements entered into by persons in connection with disclosures by Seller (collectively, "Assigned Contracts").

(b) Except as described in Schedule 2.20, Seller has exclusive ownership of, and has good, valid and marketable title to, all of the Intellectual Property, free and clear of any Liens, and to its knowledge has the right to use all of the Intellectual Property without payment to any third party. Seller's rights in all of such Intellectual Property are freely transferable. There are no claims or demands pending or, to the knowledge of Seller and Digicom, threatened of any other person pertaining to any of such Intellectual Property and no proceedings have been instituted, or are pending or, to the knowledge of Seller and Digicom, threatened against Seller and/or its officers, employees and consultants which challenge the validity and enforceability of Seller's rights in respect of the Intellectual Property. The Intellectual Property constitutes all of the assets of Seller used in designing, creating and developing the Products, and represent all of such Intellectual Property necessary for the operation of Seller's Business as currently conducted.

To Seller's knowledge after inquiry, no employee, consultant or contractor of Seller has entered into any agreement that restricts or limits in any way the scope or type of work in which the employee, consultant or contractor may be engaged or requires the employee, consultant or contractor to transfer, assign, or disclose information concerning his work to anyone other than Seller.

(c) Schedule 2.20 sets forth a complete and accurate list and summary description of all of Seller's Patents. All of the issued Patents are currently in compliance with formal legal requirements (including without limitation payment of filing, examination and maintenance fees and proofs of working or use), are valid and enforceable, and are not subject to any maintenance fees or taxes or actions falling due within ninety (90) days after the Closing Date. In each case where a Patent is held by Seller by assignment, the assignment has been duly recorded with the U.S. Patent and Trademark Office and all other jurisdictions of registration. No Patent has been or is now involved in any interference, reissue, re-examination or opposition proceeding. To the knowledge of Seller and Digicom, there is no potentially interfering Patent of any third party. All products made, used or sold under the Patents have been marked with the proper patent notice.

(d) Schedule 2.20 sets forth a complete and accurate list and summary description of all of Seller's Marks. All Marks that have been registered with the United States Patent and Trademark Office and/or any other jurisdiction are currently in compliance with formal legal requirements (including, without limitation, the timely post-registration filing of affidavits of use and incontestability and renewal applications), are to Seller's knowledge valid and enforceable, and are not subject to any maintenance fees or taxes or actions falling due within ninety (90) days after the Closing Date. Except as set forth on Schedule 2.20 in each case where a Trademark is held by Seller by assignment, the assignment has been duly recorded with the U.S. Patent and Trademark Office and all other jurisdictions of registration. No Mark has been or is now involved in any opposition, invalidation or cancellation proceeding and, to the knowledge of Seller and Digicom, no such action is threatened with respect to any of the Marks.

(e) Seller holds no registered Copyrights. To Seller's knowledge, none of the source or object code, algorithms, or structure included in the Products is copied from, based upon, or derived from any other source or object code, algorithm or structure in violation of the rights of any third party. To Seller's knowledge, any substantial similarity of the Products to any computer program owned by any third party did not result from the Products being copied from, based upon, or derived from any such computer software program in violation of the rights of any third party.

(f) Seller has taken all reasonable security measures to protect the secrecy, confidentiality and value of all Trade Secrets. The Trade Secrets have not been disclosed by Seller to any person or entity other than employees or contractors of Seller who had a need to know and use the Trade Secrets in the course of their employment or contract performance. Except as set forth on Schedule 2.20, (i) Seller has not directly or indirectly granted any rights or interests in the source code of the Products, and (ii) since Seller developed the source code of the Products, Seller has not provided, licensed or disclosed the source code of the Products to any person or entity. Seller has the right to use, free and clear of claims of third parties, all Trade Secrets. To the knowledge of Seller and Digicom, there is not any assertion that the use by Seller of any Trade Secret violates the rights of any third party.

(g) Except as set forth on Schedule 2.20, Seller has the exclusive right to use, license, distribute, transfer and bring infringement actions with respect to the Intellectual Property. Except as set forth on Schedule 2.20, Seller (i) has not licensed or granted to anyone rights of any nature to use any of its Intellectual Property and (ii) is not contractually obligated to and does not pay royalties or other fees to anyone for its ownership, use, license or transfer of any of its Intellectual Property.

(h) All licenses or other agreements under which Seller is granted rights by others in Intellectual Property are listed in Schedule 2.20. Except as set forth on Schedule 2.20, all such licenses or other agreements are in full force and effect, to the knowledge of Seller and Digicom there is no material default by any party thereto, and all of the rights of Seller thereunder are freely assignable. True and complete copies of all such licenses or other agreements, and any amendments thereto, have been provided to Buyer, and Seller has no reason to believe that the licensors under the licenses and other agreements under which Seller is granted rights and has granted rights to others do not have and did not have all requisite power and authority to grant the rights purported to be conferred thereby.

(i) All licenses or other agreements under which Seller has granted rights to others in Intellectual Property are listed in Schedule 2.20. All such licenses or other agreements are in full force and effect, and to the knowledge of Seller and Digicom there is no material default by any party thereto. True and complete copies of all such licenses or other agreements, and any amendments thereto, have been provided to Buyer.

(j) The Products perform in accordance with their published specifications and documentation and as Seller has warranted to its customers. To Seller's and Digicom's knowledge the "Year 2000 Problem" (i.e., the risk that applications used by Seller or its suppliers and/or providers may be unable to recognize and properly perform date-sensitive functions involving certain dates prior to and any date after December 31, 1999) will not have any material adverse effect on the business or operations of Seller.

