Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	IB Docket No. 02-286
	)	File Nos. ISP-PDR-20020822-0029;
GLOBAL CROSSING, LTD.	)	ITC-T/C-20020822-00406
(Debtor-in-Possession),	)	ITC-T/C-20020822-00443
	)	ITC-T/C-20020822-00444
Transferor,	)	ITC-T/C-20020822-00445
	)	ITC-T/C-20020822-00446
and	)	ITC-T/C-20020822-00447
	)	ITC-T/C-20020822-00449
	)	ITC-T/C-20020822-00448
GC ACQUISITION LIMITED,	)	SLC-T/C-20020822-00068
	)	SLC-T/C-20020822-00070
Transferee	)	SLC-T/C-20020822-00071
	)	SLC-T/C-20020822-00072
Application for Consent to Transfer	)	SLC-T/C-20020822-00077
Control and Petition for Declaratory	)	SLC-T/C-20020822-00073
Ruling	)	SLC-T/C-20020822-00074
	)	SLC-T/C-20020822-00075
	)	0001001014
	)	

COMMAXXESS' SUPPLEMENTAL RESPONSE
IN SUPPORT OF NATIONAL SECURITY ISSUES
AND OBJECTING TO TRANSFER OF CONTROL TO
ST TELEMEDIA

COMMAXXESS provides the following as an example so that the Commission, authorities at the Department of Justice, FBI, CFIUS and others may better understand what is being done and how they are doing it.

The information provided herein does not involve Global Crossing or ST Telemedia directly as to the Applicants and their pending matters before this Commission but does show the similarities between Global Crossing and another fairly recent "roll up" strategy that is not working. For anyone to fully grasp what is going on this Respondent believes that showing an actual example will help to better see the "picture" that is the true Global Crossing. The example provided is not nearly as convoluted as Global Crossing and should be easier grasp as to how our capital markets, underwriters, private equity players are working in their interests alone and literally bashing small

investors and depriving them of their investments while making it appear to be "market driven".

They are also trying to circumvent national security and have Asia Global Crossing, Pacific Crossing and Global Crossing "rolled up" yet again with significant Chinese interest in the new ownership. This Respondent has already provided sufficient information that someone in Washington, DC should be seeing that this matter is a strategy to "roll up" Asia Global Crossing (now owned by China Netcom dba: Asia Netcom and that entity having as stakeholders Goldman Sachs and the Singapore Government), Pacific Crossing and Global Crossing all under control of Singapore and China.

The following is just a single example one of a "roll up" and then a later "spin off" that people in the Washington, DC area should be familiar of since it was in the Washington Post and Washington Times on multiple occasions and many such times questions regarding the "integrity" of the deal were raised.

This Respondent is not using this one since it is not "industry specific" to telecom, broadband, wireless, etc. but merely pointing out that it is being done across the spectrum of industry and business sectors and even in Washington, DC right under the noses of the regulators.

Ledecky's U.S. Office Products to Split in 5[1]

By Margaret Webb Pressler
Washington Post Staff Writer
Wednesday, January 14, 1998; Page D09

This "spin off" was after "rolling up" an initial 11 companies or so and then adding one after another into a business plan that lacked "relevance" more with each passing day. If one looks at Global Crossing as a "roll up" and then a "spin off" the menagerie of "nesting-doll arrangements" and corporate veils is not as hard to understand.

The cited example is Charter Communications and events surrounding that deal that have not been looked into to the knowledge of this Respondent. The **Excite@home** bondholders have brought suit regarding what was done to them at the hands of AT&T, Cox and Comcast, however this Respondent did provide information as to how the "take down" was apparently engineered by a party that did not show up on the radar screen that the class counsels were looking at.

Below this example is a detailed listing of known Global Crossing roll ups and spin-offs, which in part led to this fiasco.

CHARTER COMMUNICATIONS

[1] http://www.washingtonpost.com/wp-srv/business/longterm/post200/stories98/split.htm

The SEC approved the Charter Communications transaction while Arthur Levitt was chairman during the Clinton Administration.

An apparently unrelated event of the $55 billion AT&T acquisition of TCI was approved by the FCC under the Clinton Administration. At the time of this acquisition, TCI was the controlling shareholder in @home and AT&T wound up the largest shareholder in Excite@home by virtue of the TCI acquisition and the merger of Excite and @home.

Since very little, if anything, was being done in the way of securities regulation and enforcement under the Clinton Administration it should not come as any surprise that there were some questionable things done by certain parties.

The following is a basic chronology relating to the matters addressed herein:

CHRONOLOGY

June 3, 1998: Blackstone entered into agreement with Bresnan that positioned Blackstone to be involved in the Charter Communications "roll up".

June 24, 1998: The AT&T – TCI announced the merger on June 24, 1998. See Attachment 2.

January 19, 1999: The Excite and @home merger was announced on January 19, 1999[2]. TCI had been the largest shareholder and due to the merger with AT&T it became the largest shareholder of Excite@home. See Attachment 3.

February 2, 1999: "*Effective February 2, 1999 under the terms of the contribution agreement, certain systems of affiliates of TCI were transferred to BCCLP*" [see March 15, 2001 SEC 424B filing by Charter Communications and try to find that in the July 28, 1999 IPO registration or the November 9, 1999 IPO or that Bresnan matters relating to the AT&T-TCI and AT&T – MediaOne barely mention the Blackstone Group involvement in this matter. When one researches, Blackstone was a major presence in Bresnan during the period of time leading from June 1998 to the Charter Communications IPO].

March 9, 1999: The FCC approved the merger AT&T – TCI February 17, 1999 and the deal was closed March 9, 1999. See Attachment 4.

May 31, 1999: Leo Hindery[3] is reportedly still at AT&T Cable and had not been brought in as the CEO of Global Crossing.

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[2] http://www.wired.com/news/business/0,1367,17406,00.html

[3] http://www.thestandard.com/article/display/0,1151,4734,00.html; At Ease: A Chat With Excite AtHome's Top Brass, *By Jason Krause,* Issue Date: May 31 1999; "*Last week, AT&T cable chief Leo Hindery refused*

July 28, 1999: The Charter IPO SEC filing [SEC Form S-1] occurred on July 28, 1999.

August 17, 1999: Consumers Union, Consumer Federation of America, Media Access Project joint report regarding AT&T cartel activities[4] in broadband including ownership in Bresnan. This came up as part of the AT&T – MediaOne proposed merger.

November 9, 1999: The Charter Communications IPO occurred November 9, 1999. If you read the SEC filings closely, the 2000 acquisitions were in large part paid for with public money raised at the IPO, or $3.2 billion more or less.

Charter Communications continued adding cable networks to the roll up during 2000.

June 5, 2000: The FCC approves the AT&T – MediaOne acquisition[5].