2.21 Absence of Restrictions. Except as set forth on Schedule 2.21 hereto, Seller has not entered into any other agreement or arrangement with any other party with respect to the sale, transfer or any other disposition or encumbrance of the Business or the Assets, in whole or in part.

2.22 Transactions with Interested Persons. Except as set forth in Schedule 2.22 hereto, neither Seller, nor any manager, member, officer, supervisory employee or director of Seller or, to the knowledge of Seller or Digicom, any of their respective spouses or family members owns directly or indirectly on an individual or joint basis any material interest in, or serves as an officer or director or in another similar capacity of, any competitor or supplier of Seller, or any organization which has a material contract or arrangement with Seller.

2.23 Employee Benefit Programs.

(a) Schedule 2.23 sets forth a list of every Employee Program that has been maintained by Seller or an Affiliate at any time during the six-year period ending on the Closing Date. Each Employee Program which has ever been maintained by Seller or an Affiliate and which has been intended to qualify under Section 401(a) or 501(c)(9) of the Internal Revenue Code of 1986, as amended (the "Code") has received a favorable determination or approval letter from the Internal Revenue Service ("IRS") regarding its qualification under such section and has, in fact, been qualified under the applicable section of the Code from the effective date of such Employee Program through and including the Closing Date (or, if earlier, the date that all of such Employee Program's assets were distributed). No event or omission has occurred which would cause any such Employee Program to lose its qualification or otherwise fail to satisfy the relevant requirements to provide tax-favored benefits under the applicable Code Section (including without limitation Code Sections 105, 125, 401(a) and 501(c)(9)). With respect to any Employee Program ever maintained by Seller or any Affiliate, there has been no (i) "prohibited transaction," as defined in Section 406 of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") or Code Section 4975, or (ii) failure to comply with any provision of ERISA, other applicable law, or any agreement which, in the case of either of (i) or (ii), could subject Seller or any Affiliate to liability either directly or indirectly (including, without limitation, through any obligation of indemnification or contribution) for any damages, penalties, or taxes, or any other loss or expense. All payments and/or contributions required to have been made (under the provisions of any agreements or other governing documents or applicable law) with respect to all Employee Programs ever maintained by Seller or any Affiliate, for all periods prior to the Closing Date, either have been made or have been accrued (and all such unpaid but accrued amounts are described on Schedule 2.23). Each Employee Program ever maintained by Seller or an Affiliate has complied with the applicable notification and other applicable requirements of the Consolidated Omnibus Budget Reconciliation Act of 1985.

(b) Neither Seller nor any Affiliate (A) has ever maintained any Employee Program which has been subject to title IV of ERISA or Code Section 412, including, but not limited to, any Multiemployer Plan (as defined in Section 3(37) of ERISA) or (B) has ever provided health care or any other non-pension benefits to any employees after their employment is terminated (other than as required by part 6 of subtitle B of title I of ERISA) or has ever promised to provide such post-termination benefits.

(c) For purposes of this section:

(i) "Employee Program" means all employee benefit plans within the meaning of ERISA Section 3(3) as well as all other employee benefit plans, agreements and arrangements of any kind.

(ii) An entity "maintains" an Employee Program if such entity sponsors, contributes to, or provides benefits under or through such Employee Program,

or has any obligation (by agreement or under applicable law) to contribute to or provide benefits under or through such Employee Program, or if such Employee Program provides benefits to or otherwise covers employees of such entity (or their spouses, dependents, or beneficiaries).

(iii) An entity is an "Affiliate" of the Seller if it would have ever been considered a single employer with the Seller under ERISA Section 4001(b) or part of the same "controlled group" as the Seller for purposes of ERISA Section 302(d)(8)(C).

2.24 Environmental Matters.

(a) Except as set forth in Schedule 2.24, to Seller's knowledge (i) Seller has not generated, transported, used, stored, treated, disposed of, or managed any Hazardous Waste (as defined below) at any time; (ii) no Hazardous Material (as defined below) has ever been or is threatened to be spilled, released, or disposed of at any site associated with a structure presently or formerly owned, operated, leased, or used by Seller, or has ever been located in the soil or groundwater at any such site; (iii) no Hazardous Material has ever been transported from any site associated with a structure presently or formerly owned, operated, leased, or used by Seller for treatment, storage, or disposal at any other place; (iv) Seller does not presently own, operate, lease, or use, and has not previously owned, operated, leased, or used any site associated with a structure on which underground storage tanks are or were located; and (v) no lien has ever been imposed by any governmental agency on any property, facility, machinery, or equipment owned, operated, leased, or used by either Seller in connection with the presence of any Hazardous Material.

(b) Except as set forth in Schedule 2.24, to Seller's knowledge (i) Seller does not have any liability under, nor has it ever violated, any Environmental Law (as defined below); (ii) neither Seller, nor any property associated with a structure owned, operated, leased, or used by Seller, nor facilities or operations thereon are presently not in compliance with all applicable Environmental Laws; (iii) Seller has not entered into or been subject to any judgment, consent decree, compliance order, or administrative order with respect to any environmental or health and safety matter or received any request for information, notice, demand letter, administrative inquiry, or formal or informal complaint or claim with respect to any environmental or health and safety matter or the enforcement of any Environmental Law; and (iv) neither Seller nor Digicom has any knowledge or reason to know that any of the items enumerated in clause (iii) of this subsection will be forthcoming.