> *Pages 1--100 from Microsoft Word - 1736.doc*
> Federal Communications Commission[6] FCC 00- 2021
> Before the Federal Communications Commission
> Washington, D.C. 20554
>
> In the Matter of Applications for Consent to the Transfer of Control of Licenses and Section 214 Authorizations from:
>
> MediaOne Group, Inc.,
> Transferor,
>
> To
> AT& T Corp.
> Transferee
> CS Docket No. 99-251
>
> MEMORANDUM OPINION AND ORDER
>
> Adopted: June 5, 2000 Released: June 6, 2000
> By the Commission: Chairman Kennard issuing a statement; Commissioner Furchtgott-Roth concurring in part, dissenting in part and issuing a statement; Commissioner Powell concurring and issuing a statement; and Commissioner Tristani concurring and issuing a statement.

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to commit AT&T's broadband bandwidth to AtHome's content, saying his cable modem services would never discriminate among the many providers of content, e-commerce and other Internet services".

[4] http://www.consumersunion.org/pdf/0817%20ATT.pdf

[5] http://news.com.com/2100-1033-241451.html; **FCC approves AT&T-MediaOne merger;** By Corey Grice, Staff Writer, CNET News.com, June 5, 2000, 6:00 PM PT; "*update The Federal Communications Commission today granted final approval to the merger between AT&T and MediaOne Group, a multibillion-dollar deal that will make Ma Bell the nation's largest cable operator"*.

[6] http://hraunfoss.fcc.gov/edocs_public/attachmatch/FCC-00-202A1.txt

46 AT& T has completed its sale of Falcon Communications, LP to Charter Communications; Lenfest Communications, Inc., to Comcast; and Peak Cablevision, LLC and TCA Cable Partners II to Cox. These sales are reflected in the total subscriber count. In addition to these completed sales, AT& T has entered into, but has not yet completed transactions intended to convert its interest in Bresnan Communications to a non-attributable interest. AT& T has other transactions pending, but not yet final.

21. Internet Services. When it acquired TCI, AT&T acquired an interest in At Home Corporation ("@Home"), which provides content-enriched, high-speed Internet access service over the cable television infrastructure. 62 On May 28, 1999, @Home merged with Excite, Inc. 63 The newly merged company is now called Excite@Home. AT&T holds a 74% voting interest in Excite@Home. 64 The Excite@Home service allows subscribers to connect their personal computers via cable modems to a high-speed network developed and managed by Excite@Home, and obtain access to the public Internet and other online content. 65 AT&T plans to begin offering Excite@Home through set top boxes this summer and fall offering a scaled-down version and a full-service version. 66 **Excite@Home is the exclusive provider of cable high-speed Internet access service over the cable systems of AT&T, Comcast, Cox, Cablevision, Shaw, and other cable operators. 67 Excite@Home is the nation's largest cable high-speed Internet access**

http://www.home.net/corp/about.html.
66 See Excite@Home Prepares to Start Internet TV Service, COMMUNICATIONS DAILY, Mar. 31, 2000.

67 See AtHome Corp., http://www.home.net. 11

Federal Communications Commission FCC 00- 202 12
"*service provider, serving approximately 1.5 million subscribers in the United States as of April 2000. 68 AT&T also provides narrowband Internet access service to approximately 1.8 million customers through its wholly owned subsidiary AT&T WorldNet Service*" ("AT&T WorldNet"). 69

What is underlined and in bold type above is probably the exact reason that someone wanted Excite@home put under permanently. Two possible motives; i.) break the exclusivity; and ii.) get the customer revenues. A third possible motive would be to bash a "content" and broadband competitor into extinction.

March 31, 2001: Charter Communications did another debt and stock issue. See the SEC 424(B) filing and note the list of parties involved in this transaction. The importance of that list of parties will become clear when the Commission learns of the substantive facts and "predicate acts of fraud" exposed in the Williams Communications / WilTel RICO action and the Global Crossing RICO action.

June 8, 2001: The "death spiral financing"[7] package entered into with GAIA / Promethean, HFTP INVESTMENT L.L.C./ Promethean, Angelo Gordon, LP and

[7] Matthew McClearn, *Predator or Prey?* Canadian Business, October 28, 2002
http://www.canadianbusiness.com/features/article.jsp?content=49390&page=1

Leonardo, LP, Cayman Islands. Shortly thereafter, the Excite@Home stock and debt values plummeted[8] and the company was forced into bankruptcy. Actually, it was not a loan. It was a Regulation D, Rule 506 securities purchase agreement, which is somewhat odd since Excite was already a publicly traded company. The agreement mentions "unregistered". Where those shares went and how they were traded is a matter federal investigators should look in to. See **Attachment 1**.

September 28, 2001: Excite@home shares have been in a steep decline for previous 4 months, are suspended on NASDAQ, delisted, and files for Chapter 11 Bankruptcy

October 1, 2001: Excite@home issues statements about Chapter 11 bankruptcy[9].

December 21, 2001: AT&T refuses to increase its $307 million bid for Excite@home in bankruptcy and walks away. See Attachment 5.

That is an example of how fast a group of "collaborative short sellers" and possibly "naked short sellers" can put a company's head under water and keep it there until it quits kicking. Between June 8, 2001 and September 28, 2001 is about the only class period that can be identified when actions were definitely taken to harm Excite and its shareholders and bondholders. That is an extremely short class period compared to most class action stock fraud cases.

AT&T eventually walked away from the above stated offer made before the bankruptcy filing. It had already built a parallel network and was ready to gravitate the customers away virtually overnight. See Velocita.

Charter Communications benefited by picking up many of the broadband and cable subscribers and moving them to the Charter Pipe[10] service.

> "*As of **September 30, 2001**, Charter Communications, Inc. had approximately **$15.7 billion of outstanding long-term debt**, including approximately $6.1 billion of indebtedness under its subsidiaries' credit facilities, approximately $8.2 billion of indebtedness related to bond issuances of its subsidiaries and approximately $1.4 billion related to the Company's **convertible senior notes**. As of September 30, 2001, the Company had unused availability of $2.9 billion under the credit facilities of its subsidiaries. As of **December 31, 2001**, Charter Communications, Inc. had **$16.4 billion of outstanding long-term debt**,*

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[8] Mark Brown, *Blame it on Canada*, Canadian Business, October 28, 2002
http://www.canadianbusiness.com/features/article.jsp?content=49408

[9] http://news.com.com/2100-1033-273689.html?legacy=cnet; **Excite@Home files for bankruptcy,** By Ben Heskett and Rachel Konrad, Staff Writer, October 1, 2001, 7:50 AM PT; **update** Excite@Home, the leading provider of broadband Internet access, said Friday that it will file for Chapter 11 bankruptcy protection and sell its high-speed network to AT&T for $307 million in cash.
On Monday, shares of Excite@Home were halted by the Nasdaq pending additional information from the company.