(c) For purposes of this Agreement, (i) "Hazardous Material" shall mean and include any hazardous waste, hazardous material, hazardous substance, petroleum product, oil, toxic substance, pollutant, contaminant, or other substance which may pose a threat to the environment or to human health or safety, as defined or regulated under any Environmental Law; (ii) "Hazardous Waste" shall mean and include any hazardous waste as defined or regulated under any Environmental Law; and (iii) "Environmental Law" shall mean any environmental or health and safety-related law, regulation, rule, ordinance, or By-law at the

foreign, federal, state, or local level, whether existing as of the date hereof or previously enforced.

2.25 Disclosure. The representations, warranties and statements contained in this Agreement and in the certificates, exhibits and schedules delivered by Seller and Digicom to Buyer pursuant to this Agreement do not contain any untrue statement of a material fact, and, when taken together, do not omit to state a material fact required to be stated therein or necessary in order to make such representations, warranties or statements not misleading in light of the circumstances under which they were made. There are no facts known to Seller or Digicom which presently or may in the future have a material adverse affect on the Business, properties, Assets, prospects, operations or (financial or other) condition of Seller which has not been specifically disclosed herein or in a Schedule furnished herewith, other than general economic conditions affecting the Internet services industry generally.

SECTION 3. REPRESENTATIONS AND WARRANTIES OF BUYER.

As a material inducement to Seller and Digicom entering into this Agreement, Buyer hereby represents and warrants to Seller and Digicom as follows:

3.1 Organization. Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware. Buyer has all requisite power and authority to conduct its business as it is now conducted and to own, lease and operate its properties and assets.

3.2 Required Action; Authority. All actions and proceedings necessary to be taken by or on the part of Buyer in connection with the transactions contemplated by this Agreement have been duly and validly taken, and this Agreement and each other agreement, document and instrument to be executed and delivered by or on behalf of Buyer pursuant to, or as contemplated by this Agreement (collectively, the "Buyer Documents") has been duly and validly authorized, executed and delivered by Buyer and no other action on the part of Buyer or its shareholders or directors is required in connection therewith. Buyer has full right, authority, power and capacity to execute and deliver this Agreement and each other Buyer Document and to carry out the transactions contemplated hereby and thereby. This Agreement and each other Buyer Document constitutes, or when executed and delivered will constitute, the legal, valid and binding obligations of Buyer enforceable in accordance with its respective terms.

3.3 No Conflicts. The execution, delivery and performance by Buyer of this Agreement and each other Buyer Document does not and will not (a) violate any provision of the Certificate of Incorporation or bylaws of Buyer, in each case, as amended to date, (b) constitute a violation of, or conflict with or result in any breach of, acceleration of any obligation under, right of termination under, or default under, any agreement or instrument to which Buyer is a party or by which it is bound, (c) violate any judgment, decree, order, statute, rule or regulation applicable to Buyer, (d) require Buyer to obtain any approval, consent or waiver of, or to make

any filing with, any person or entity (governmental or otherwise) that has not been obtained or made. The officers who execute this Agreement and the other Buyer Documents contemplated hereby on behalf of Buyer have and shall have all requisite power to do so in the name of and on behalf of Buyer.

3.4 No Litigation. Buyer is not now involved in and, to its knowledge is not threatened to be involved in any litigation or legal or other proceedings which would prevent or hinder the consummation of the transactions contemplated by this Agreement.

3.5 Approvals; Consents. No material approval, consent, authorization or exemption from or filing with any person or entity not a party to this Agreement is required to be obtained or made by Buyer in connection with the execution and delivery of this Agreement and the Buyer Documents and the consummation of the transactions contemplated hereby and thereby.

3.6 Brokers. Except for Rampart Associates, LLC, whose fees will be paid by Buyer at or prior to the Closing, Buyer has not retained any broker or finder or other person who would have any valid claim against any of the parties to this Agreement for a commission or brokerage fee in connection with this Agreement or the transactions contemplated hereby.

SECTION 4. COVENANTS OF SELLER.

Seller covenants and agrees that Seller shall:

4.1 Confidentiality. Unless otherwise agreed by the parties, from the date hereof, Seller agrees that it and its representatives will hold in strict confidence, and will not use, any confidential or proprietary data or information obtained from Buyer with respect to its business or financial condition except for the purpose of evaluating, negotiating and completing the transactions contemplated hereby. Information generally known in Buyer's industry or which has been disclosed to Seller by third parties which have a right to do so shall not be deemed confidential or proprietary information for purposes of this Agreement.

4.2 Use of Trade Names. After the Closing Date, neither Seller, nor any person controlling, controlled by or under common control with Seller will for any reason, directly or indirectly, for itself or any other person, (a) use the names "Florida Online" "SuNet" "digital.net" and "InternetU" and any and all other Internet domain names or trade names used or useful in the Business, or (b) use or disclose any trade secrets, confidential information, proprietary information or other intellectual property of Seller transferred pursuant to this Agreement.

4.3 Post-Closing Transitional Matters. For a period of ninety (90) days following the Closing, Seller shall provide, without additional cost to Buyer, such assistance as is reasonably requested by Buyer and which Seller is reasonably capable of providing in order to effect an orderly transition in the ownership and operation of the Assets; provided, however, such post-Closing assistance shall not, in any event, exceed ten (10) hours per week.