[10] http://biz.yahoo.com/e/020107/chtr8-k.html

including approximately $6.7 billion of indebtedness under its subsidiaries' credit facilities, $8.3 billion related to bond issuances of its subsidiaries and approximately $1.4 billion related to the Company's convertible senior notes. As of December 31, 2001, the Company had unused availability of $2.3 billion under the credit facilities of its subsidiaries. After giving effect to the ***amendments of the Charter Operating and CC VIII (Bresnan) credit facilities on January 3, 2002****, Charter Communications, Inc. would have had $2.6 billion of unused availability under the credit facilities of its subsidiaries as of December 31, 2001.*

On ***September 28, 2001****, Excite@Home Corporation, the provider of high-speed Internet access service to approximately 145,000, or 25%, of the Company's data customers, filed for protection under Chapter 11 of the U.S. Bankruptcy Code. Charter Communications, Inc. has successfully transitioned over 90% of its customers served by Excite@Home to its Charter Pipeline(TM) service. The Company expects to transition its remaining customers served by Excite@Home to Charter Pipeline as soon as telephone circuits are available, which it anticipates will be in February 2002. The Company expects to incur approximately $15 to $20 million of non-recurring operational expenses, substantially all of which will be incurred during 2001,* ***in connection with this transition, including a one-time contract payment of $1 million to Excite@Home for the provision of services through February 2002 to those customers that have not yet been transitioned to Charter Pipeline****."*

The question is whether it was AT&T or Charter that may have hired the "hit man" to get the core revenues and customers moved to them cheap and fast. Somebody wanted Excite@home put down fast and hard. Or, it may have been Cox or Comcast to get out of the agreements with Excite@home, or even Blackstone in some part. Or, it may have been AOL Time Warner as you will see below.

It is not only about control of the "last mile" to the customer. It is also about who controls the content fed to the customers and there are cartels working to do just that. The Japanese call it "*kiritsu*", a word meaning corporations and individuals working in unison for market dominance. What is before this Commission right now is a *kiritsu* of Goldman Sachs, Citigroup, Chinese interests, the Singapore Government (ownership in Asia Netcom and proposed GX), and is all about money to the detriment of national security.

We demand that someone in Washington, DC verify exactly where that $63 million originated from for Pivotal Private Equity to acquire Pacific Crossing Ltd.

If the FCC and other federal authorities take the time to read the Attachment 1, pay particular note to "dates", time frames, terms, and events and understand that what "appears" to be a lifesaver $100 million loan with what appears to be "commercially reasonable terms" **is actually a death warrant issued on a publicly traded company**.

These agreements are examples of how they couch commercially abusive, unethical, or illegal business activities behind "color of law" and literally bash unsuspecting companies and their investors, deprive them of their money, investments

and property and walk off with customer revenues, assets and companies cheap by first putting it into a "forced bankruptcy" and then taking advantage of the bankruptcy process to eliminate the shareholders, convert debt to equity in the Newco, etc. Basically, rob the bank and get by with it.

There are people who are doing the smaller companies as disclosed in the article about Mark Valentine and the 58 persons arrested in *Operation Bermuda Shorts* by the FBI. However, there are other firms and persons doing it on a much larger scale, one rising to "cartel status", antitrust, large scale manipulation of the capital markets, etc and the "fall guys" are the investing public of the United States and any unsuspecting foreign investors who do not know that our capital markets are full of predators.

The Respondent submits that Excite@home did not even know what hit them, much less attempt to explain it to the NASDAQ when trading of their shares were suspended. Most people do not realize that "convertible debt offerings" are being placed into offshore funds, counter-balanced against equity shares in various "derivative forms" and they can either "fluff up" valuations or "melt down" valuations on demand. It all depends on "what is in play". If they are trying to create "**the Greater Fools**" they fluff it up and sell to as many as they can and if they want the assets they melt it down primarily with their insider buddies. Some are even using a concept called by some "amorphous positions" that are either "long" or "short" depending on what is needed to control the playing field.

As an aside, this Respondent entered into a Non-Disclosure Agreement with Velocita in May 2002 to evaluate the possible acquisition of that network and its assets. Upon full review, this Respondent declined when it was learned that the Velocita network was merely an expansion of the AT&T "next generation network" that was done off balance sheet as to AT&T and the Velocita company had focused almost exclusively on "construction" and not building customer revenues along the way. The Velocita company only had $15 million in customer revenues all derived from "dark fiber" and fiber swap transactions and well over $1 billion in debt provided primarily by private equity investors UBS Warburg, Koch Industries and Odyssey Partners.

When Robert Annunziata left Global Crossing, he wound up as the CEO of Velocita (from AT&T to Global Crossing to Velocita). We went into that due diligence period leery of what was really going on and Velocita was very evasive in answering some fundamental questions that any potential buyer would have the right to know.

THE CHARTER COMMUNICATIONS "ROLL UP" AND IPO

The following information was obtained from Hoover's IPO Archives[11] section of that website.

Archived IPO Information

Date went public	Nov 9, 1999
Filing Date	Jul 28, 1999
Proposed offer price	$17.00 to $19.00
Actual offer price	$19.00
First day open	$21.50
First day close	$22.75
Shares offered (mil.)	170.0
Offering amount (mil.)	$3,230.0
Post-offering shares (mil.)	170.0
Underwriters:	Goldman, Sachs & Co. (involved in GX, AGC, IPC, Asia Netcom, China, probably Pacific Crossing directly or indirectly.) Bear, Stearns & Co. Inc. Morgan Stanley Dean Witter Donaldson, Lufkin & Jenrette Securities Corporation Merrill Lynch & Co. (involved in GX) Salomon Smith Barney (involved in GX, AGC, IPC, IXNet, China, probably Pacific Crossing directly or indirectly.) A.G. Edwards & Sons, Inc. M. R. Beal & Company

The underwriting firms underlined above all share commonality in that: i.) they are all Global Crossing creditors; and ii.) they all stand to gain from the triad transfer of Asia Global Crossing to Asia Netcom, Pacific Crossing to Pivotal Private Equity, and Global Crossing to ST Telemedia by way of major underwriting fees in China; and iii.) they were the most heavily fined firms by Eliot Spitzer [$1.44 billion December 19, 2002] and the SEC [$1.4 billion April 28, 2003] for artificial manipulation of the capital markets to drive up share price. We have yet to see anyone address the artificial manipulation of the market to "drive down valuations" and takeovers in bankruptcy. That is where the most damage is being done.

The Charter Communications deal was what is called a "roll up" of various companies that already existed, had customers and revenues and were targeted as being a

[11] http://www.hoovers.com/co/arc_ipo/8/0,2657,47288,00.html

good idea to roll them up into a single operation, make a really big IPO and a lot of people go home with a ton of money in their pockets.

Everything in this deal looked normal. Not a sign of a foul, an abusive business proposition, or a "falsified" investment. However, this Respondent believes that a "corporate murder" happened in progress from the time Charter was doing this "roll up" until they got the deal done like they wanted it done.

Charter initially involved the "roll up" of the following companies and more were later added bringing the total to 18. The amended records at SEC reflect these companies and the ones added in later to the "roll up".

Renaissance Media Group LLC
American Cable Entertainment, LLC
Cable systems of Greater Media
Cablevision, Inc.
Helicon Partners I, L.P. and
affiliates
Vista Broadband Communications,
L.L.C
Cable system of Cable Satellite of South
Miami, Inc
Rifkin Acquisition Partners, L.L.L.P.
and InterLink Communications Partners,
LLLP
Cable systems of InterMedia
Capital Partners IV, L.P
InterMedia Partners
Avalon Cable LLC
Cable systems of Fanch Cablevision
L.P. and affiliates.....
Falcon Communications, L.P.
Bresnan Communications Company
Limited Partnership.....
TCI / Bresnan
Marcus Cable Company, L.L.C.

Note that Blackstone is apparently not mentioned at this stage of the "roll up deal of the year", but they were there in force. Also note that what the reader is looking at is yet another "nesting-doll collection" and a myriad of corporate veils.

The following information is available from the November 8, 1999 prospectus of the Charter Communications IPO:

-----BEGIN PRIVACY-ENHANCED MESSAGE-----
Proc-Type: 2001,MIC-CLEAR
Originator-Name: webmaster@www.sec.gov

Filed Pursuant to Rule 424(b)(4)
Registration Statement No. 333-83887

[CHARTER COMMUNICATIONS LOGO]
170,000,000 Shares

CHARTER COMMUNICATIONS, INC.

Class A Common Stock

The underwriters expect to deliver shares in New York, New York on November 12, 1999.

GOLDMAN, SACHS & CO. BEAR, STEARNS & CO. INC. MORGAN STANLEY DEAN WITTER

DONALDSON, LUFKIN & JENRETTE **MERRILL LYNCH & CO**. **SALOMON SMITH BARNEY**

A.G. EDWARDS & SONS, INC. M.R. BEAL & COMPANY

Prospectus dated November 8, 1999.

Charter Communications Holding Company and its subsidiaries, Charter Communications, Inc. will initially have only twelve executive officers, all of who are also executive officers of Charter Investment, Inc., an affiliated company, and will receive other necessary personnel and services from Charter Investment, Inc.

Paul G. Allen, through his ownership of Charter Communications, Inc.'s high vote Class B common stock and his indirect ownership of Charter Communications Holding Company membership units, will control approximately 95% of the voting power of all of Charter Communications, Inc.'s capital stock immediately following the offering. As a result, Mr. Allen will control Charter Communications, Inc. and, accordingly, Charter Communications Holding Company and its direct and indirect subsidiaries.

BUSINESS STRATEGY

Our objective is to increase our operating cash flow by increasing our customer base and the amount of cash flow per customer. To achieve this objective, we are pursuing the following strategies:

- rapidly integrate acquired cable systems and apply our core operating strategies to raise the financial and operating performance of these acquired systems;

ORGANIZATION

The chart on the following page sets forth our corporate structure as of the date of the completion of the offering and assumes that:

- Mr. Allen, through Vulcan Cable III Inc., has purchased a total of 41,118,421 membership units from Charter Communications Holding Company for $750 million at a price per membership unit equal to the net initial public offering price per share;

- Mr. Allen has purchased a total of 50,000 shares of high vote Class B common stock of Charter Communications, Inc. at a price per share equal to the initial public offering price per share;

- all of our pending acquisitions have been completed;

- specified sellers in our pending Falcon and Bresnan acquisitions have received $425 million and $1.0 billion, respectively, of their purchase price in Charter Communications Holding Company membership units rather than in cash and these membership units have not been exchanged for shares of Class A common stock of Charter Communications, Inc.

RECENT EVENTS

RECENT ACQUISITIONS

In the second, third and fourth quarters of 1999, we completed eight acquisitions of cable systems. One of these acquisitions included the exchange of certain of our cable systems and a commitment to transfer an additional cable system. The combined fair market value of these systems is $0.4 billion. For the year ended December 31, 1998, the systems we acquired had revenues of approximately $527.7 million. The following table is a breakdown of our recent acquisitions:

AS OF AND FOR THE SIX MONTHS ENDED JUNE 30, 1999

RECENT ACQUISITIONS

	ACQUISITION CLOSING DATE	PURCHASE PRICE (INCLUDING ASSUMED DEBT) (IN MILLIONS)	CUSTOMERS	REVENUE (IN THOUSANDS)
Renaissance Media Group LLC.	4/99	$ 459	129,000	$ 30,807
American Cable Entertainment, LLC.	5/99	240	69,000	17,958
Cable systems of Greater Media Cablevision, Inc.	6/99	500	175,000	42,348
Helicon Partners I, L.P. and affiliates.	7/99	550	173,000	42,956
Vista Broadband Communications, L.L.C.	7/99	126	28,000	7,101
Cable system of Cable Satellite of South Miami, Inc.	8/99	22	9,000	2,056
Rifkin Acquisition Partners, L.L.L.P. and InterLink Communications Partners, LLLP.	9/99	1,460	461,000	105,592
Cable systems of InterMedia Capital Partners IV, L.P., InterMedia Partners and affiliates.	10/99	904+ system swap	412,000 (144,000)(a) 268,000	100,644
Total.....		$4,261	1,312,000	$349,462

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PENDING ACQUISITIONS

In addition to the recent acquisitions described above, since the beginning of 1999, we have entered into agreements to acquire additional cable systems. For the year ended December 31, 1998, these systems had revenues of approximately $728.8 million. The following table is a breakdown of our pending acquisitions:

Avalon Cable LLC.....	4th Quarter 1999	$ 845	260,000	$ 51,769
Cable systems of Fanch Cablevision L.P. and affiliates..	4th Quarter 1999	2,400	537,000	98,931
Falcon Communications, L.P.	4th Quarter 1999	3,550	1,008,000	212,205
Bresnan Communications Company Limited Partnership.	1st Quarter 2000	3,100	656,000	137,291
Total.....		$9,895	2,461,000	$500,196

MERGER WITH MARCUS HOLDINGS

On April 23, 1998, Mr. Allen acquired approximately 99% of the non-voting economic interests in Marcus Cable Company, L.L.C., and agreed to acquire the remaining interests in Marcus Cable. The aggregate purchase price was approximately $1.4 billion, excluding $1.8 billion in assumed debt. On February 22, 1999, Marcus Holdings was formed, and all of Mr. Allen's interests in Marcus Cable were transferred to Marcus Holdings on March 15, 1999. On March 31, 1999, Mr. Allen completed the acquisition of all remaining interests of Marcus Cable. On April 7, 1999, Mr. Allen merged Marcus Holdings into Charter Communications Holdings, L.L.C. Charter Holdings survived the merger. The operating subsidiaries of Marcus Holdings became subsidiaries of Charter Operating.