4.4 Collection of Assets. Subsequent to the Closing, Buyer shall have the right and authority to collect all receivables and other items to the extent transferred and assigned to Buyer by Seller hereunder and to endorse with the name of Seller any checks received on account of such receivables or other items, and Seller agrees that it will promptly transfer or deliver to Buyer from time to time, any cash or other property that Seller may receive with respect to any claims, contracts, licenses, leases, commitments, sales orders, purchase orders, receivables of any character or any other items included in the Assets.

4.5 Removal of Liens; Transfer of Contracts and Authorizations. Schedule 4.5 attached hereto identifies (i) all Liens on the Assets which will not be released prior to or as of the Closing (the "Remaining Liens"); and (ii) all Contracts and Authorizations, the assignment and transfer of which will not be approved or consented to by the governmental authority issuing the Authorization or the other party to the Contract prior to or as of the Closing (the "Remaining Contracts and Authorizations"). Subsequent to the Closing, Seller shall promptly obtain the release of the Remaining Liens and obtain third party and governmental approvals and consents for the Remaining Contracts and Authorizations.

4.6 Payment of Obligations. Seller shall pay all of the Excluded Liabilities in the ordinary course of business as they become due.

4.7 Further Assurances. Seller, from time to time after the Closing at the request of Buyer and without further consideration, shall execute and deliver further instruments of transfer and assignment and take such other action as Buyer may reasonably require to more effectively transfer and assign to, and vest in, Buyer the Assets free and clear of all Liens (as defined in Section 2.8).

SECTION 5. CONDITIONS PRECEDENT TO OBLIGATION OF BUYER.

Buyer's obligation to consummate the transactions contemplated by this Agreement is subject to the satisfaction, on or prior to the Closing Date, of each of the following conditions, unless otherwise waived by Buyer in writing:

5.1 Performance of Agreements and Deliveries. Seller shall have performed in all material respects all of its covenants, agreements and obligations under this Agreement which are to be performed or complied with by Seller prior to or upon the Closing Date and shall have delivered all documents and items required to be delivered at or prior to the Closing, including, without limitation:

(a) A certificate, dated the Closing Date, from the President of Seller to the effect that the conditions set forth in Sections 5.1 and 5.2 have been satisfied;

(b) A certificate, dated the Closing Date, from Seller's Secretary as to the certificate of formation, limited liability company operating agreement, authority and the incumbency of all officers executing the Seller Documents on behalf of Seller;

(c) A certified copy of Seller's certificate of formation from the Secretary of State of the State of Florida;

(d) An Amendment to the certificate of formation and any other required documentation, which effect a change of Seller's name;

(e) A certificate of good standing from the Secretary of State of the State of Florida; and

(f) Such other certificates and instruments reasonably requested by Buyer.

5.2 Asset Transfer. Seller shall have delivered to Buyer the following instruments of transfer and assignment in accordance with the provisions hereof, transferring to Buyer all of Seller's right, title and interest in and to the Assets, free and clear of all Liens:

(a) A Bill of Sale in the form attached hereto as Exhibit B;

(b) An Assignment and Assumption Agreement in the form attached hereto as Exhibit C;

(c) An Assignment of Patents and Trademarks in the form attached hereto as Exhibit D;

(d) Assignments of Internet Domain Names in the forms attached hereto as Exhibit E; and

(e) Such other instruments of transfer reasonably requested by Buyer.

5.3 Assignment of Contracts and Authorizations; Approvals. Except as set forth on Schedule 4.5 attached hereto, all Contracts shall have been duly and validly assigned to Buyer by Seller, and all consents and approvals required in connection with the consummation of the transactions contemplated hereby under any Contract or Authorization or otherwise shall have been obtained in form and substance satisfactory to Buyer and without conditions materially and adversely affecting Buyer and which do not require Buyer to pay money to any party to any such Contract or Authorization in excess of amounts required to be so paid pursuant to the terms and conditions thereof. Neither Seller nor, to the knowledge of Seller and Digicom, the other party thereto, shall have breached or defaulted under any material Contract or Authorization.

5.4 Escrow Agreement. Seller shall have executed and delivered to Buyer the Escrow Agreement.

5.5 Non-competition Agreements. Seller, Digicom, E.F. Taylor, Thomas E. Loehr and Josh Mondry (the officers of Digicom) shall have executed and delivered to Buyer the Non-competition Agreements in substantially the form attached hereto as Exhibit F.

5.6 Release of Liens. Seller shall have obtained and delivered to Buyer at or prior to the Closing instruments (including payoff letters, bills of sale and UCC-3 termination statements) releasing any and all Liens on the Assets.

5.7 Subscribers. Seller shall have delivered to Buyer at least 12,200 Internet access accounts, and Seller shall have furnished Buyer with a certificate, dated as of the Closing Date, to that effect.

5.8 Opinion of Seller's Counsel. Buyer shall have received the opinion or opinions of Jackson & Kelly PLLC, counsel for Seller and Digicom, dated the Closing Date, substantially in the form of Exhibit G attached hereto.

SECTION 6. CONDITIONS PRECEDENT TO OBLIGATION OF SELLER AND DIGICOM.