USES:

Payments for pending acquisitions and acquisitions closed since June 30, 1999:

Helicon.....	$ 550
Vista and Cable Satellite.....	148
Rifkin.....	1,460
InterMedia.....	904
Avalon (less escrow deposit of $50).....	795
Fanch.....	2,400
Falcon.....	3,550
Bresnan.....	3,100
Underwriting discounts and estimated offering expenses.....	169

$13,076
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The following is from the March 15, 2001 Form 424B3 filed by Charter Communications with the SEC regarding the issuance of additional debt and equity shares:

ACCESSION NUMBER: 0001116679-01-000244
CONFORMED SUBMISSION TYPE: 424B3
PUBLIC DOCUMENT COUNT: 1
FILED AS OF DATE: 20010315

COMPANY DATA:
COMPANY CONFORMED NAME: **CHARTER COMMUNICATIONS**

FORM TYPE: 424B3
SEC ACT:
SEC FILE NUMBER: 333-54394
FILM NUMBER: 1569169

Filing Pursuant to Rule 424(b)(3) Registration Statement No. 333-54394

PROSPECTUS SUPPLEMENT NO. 3 DATED MARCH 15, 2001
TO PROSPECTUS DATED FEBRUARY 6, 2001,
AS SUPPLEMENTED BY PROSPECTUS SUPPLEMENT NOS. 1 AND 2

CHARTER COMMUNICATIONS, INC.

$750,000,000 of 5.75% Convertible Senior Notes due 2005 and 34,786,650 Shares of Class A Common Stock Issuable Upon Conversion of the 5.75% Convertible Senior Notes due 2005
and
31,664,667 Issued or Issuable Shares of Class A Common Stock

On **June 3, 1998**, certain affiliates of TCI, the Bresnan Entities, **BCCLP** and **Blackstone** Cable Acquisition Company, LLC ("**Blackstone**") (collectively, the "Partners") entered into a Contribution Agreement. Effective **February 2, 1999** under the terms of the contribution agreement, certain systems of affiliates of TCI were transferred to BCCLP along with approximately $708,854 of assumed TCI debt (the "TCI Transaction") which is not reflected in the accompanying combined financial statements. At the same time, Blackstone contributed $136,500 to BCCLP. As a result of these transactions, the Bresnan Entities remain the managing partner of BCCLP, with a 10.2% combined general and limited partner interest, while TCI and **Blackstone** are 50% and **39.8%** limited partners of BCCLP, respectively. The amount of the assumed TCI debt will be adjusted based on certain working capital adjustments at a specified time after the consummation of TCI Transaction. Upon completion of these transactions BCCLP formed a wholly-owned subsidiary, Bresnan Communications Group LLC ("BCG"), into

which it contributed all its assets and liabilities. Simultaneous with this transaction Bresnan Communications Group LLC formed a wholly-owned subsidiary, Bresnan Telecommunications Company LLC ("BTC"), into which it contributed all its assets and liabilities.

2.10(a) Purchase Agreement, dated as of **May 21, 1999**, among Blackstone TWF Capital Partners, L.P., Blackstone TWF Capital Partners A L.P., Blackstone TWF Capital Partners B L.P., Blackstone TWF Family Investment Partnership, L.P., RCF Carry, LLC, Fanch Management Partners, Inc., PBW Carried Interest, Inc., RCF Indiana Management Corp, The Robert C. Fanch Revocable Trust, A. Dean Windry, Thomas Binning, Jack Pottle, SDG/Michigan Communications Joint Venture, Fanch-JV2 Master Limited Partnership, Cooney Cable Associates of Ohio, Limited Partnership, North Texas Cablevision, LTD., Post Cablevision of Texas, Limited Partnership, Spring Green Communications, L.P., Fanch-Narragansett CSI Limited Partnership, and Fanch Cablevision of Kansas General Partnership and Charter Communications, Inc. (now known as Charter Investment, Inc.)**

The records are not available without subpoena or discovery powers to ascertain if "TWF" is Time Warner in any way. The above paragraph is yet another "nesting-doll arrangement" and may well represent how "over valuation" was concealed from the public that bought into what is now a very questionable deal.

The July 28, 1999 S-1 IPO registration and the and November 9, 1999 mention Blackstone but when one compares the numbers involved and quoted, it is quite difficult to see where Bresnan would be worth $1 billion or more as to purchase price.

In certain quarters, the Charter Communications deal was being heralded as a return of the good ole junk bond[12] days.

Charter Communications: The Great Junk Hope
Glut or no glut, telecom issuers should jump in while the water's still warm.

Ed Zwirn, CFO.com
March 12, 2001

Despite record borrowings on the part of telecommunications and wireless firms, it will take more than warnings of a glut to derail debt issuance in these sectors.

Charter Communications' Feb. 28 agreement to purchase a handful of cable systems from AT&T in a deal worth $1.8 billion has set off a firestorm of anticipation among bond market aficionados.

The price tag on the deal includes $500 million of stock, some other cable systems with which Charter is willing to part, and about $1.05 billion in cash.

You may recall that Charter, controlled by billionaire Paul Allen, was responsible for the first major junk bond offering of 2001.

The $1.75 billion offering in the first week of January was considered a success, a sign that investors would be coming back to the high yield market.

[12] http://www.cfo.com/article/1,5309,2236,00.html

Morgan Stanley Dean Witter and Goldman Sachs underwrote the issues. Moody's Investors Services rates the firm's senior unsecured debt B2, while Standard & Poor's gives it a B-plus.

Originally marketed in December as a $750 million offering, the offering included a $900 million 8.75-year senior note segment priced at 99.9 percent of face value to yield 10.75 percent, and a $500 million 11.25 percent 10-year senior note priced at par and callable after five years.

The two months that have followed have seen a major contraction of junk bond spreads, with straight 10-year paper outperforming Treasuries by about 200 basis points, buoyed in a major way by record inflows into high-yield mutual funds that have occurred this year.

Major Bond Deals Swell Sector

And while U.S. corporate bond issuance in general has been high so far this year, so has high yield in particular, with primary issuance in January and February already topping the last six months of last year.

An increase in supply is also the major factor as far as telecommunications firms are concerned. But for both investment-grade and junk issuance, the demand has been there.

The most recent of these issues was also the largest corporate bond deal ever. France Telecom's $16.4 billion multi-tranche, multi-currency extravaganza hit last week to a tremendous investor reception, and was said to have tightened up after pricing.

"There are a few $200 million to $400 million junk bond deals on the pipeline, but the next big thing may well be Charter," says one junk trader at a New York brokerage. "The announcement of their latest acquisition has already caused speculation."

And no wonder.

The firm conducted a total of 17 acquisitions in 1999 and 2000 worth a total $14.3 billion, more than $12.4 billion of that in the form of cash or assumed debt. Since January 1999, it has sold some $6.8 billion of junk bonds and preferred securities.

Market reports, and the fate of recent issues, all underscore the likelihood that Charter should see sufficient demand to issue a large bond offering rather quickly.

According to the Communications Workers of America[13] union website, there is a 2003 graph available at the link that tells the story on Charter Communications. Their "cost per customer" is second only to Adelphia and it is now in Chapter 11 bankruptcy.

[13] http://www.cwacable.org/news.asp?ID=256

"*The chart shows how much debt-per-subscriber each major cable company is carrying. When Adelphia filed for bankruptcy it was carrying $2,799 in debt for each of its 5,304,576 subscribers. Charter Communications is now carrying more than $2,500 per subscriber and Cablevision is not far behind. Put another way, Charter Communications now has 92 percent the debt per subscriber rate that Adelphia had when it filed for bankruptcy and Cablevision has 84 percent. More bad news for the industry: on Oct. 29, Moody's Investment Services lowered its ratings on Charter's debt, citing concerns over the company's poor operating performance".*

This Respondent has already pointed out to this Commission that the way that the Centennial, Citizens, Frontier and Adelphia deals were done, it does not appear that the deals were "all cash" and it is therefore probable that certain parties may hold shares in Citizens or Adelphia under names that are actually Blackstone holdings directly or indirectly such as the Tow Trusts that were part of that deal.

If Blackstone has direct or indirect holdings in Citizens by any name, their conduct as financial advisor to Global Crossing with $600,000,000 of Frontier debt still on Global Crossing might be easier to understand as to why they do not want anyone getting close to this deal whereby they might not be able to control the outcome. That $600,000,000 would paint a "considerably different picture" in the true numbers at Citizens and the market valuation of that company. That is yet another possible motivation for why the $600,000,000 is not where it is supposed to be, on Citizens Communications books.

The point that the Commission should not miss in viewing the CWA graph is that these deals are being structured, sold into the public markets with plenty of hype and "posturing" of the deal and that billions upon billions of dollars are being lured from unsuspecting investors. In many instances, the exact plan is to lure huge amounts of capital from the public markets, basically have those public investors finance these "mega-deals" and then start shorting the companies into bankruptcy, blow out the common and preferred shareholders and convert the debt into Newco equity.

Of course, Charter denies all rumors that it is "contemplating" bankruptcy[14] or that the shareholders and bondholders have bad news and serious financial losses coming at them.

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[14] http://www.kagan.com/archive/cableworld/2002/10/14/cwd02101404.shtml; *NEWS: Charter Says Chapter 11 Rumors Are False; By Mavis Scanlon; "It's hard to say who's feeling more pain right now in St. Louis: fans of the Rams, whose 0-5 losing streak in the NFL's first five weeks has virtually dashed any playoff hopes, or shareholders of Charter Communications, whose stock dropped 47% in eight days, closing at $1.05 last week.*
Rumors even began circulating through Wall Street that Charter may file for Chapter 11 bankruptcy protection. It's a charge the company vehemently denies.

"The rumor and speculation that our low stock price is going to drive us into bankruptcy is false," says SVP

These comments were made October 14, 2002 about 18 months after Charter Communications hit the market with a $3.2 billion IPO and subsequent debt and stock offering raising total debt to around $16 billion (including the March 15, 2001 424B3 and others).

Astute persons who follow telecom and related communications should recall Howard Janzen's similar comments all during 2001 and 2002 leading right up to the filing of the Williams Communications Chapter 11 and the removal of all of the common equity holders in that bankruptcy to $0 value. The WCG shareholders (56,000,000 shares) aligned with this Respondent are preparing a RICO action to address what really happened. It was not stock fraud; it was racketeering starting from before the tax-free spin-off occurred of Williams Communications from Williams Companies.

The "lock up" Chapter 11 bankruptcy was to keep the investigation from occurring. For those that do not know, the "Unsecured Noteholder's Committee" sought and was granted an examination of the Williams Companies and WCG under FRBP Rule 2004 and subpoena powers. Once that was ordered by the Bankruptcy Court, Williams Companies relinquished its $2.1 billion in senior claims, its demand for 48% of the Newco equity and quietly took $185 million from Leucadia National as the new buyer. That "force" is only part of what was done to the WCG bondholders that were not part of the "lock up" strategy or the shareholders who were taken to the cleaners. This is the same Williams Companies that was investigated by the FERC and fined heavily for manipulating energy prices in California during the same time they were devising the spin-off and demise of WCG.

Blackstone's conduct as financial advisor to WCG in its bankruptcy case will be elaborated upon in the RICO lawsuit as well as the "lock up noteholders". This Respondent has already notified the Commission that PPM America[15] was one of these "lock up noteholders" in the WCG Chapter 11 and is the co-chair of the Global Crossing creditors committee.

If one tracks back on WCG, the tax-free spin-off from the Williams Companies was dated April 23, 2001 and just a few hours beyond exactly 365.25 days later on April 22, 2002, 9:15 pm WCG filed a "lock up" Chapter 11. Bankruptcy can only go back in time one year, and no one was allowed into the process to investigate what had been done. We have had some former management come forward to show us what they did and it is in a word despicable. About 10-15% of the shareholders aligned with us have had to file bankruptcy, many losing homes, marriages, savings, retirement and even elderly retired that have had to go back to work to survive while the predators laugh all

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of communications Dave Andersen. "We are fully funded through 2004." Andersen also pointed to recent comments from Moody's Investors Service saying Charter has the liquidity to fund its obligations over the next year.

[15] CommAxxess Supplemental Response to June 9, 2003 Greenberg Traurig letter, June 12, 2003, pages 5, 6, and 7.

the way to the bank and gloat on their "well engineered deal". What is going on around America is not a "no harm, no foul" reality in the lives of many citizens.

Furthermore persons who have been paying attention should recall similar comments from John Legere in November 2001 about 60 days before Global Crossing filed bankruptcy and Jack Scanlon making similar comments regarding the financial viability of Asia Global Crossing and Pacific Crossing Ltd. Now that all three Global Crossing entities are in bankruptcy, one should pay particular attention to the actions and not the words. The shareholders aligned with this Respondent (many millions of shares) are preparing a RICO action to address what really happened. It was not stock fraud; it was also racketeering.