The obligation of Seller and Digicom to consummate the transactions contemplated by this Agreement is subject to the satisfaction, on or prior to the Closing Date, of the following conditions, unless waived by Seller and Digicom in writing:

6.1 Performance of Agreement and Deliveries. Buyer shall have performed in all material respects all of its covenants, agreements and obligations under this Agreement which are to be performed or complied with by Buyer prior to or upon the Closing Date and shall have delivered all documents and items required to be delivered at or prior to the Closing, including, without limitation:

(a) A certificate, dated the Closing Date, from the President of Buyer to the effect that the conditions set forth in Sections 6.1 and 6.2 have been satisfied;

(b) A certificate, dated the Closing Date, from Buyer's Secretary as to the Certificate of Incorporation, bylaws, authority and the incumbency of all officers executing the Buyer Documents on behalf of Buyer;

(c) A certified copy of Buyer's Certificate of Incorporation from the Secretary of State of the State of Delaware; and

(d) A certificate of good standing from the Secretary of State of the State of Delaware.

6.2 Assumed Liabilities. Buyer shall have delivered to Seller an Assignment and Assumption Agreement in the form attached hereto as Exhibit C.

6.3 Opinion of Buyer's Counsel. Seller shall have received the opinion of Goodwin, Procter & Hoar LLP, counsel for Buyer, dated the Closing Date, substantially in the form of Exhibit H attached hereto.

6.4 Escrow Agreement. Buyer shall have executed and delivered to Seller the Escrow Agreement.

SECTION 7. SURVIVAL.

7.1 Survival of Warranties. Each of the representations, warranties, agreements, covenants and obligations herein or in any schedule, exhibit, certificate or financial statement delivered by any party to the other party incident to the transactions contemplated hereby are material, shall be deemed to have been relied upon by the other party and shall survive the Closing for a period of one (1) year immediately following the Closing regardless of any investigation and shall not merge in the performance of any obligation by either party hereto; provided, however, that Seller shall not be so released after such period as to Excluded Liabilities or obligations of indemnification and any other liability resulting from representations and warranties made in Sections 2.1, 2.2 and 2.3 of this Agreement.

SECTION 8. INDEMNIFICATION.

8.1 Indemnification by Seller and Digicom. Seller and Digicom hereby agree, jointly and severally, to indemnify and hold harmless Buyer, its affiliates and its and their respective directors, officers, stockholders, partners, members, employees, and agents (individually, a "Buyer Indemnified Party" and collectively, "Buyer Indemnified Parties"), against and in respect of all losses, liabilities, obligations, damages, deficiencies, actions, suits, proceedings, demands, assessments, orders, judgments, costs and expenses (including the reasonable fees, disbursements and expenses of attorneys and consultants) of any kind or nature whatsoever ("Damages"), but net of the proceeds from any insurance policies or other third party reimbursement for such loss, to the extent sustained, suffered or incurred by or made against any Buyer Indemnified Party, to the extent based upon, arising out of or in connection with: (i) any breach of any representation or warranty made by Seller and Digicom in this Agreement or in any schedule, exhibit, certificate, agreement or other instrument delivered pursuant to this Agreement; (ii) any breach of any covenant or agreement made by Seller or Digicom in this Agreement or in any schedule, exhibit, certificate, financial statement, agreement or other instrument delivered pursuant to this Agreement; (iii) any claim made by any person or entity which relates to the operation of the Assets or the Business which arises in connection with or on the basis of events, acts, omissions, conditions or any other state of facts occurring on or existing before the Closing Date; and (iv) any claim which arises in connection with any Liability or obligation of Seller other than the Assumed Liabilities.

8.2 Indemnification by Buyer. Buyer hereby agrees to indemnify and hold harmless Seller, Digicom and their officers, directors, managers, members, employees and agents (individually, a "Seller Indemnified Party" and collectively, "Seller Indemnified Parties") at all times against and in respect of all losses, liabilities, obligations, damages, deficiencies, actions, suits, proceedings, demands, assessments, orders, judgments, costs and expenses (including the reasonable fees, disbursements and expenses of attorneys and consultants), of any kind or nature whatsoever, to the extent sustained, suffered or incurred by or made against any Seller

Indemnified Party, to the extent based upon, arising out of or in connection with: (A) any breach of any representation or warranty made by Buyer in this Agreement or in any schedule, exhibit, certificate, agreement or other instrument delivered pursuant to this Agreement; (B) any breach of any covenant or agreement made by Buyer in this Agreement or in any schedule, exhibit, certificate, agreement or other instrument delivered pursuant to this Agreement; (C) any claim made against a Seller Indemnified Party which relates to, results from or arises out of Buyer's operation of the Assets or the Business which arises in connection with or on the basis of events, acts, omissions, conditions or any other state of facts occurring from and after the Closing Date; and (D) the Assumed Liabilities.

8.3 Notice: Defense of Claims.

(a) Notice of Claims. Promptly after receipt by an indemnified party of notice of any claim, liability or expense to which the indemnification obligations hereunder would apply, the indemnified party shall give notice thereof in writing to the indemnifying party, but the omission to so notify the indemnifying party promptly will not relieve the indemnifying party from any liability except to the extent that the indemnifying party shall have been prejudiced as a result of the failure or delay in giving such notice. Such notice shall state the information then available regarding the amount and nature of such claim, liability or expense and shall specify the provision or provisions of this Agreement under which the liability or obligation is asserted.