The clues to look for in the Charter deal are as follows:

- This was not a "greenfield" or a "new dig" project. It was acquisition of existing companies with customers and revenues; and

- The "acquisition price per customer" was ridiculously high but that may have been on purpose to satisfy certain "appetites" for greed and just dump that on unsuspecting investors with a "good story line"; and

- Charter subsequently had to restate financial results back to 2000[16] [see below and about half of what they are saying is believable]; and
- A "contract corporate killer" appears to have been brought in by someone to kill Excite, break up the "exclusivity" and get that business and customer revenues, much of which seems to have gone to Charter Communications and other "cable partners"[17]; and

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[16] http://www.convergedigest.com/Mergers/financialarticle.asp?ID=5635; **Charter to Restate Financial Results Back to 2000;** Charter Communications, the fourth largest cable operator in the US, will restate previously issued financial statements for the years ended December 31, 2001 and 2000. Charter said the restatements are due to differences between the financial statement and tax basis of assets of some **eighteen cable businesses** that it acquired throughout 1999 and 2000. The restatement involves an additional $1.4 billion of franchise costs and $1.2 billion of deferred income tax liability. The balance of the adjustment will be recorded as $105.1 million of minority interest and $68.9 million additional paid in capital. These adjustments also will result in the Company restating prior periods to record $178.8 million of amortization expense related to periods prior to 2002 as if the additional franchise costs had been recorded at the time of the acquisitions. None of the changes are expected to have any cash impact on the company and do not impact previously reported revenue, operating cash flow or past or future cash tax obligations.
[Respondent Note: If they file bankruptcy, watch them write down the goodwill as asset impairment or like Global Crossing, Blackstone and Carolyn Schwartz, U.S. Trustee did with contrived numbers so the shareholders have no voice in the bankruptcy or ability to investigate.]

[17] http://news.com.com/2009-1033-845974.html; Excite@Home officially goes out of business Thursday night, marking the final chapter for a networking and content giant that just a few years ago had a market capitalization of some $35 billion and was considered a serious rival to America Online.

Far worse than the typical dot-com flameout, Excite@Home's demise has affected thousands of employees and cost investors billions of dollars. It also represents the end of a Silicon Valley upstart that brought broadband to a mass audience and a dose of competition to the stodgy communications industry.

- Charter has a lot of "convertible debt", the type that is being positioned offshore and used to short companies down (devalue them) before bankruptcy and taking out all of their shareholders, in this instance $3.2 billion of public money invested at the IPO and much more after that.

Below is a very abbreviated list from a Charter SEC filing. One of the Charter 424(B)(3) documents [March 15, 2001] clearly disclosed a long list of known offshore hedge funds such as:

AIG Soundshore Opportunity Holding Fund, Ltd.
AIG Soundshore Strategic Holding Fund, Ltd.
Arkansas PERS; Note that this Respondent lives in Little Rock, AR and this pension fund does not wish to discuss how they got in on this IPO of new debt and stock.
Arkansas Teachers Retirement; Note that this Respondent lives in Little Rock, AR and this pension fund does not with to discuss how they got in on this IPO or new debt and stock.
Canyon Capital Arbitrage Master Fund, Ltd.
Canyon Capital Realization (Cayman), Ltd.
CIBC World Markets
D.E. Shaw Valence, L.P (funds collapsed and had to be bailed out by Bank of America)
D.E. Shaw Investments, L.P
Double Black Diamond Offshore, LDC (Cayman Islands)
Black Diamond Offshore, Ltd (Cayman Islands)
Canyon Capital Arbitrage Master Fund, Ltd.
Canyon Capital Realization (Cayman), Ltd.
Gaia Offshore Master Fund Ltd - See chronology and Attachment 1 to this document.
Goldman, Sachs & Co.(1)
Aristeia Trading, L.P
Bank Austria Cayman Islands, Ltd. was involved from offshore in Williams Communication Group.
Highbridge International LLC – See the Adelphia Chapter 11 bankruptcy, **Official Equity Holders Committee** along with Dr. Leonard Tow, founder of Citizens, Centennial and Century Communications and already brought to the attention of this Commission.
Island Holdings
JMG Capital Partners, LP. The founder of this group Jonathan Glaser has ties that might link to Winnick and his menagerie of Pacific "***" named groups.
Leonardo, L.P = Cayman Islands, Angelo Gordon, see Chronology and Attachment 1.
Oppenheimer Convertible Securities Fund = OWNED BY CIBC
R2 Investments, LDC = Richard Rainwater, former Bass Brothers executive and also involved in Williams Communication bankruptcy
Salomon Smith Barney Inc
TCI Bresnan, LLC = Bresnan and Blackstone
TCID of Michigan, Inc. = Bresnan and Blackstone
TCW Group, Inc.
White River Securities L.L.C = Bear Stearns managed offshore fund
Zurich HFR Master Hedge Fund Index LTD

In the end, however, a disastrous merger with the Excite.com Web portal, investor pessimism and technical issues conspired to doom what was once the country's largest broadband provider. Today, nearly all of Excite@Home's 4 million customers have been transferred to its cable partners, such as AT&T Broadband.

At the FCC[18] website is an interesting "pdf" document detailing the "disclosed" 2001 cable customers of Comcast and AT&T. However, if one digs deep into the deal structure it is probable that "CC VIII, LLC" and "TCID of Michigan, Inc." and "TCI Bresnan, LLC" are in fact significant holdings of Blackstone Group as well. According to Charter's filings with SEC, Blackstone has been involved since 1998 and controlled just under 40%.

EXCITE AT HOME HAD ASSETS TO "ADD VALUE" TO THE CHARTER COMMUNCATIONS DEAL AND OTHER CABLE PLAYERS BUT THEY HAD TO GET THOSE ASSETS AWAY FROM EXCITE AND BREAK UP THE EXCLUSIVE AGREEMENTS.

Excite and AT&T were aligned at one time until AT&T decided to spin off its broadband business in another direction. Yes, AT&T invested about $4 billion into Excite.com and At Home and wound up in that deal by virtue of its acquisition of TCI.

To facilitate the end of Excite, a technique named "death spiral financing" was apparently employed and new names and faces were brought in; GAIA / Promethean, HFTP INVESTMENT L.L.C./ Promethean, Angelo Gordon, LP and Leonardo, LP. Promethean Asset Management, which are funds operated by Promethean Asset Management and a fund operated by Angelo Gordon, a known vulture capital fund. These are the firms that loaned Excite at Home $100 million dollars and those funds were then used in a fashion known as "death spiral financing" coupled with "deal spiral trading" and between the date of loan (June 8, 2001) to date of bankruptcy (September 28, 2001) the melt down of Excite@home had been accomplished. That is a "class period" of 112 days and about 90 "trading days".

Federal authorities should get in touch with Promethean as this Respondent has. When we called, [spoke with Mr. David Kitay, dkitay@prometheanasset.com] the first words out of his mouth were "*how did you find us*?" We informed them that we were following their trail on Global Crossing and came across their "death spiral finance" deal on Excite@home.