(b) Third Party Claims. With respect to third party claims, if within twenty (20) days after receiving the notice described in clause (a) above the indemnifying party gives (i) written notice to the indemnified party stating that (A) it would be liable under the provisions hereof for indemnity in the amount of such claim if such claim were successful and (B) that it disputes and intends to defend against such claim, liability or expense at its own cost and expense and (ii) provides reasonable assurance to the indemnified party that such claim will be promptly paid in full if required, then counsel for the defense shall be selected by the indemnifying party (subject to the consent of the indemnified party which consent shall not be unreasonably withheld) and the indemnified party shall not be required to make any payment with respect to such claim, liability or expense as long as the indemnifying party is conducting a good faith and diligent defense at its own expense; provided, however, that the assumption of defense of any such matters by the indemnifying party shall relate solely to the claim, liability or expense that is subject or potentially subject to indemnification. The indemnifying party shall have the right, with the consent of the indemnified party, which consent shall not be unreasonably withheld, to settle all indemnifiable matters related to claims by third parties which are susceptible to being settled provided the indemnifying party's obligation to indemnify the indemnified party therefor will be fully satisfied. The indemnifying party shall keep the indemnified party apprised of the status of the claim, liability or expense and any resulting suit, proceeding or enforcement action, shall furnish the indemnified party with all documents and information that the indemnified party shall reasonably request and shall consult with the indemnified party prior to acting on major matters, including settlement discussions. Notwithstanding anything herein stated, the indemnified party shall at all times have the right to fully participate in such defense at its own expense directly or through counsel; provided,

however, if the named parties to the action or proceeding include both the indemnifying party and the indemnified party and representation of both parties by the same counsel would be inappropriate under applicable standards of professional conduct, the expense of separate counsel for the indemnified party shall be paid by the indemnifying party. If no such notice of intent to dispute and defend is given by the indemnifying party, or if such diligent good faith defense is not being or ceases to be conducted, the indemnified party shall, at the expense of the indemnifying party, undertake the defense of (with counsel selected by the indemnified party), and shall have the right to compromise or settle (exercising reasonable business judgment), such claim, liability or expense with the prior written consent of the indemnifying party, which consent shall not be unreasonably withheld. If such claim, liability or expense is one that by its nature cannot be defended solely by the indemnifying party, then the indemnified party shall make available all information and assistance that the indemnifying party may reasonably request and shall cooperate with the indemnifying party in such defense.

(c) Non-Third Party Claims. With respect to non-third party claims, if within twenty (20) days after receiving the notice described in clause (a) above the indemnifying party does not give written notice to the indemnified party that it contests such indemnity, the amount of indemnity payable for such claim shall be as set forth in the indemnified party's notice. If the indemnifying party provides written notice to the indemnified party within such 20-day period that it contests such indemnity, the parties shall attempt in good faith to reach an agreement with regard thereto within thirty (30) days of delivery of the indemnifying party's notice. If the parties cannot reach agreement within such 30-day period, the matter may be submitted by either party for binding arbitration in accordance with the provisions of Section 10.10 hereof.

8.4 Claims Against Escrow Deposit. In the event that any Buyer Indemnified Party sustains or incurs damages, liabilities, losses, taxes, fines, penalties, costs or expenses, including, without limitation, attorneys fees, for which it is entitled to indemnification from Seller or Digicom under this Agreement, in addition to all other rights or remedies that Buyer may have (including the right to collect directly from Seller or Digicom), such Buyer Indemnified Party shall be entitled to receive in cash from the Escrow Deposit an amount equal to the damages, liabilities, losses, taxes, fines, penalties, costs and expenses, including, without limitation, attorneys fees, sustained or incurred by such Buyer Indemnified Party. In order to receive payment from the Escrow Deposit such Buyer Indemnified Party shall first deliver to Seller, with a copy to the Escrow Agent, a written claim for damages arising under or by virtue of this Agreement specifying the nature of the claim and the type and amount of damages, liabilities, losses, taxes, fines, penalties, costs and expenses sustained or incurred by such Buyer Indemnified Party. Within thirty (30) calendar days of receiving a claim against the Escrow Deposit from or on behalf of any Buyer Indemnified Party, Seller shall provide a written response to such Buyer Indemnified Party with a copy to the Escrow Agent, which either accepts or rejects all or any portion of such Buyer Indemnified Party's claim, the amount accepted by Seller shall be paid to such Buyer Indemnified Party from the Escrow Deposit by the Escrow Agent within ten (10) calendar days of the Escrow Agent's receipt of Seller's acceptance of such Buyer Indemnified Party's claim. If Seller rejects any portion of such Buyer Indemnified Party's claim, Seller's written response shall specify the specific reason(s) for the rejection and the

amount, if any, of such Buyer Indemnified Party's claim which is accepted. The amount of any claim rejected by Seller shall be retained in escrow and distributed by the Escrow Agent only as directed by a written settlement agreement signed by both Seller and such Buyer Indemnified Party or in accordance with an award rendered by an arbitrator(s) in accordance with Section 10.11 of this Agreement.

8.5 Time Limitations. The parties hereto will be released from all obligations of indemnification and any other liability under this Agreement and the Buyer and Seller Documents on March 26, 2000, unless a notice in the form required hereunder is received by the indemnifying party before March 26, 2000; provided, however, that Seller shall not be so released as to Excluded Liabilities or obligations of indemnification and any other liability resulting from representations and warranties made in Sections 2.1, 2.2 and 2.3 of this Agreement.

8.6 Limitations on Amount. (a) Neither party hereto will have any liability (for indemnification or otherwise) until the total Damages claimed by the other party exceed \$5,000.00, and then only for the amount by which such damages exceed \$5,000.00.

(b) Except with respect to Damages arising from breach of the representations and warranties set forth in Sections 2.1 and 2.2 or arising in connection with any Excluded Liabilities, the aggregate amount of Damages recoverable pursuant to the provisions of this Section 10 by all the Buyer Indemnified Parties in the aggregate shall be limited to \$1,000,000.

SECTION 9. NOTICES.

All notices and other communications required to be given hereunder, or which may be given pursuant or relative to the provisions hereof, shall be in writing and shall be deemed to have been given when delivered in hand or mailed, postage prepaid, by first class United States mail, certified return receipt requested as follows:

If to Seller:

digital.net, l.l.c.
c/o Digicom USA, LLC
1250 S. Lincoln
Bldg. J, Suite 9
Steamboat Springs, CO 80477
Attn: Mr. Ted Taylor

With a copy to:

David Allen Barnette
Jackson & Kelly
1600 Laidley Tower
P.O. Box 553
Charleston, West Virginia 25322

If to Digicom:

Digicom USA, LLC
1250 S. Lincoln
Bldg. J, Suite 9
Steamboat Springs, CO 80477
Attn: Mr. Ted Taylor

With a copy to:

David Allen Barnette
Jackson & Kelly
1600 Laidley Tower
P.O. Box 553
Charleston, West Virginia 25322

If to Buyer:

Duro Communications, Inc.
100 Fifth Street
Corinth, MS 38834
Attn: John C Stanley IV

With a copy to:

Goodwin, Procter & Hoar LLP
Exchange Place
Boston, Massachusetts 02109
Attn: David F. Dietz, P.C.

SECTION 10. MISCELLANEOUS.

10.1 Assignability; Binding Effect. This Agreement shall not be assignable by Buyer or Seller except with the written consent of the other, except that Buyer may assign its rights hereunder either (a) to any affiliate of Buyer or its owners or (b) as a result of any merger, reorganization or other consolidation. This Agreement shall be binding upon and shall inure to the benefit of, the parties hereto and their respective successors, and assigns.

10.2 Headings. The subject headings used in this Agreement are included for purposes of convenience only and shall not affect the construction or interpretation of any of its provisions.

10.3 Amendments; Waivers. Except as otherwise expressly provided herein, this Agreement may not be amended or modified, nor may compliance with any condition or covenant set forth herein be waived, except by a writing duly and validly executed by Buyer and Seller or, in the case of a waiver, the party waiving compliance. Except as otherwise expressly provided herein, no delay on the part of any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of any party of any such right, power or privilege, or any single or partial exercise of any such right, power or privilege, preclude any further exercise thereof or the exercise of any other such right, power or privilege.

10.4 Bulk Sales Law. Buyer hereby waives compliance by Seller of any applicable bulk sales law and Seller agrees, to make full and timely payment when due of all amounts owed by Seller to its creditors. Seller agrees to indemnify and hold Buyer harmless from, and reimburse Buyer for, any loss, cost, expense, liability or damage (including reasonable counsel fees and disbursements and expenses) which Buyer may suffer or incur by virtue of Seller's non-compliance with such laws.

10.5 Entire Agreement. This Agreement, together with the schedules and exhibits hereto, constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes and cancels any and all prior or contemporaneous arrangements, understandings and agreements between them relating to the subject matter hereof.

10.6 Severability. In the event that any provision or any portion of any provision of this Agreement shall be held to be void or unenforceable, then the remaining provisions of this Agreement (and the remaining portion of any provision held to be void or unenforceable in part only) shall continue in full force and effect.

10.7 Governing Law. This Agreement and the transactions contemplated hereby shall be governed and construed by and enforced in accordance with the laws of The Commonwealth of Massachusetts, without regard to conflict of laws principles.

10.8 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which shall constitute the same instrument.

10.9 Expenses. Except as otherwise provided herein, each party shall pay its own expenses incident to the negotiation, preparation and performance of this Agreement and the transactions contemplated hereby, including all fees and expenses of its counsel and accountants for all activities of such counsel and accountants undertaken pursuant to this Agreement, whether or not the transactions contemplated hereby are consummated.

10.10 Remedies. It is specifically understood and agreed that certain breaches of this Agreement will result in irreparable injury to the parties hereto, that the remedies available to the parties at law alone will be an inadequate remedy for such breach, and that, in addition to any other legal or equitable remedies which the parties may have, a party may enforce its rights by an action for specific performance and the parties expressly waive the defense that a remedy in damages will be adequate.

10.11 Dispute Resolution. Any dispute arising out of or relating to this Agreement or the breach, termination or validity hereof shall be finally settled solely and exclusively by arbitration conducted expeditiously in accordance with the Commercial Arbitration Rules (the "AAA Rules") of the American Arbitration Association (the "AAA"), as amended and in effect on the date that the demand for arbitration is filed with the AAA. The American Arbitration Association shall appoint a neutral advisor from its National Panel of Commercial Arbitrators. The arbitration shall be governed by the United States Arbitration Act, 9 U.S.C. §§1-16, and

judgment upon the award rendered by the arbitrators may be entered by any court having jurisdiction thereof. The place of arbitration shall be Boston, Massachusetts.

Such proceedings shall be administered by the neutral advisor in accordance with the AAA Rules as he/she deems appropriate, however, such proceedings shall be guided by the following agreed upon procedures:

- (a) Mandatory exchange of all relevant documents, to be accomplished within forty-five (45) days of the initiation of the procedure;
- (b) No other discovery;
- (c) Hearings before the neutral advisor which shall consist of a summary presentation by each side of not more than three hours; such hearings to take place in one or two days at a maximum; and
- (d) Decision to be rendered not later than ten (10) days following such hearings.

Each of the parties hereto (a) hereby unconditionally and irrevocably submits to the jurisdiction of any United States District Court of competent jurisdiction located in the State of Massachusetts for the purpose of enforcing the award or decision in any such proceeding and (b) hereby waives, and agrees not to assert in any civil action to enforce the award, any claim that it is not subject personally to the jurisdiction of the above-named court, that its property is exempt or immune from attachment or execution, that the civil action is brought in an inconvenient forum, that the venue of the civil action is improper or that this Agreement or the subject matter hereof may not be enforced in or by such court, and (c) hereby waives and agrees not to seek any review by any court of any other jurisdiction which may be called upon to grant an enforcement of the judgment of any such court. Each of the parties hereto hereby consents to service of process by registered mail at the address to which notices are to be given. Each of the parties hereto agrees that its submission to jurisdiction and its consent to service of process by mail is made for the express benefit of the other parties hereto. Final judgment against any party hereto in any such action, suit or proceeding may be enforced in other jurisdictions by suit, action or proceeding on the judgment, or in any other manner provided by or pursuant to the laws of such other jurisdiction; provided, however, that any party may at its option bring suit, or institute other judicial proceedings, in any state or federal court of the United States or of any country or place where the other parties or their assets, may be found.


Notwithstanding the foregoing, the parties may enforce their rights under this Agreement in accordance with Section 10.10.

10.12 Third Party Rights. This Agreement is for the benefit of the parties hereto and is not entered into for the benefit of, and shall not be construed to confer any benefit upon, any other party or entity.

IN WITNESS WHEREOF, Seller, Digicom and Buyer have caused this Asset Purchase Agreement to be executed as of the date first above written.


SELLER:

digital.net, l.l.c.

By: 
Name: E.F. (TED) TAYLOR
Title: PRESIDENT

DIGICOM:

DIGICOM USA, LLC

By: 
Name: E.F. (TED) TAYLOR
Title: PRESIDENT

BUYER:

DURO COMMUNICATIONS, INC.

By: _____
Name:
Title:

IN WITNESS WHEREOF, Seller, Digicom and Buyer have caused this Asset Purchase Agreement to be executed as of the date first above written.

SELLER:

digital.net, l.l.c.

By: _____

Name:

Title:

DIGICOM:

DIGICOM USA, LLC

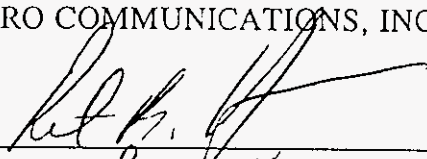
By: _____

Name:

Title:

BUYER:

DURO COMMUNICATIONS, INC.

By:  _____

Name: *PETER HOPPER*

Title: *PRESIDENT*

LIST OF EXHIBITS AND SCHEDULES

Florida
on line
1 of 2

SCHEDULES

- Exhibit A - Form of Escrow Agreement
- Exhibit B - Form of Bill of Sale
- Exhibit C - Form of Assignment and Assumption Agreement
- Exhibit D - Form of Assignment of Patents and Trademarks
- Exhibit E - Forms of Assignments of Internet Domain Names
- Exhibit F - Forms of Non-competition Agreements
- Exhibit G - Form of Opinion of Seller's Counsel
- Exhibit H - Form of Opinion of Buyer's Counsel

- Schedule 1.1(a) Equipment
- Schedule 1.1(b) Contracts
- Schedule 1.1(c) Intellectual Property
- Schedule 1.1(d) Licenses and Authorizations
- Schedule 1.1(e) Accounts Receivable
- Schedule 1.2(a) Excluded Assets
- Schedule 1.2(b) Excluded Contracts
- Schedule 1.2(c) Non-Transferable Licenses
- Schedule 1.2(d) Insurance Exclusions
- Schedule 1.2(e) Excluded Tax Items
- Schedule 1.6(c) Estimated Adjustment Statement
- Schedule 1.7 Allocation of Purchase Price
- Schedule 2.4 Taxes
- Schedule 2.6 Insurance
- Schedule 2.8 Title to Assets
- Schedule 2.10 Employees; Labor Matters
- Schedule 2.11 Financial Statements
- Schedule 2.12 Post-Balance Sheet Business
- Schedule 2.14 Approvals; Consents
- Schedule 2.16(a) Subscribers
- Schedule 2.16(b) Complimentary Accounts
- Schedule 2.19 Banking Relations
- Schedule 2.20 Intellectual Property
- Schedule 2.21 Restrictions on Transfer
- Schedule 2.22 Affiliated Transactions
- Schedule 2.23 Employee Benefits
- Schedule 2.24 Environmental Matters
- Schedule 4.5 Remaining Liens, Contracts and Assignments

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Schedule 1.1(d) Licenses and Authorizations

Certificate to Provide Alternative Local Exchange Telecommunications Services issued to InternetU, Inc.. (this certificate was not transferred to digital.net, l.l.c.)

Florida Online
d/b/a Digital.Net

Schedule 1.1 (b)
Contracts

See 2nd Binder

Schedule 1.1(d) Licenses and Authorizations

Certificate to Provide Alternative Local Exchange Telecommunications Services issued to InternetU, Inc.. (this certificate was not transferred to digital.net, l.l.c.)

Schedule 1.2(c) Non-Transferable Licenses

1. Occupational License - City of Rockledge
2. Occupational License - Brevard County
3. Tax Identification Number 59-3530221