After Excite entered into this $100 million loan agreement, the period of time between loan and total "melt down" of the value of the company was very rapid. Enough so that "class period" that the class action attorneys were aware of is also a short span of 112 days in time where usually it is a longer period of 6 to 24 months of "collective misstatement of facts from management" resulting in a class action stock fraud case.

This Respondent is beginning to suspect that some management teams would not have a clue what "death spiral financing" is and many of their statements may have been made not knowing what was really being done to undermine the price per share of the company equity shares and debt instruments. Many would not know they were being stalked and would soon be assassinated.

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[18] http://www.fcc.gov/transaction/att-comcast/comcast_attsubscriberchart.pdf

However, one should not just look at the Excite@home death spiral into bankruptcy and the GAIA Offshore $100 million loan. It is highly unlikely that GAIA and Angelo Gordon made this loan in a vacuum and they probably participated behind the scenes in the Charter Communications deal, or the TCI / Cox / Comcast side of the deal. In short, this Respondent has reason to believe that GAIA and Angelo Gordon were indemnified for their losses by whomever wanted the Excite@home exclusivity broken up and the customer revenues transferred to other cable companies. Federal authorities should look beyond GAIA and Angelo Gordon as to the identity of that person or firm to learn who is behind the abusive activity and "who ordered the hit on Excite".

WINNICK WAS PLAYING VENTURE CAPITALIST TO "ROLL UP" MULTIPLE TIMES AND PROFIT BY SELLING HIS "CREATIONS" TO GLOBAL CROSSING AT INFLATED PRICES

The underlined sections below identify those Michael Milken co-defendants that are known to have been involved in Winnick venture capital plays to create and "roll up" deals to Global Crossing. This Respondent believes that the methodology of how these "roll ups" to Global Crossing were done and how they were valued are suspect at the very least.

Global Crossing Ltd LDC, Cayman Islands was a "roll up" if one follows every detail of what they did. JAY BLOOM = Argosy Partners, CIBC, $1.3-$2.0 billion in GX profits, Global Crossing Ltd LDC, Cayman Islands; BRUCE RABEN = Argosy Partners = CIBC = GLOBAL CROSSING (CAYMAN ISLANDS AS "LDC"), over $1.3-$2.0 billion in profits on Global Crossing; ANDREW HEYER; DEAN KEHLER At one time, Global Crossing owned very little trans-Atlantic capacity and was "valued" at $20.0 billion.

Crescent Wireless in the United Kingdom. It is clear that they intended to "roll up" Crescent into Global Crossing at considerable profit to Winnick and those "other stakeholders" that are not identified in the British media reports. The identity of the "other stakeholders" is unknown at this time.

CampusLinks was created by Winnick and others, sold to Blackstone controlled PaeTec Communications and both CampusLinks and PaeTec are creditors in the Global Crossing bankruptcy. Since Blackstone is part of the controlling ownership of PaeTec and probably still involved in Citizens Communications, this Respondent believes that they are too conflicted to be financial advisor to Global Crossing. ROBERT KLINE = SEE KLINE HAWKES SBIC INVOLVEMENT IN PAETEC – CAMPUSLINKS, BLACKSTONE – GLOBAL CROSSING, PAETEC IS BLACKSTONE CONTROLLED AND HAS CONTRACTS WITH GLOBAL CROSSING.

Lantern Communications: ROBERT DAVIDOW = now Vice Chairman of Wheeling Pittsburgh, shafting of labor and debtholders, shareholders and possible relation to Mohr Davidow in the LANTERN – GLOBAL CROSSING DEAL

NXTV: CHRIS EVENSEN = Canyon Capital = Charter Comm deal = NXTV deal with Global Crossing; MITCHELL R. JULIS = Canyon Capital = Charter Comm / Bresnan / Blackstone Deal = NXTV deal with Global Crossing

NextWave Communications[19]: Nextwave Telecom Announces $1.6 Billion of Financial Investments and Strategic Partnerships; Global Crossing, Liberty Media, Pacific Capital Group and Texas Pacific Group Lead New Equity Investors; Global Crossing and NextWave Enter Major Strategic Services Agreement; HAWTHORNE, N.Y., December 16, 1999

Tornado Development: Working in conjunction with Pacific Capital Group and Winnick. JOHN KISSICK = Apollo Advisors, LP = Ares Management, LP = BLACKSTONE = TORNADO DEVELOPMENT INVESTMENT = CLINT WALKER = PACIFIC CAPITAL GROUP = WINNICK

IPC Communications and **IXNet** were both "roll ups" in the initial deal and then "spin offs" as Asia IXNet and Asia IPC were basically "gifted" to Asia Global Crossing and are now controlled by China Netcom dba: Asia Netcom, and IPC Information Systems has been basically "gifted" to Goldman Sachs for $300 million and long term "transport agreements" with Global Crossing. The bigger carrot it "gifting" Pacific Crossing and Global Crossing to what is effectively a "Chinese controlled" Global Crossing.

> ***Dean C. Kehler, Andrew R. Heyer, and Jay R. Bloom***[20]*, who ran CIBC's high-yield bond department, had all worked under Drexel dealmaker* ***Leon D. Black [NOW APOLLO ADVISORS AND BLACKSTONE GROUP, RICO defendant in California RICO action regarding Executive Life]****. Kehler and Bloom helped finance many of the high-profile buyouts of the 1980s, including RJR Nabisco. Heyer bankrolled takeover artists like Saul P. Steinberg. Under the direction of this group, CIBC in March, 1997, ponied up $41 million for a 25% stake in Global Crossing. Fifteen months later when Global Crossing sold stock to the public, that stake was worth $926 million. CIBC served as an underwriter for the initial offering, earning $20 million in fees for that and other Global Crossing work, according to Thomson Financial. CIBC also received $12 million in stock from a consulting contract with Global.*

Note that the "stake" was invested through "Global Crossing Ltd LDC, Cayman Islands" and when all other parties changed domicile to Bermuda CIBC kept its stake in the Cayman Islands. Also note that Li Ka-shing owns 10% of CIBC and is the largest single shareholder of that institution.

If you subscribe to idea, or the reality if you prefer, that "some predators never change their spots" this entire Global Crossing matter literally reeks of insiders and machinations to make money and mislead the investing public.

Winnick also had Global Crossing playing stocks of other companies according to this statement from their Annual Statement:

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[19] http://www.nextwavetel.com/news/press_releases/pr_121699.html
[20] http://www.businessweek.com/magazine/content/02_10/b3773063.htm

Note <1> We have additional warrants in Circadence Corporation, Simplexity, and Voyant Technologies.

A Our initial investment with Trust Company of the West (TCW) as $4.9M, the 5/31/01 balance in the account, excluding cash on hand, which we received approx. $8.7M distribution in 2001, is approximately $17M. This investment was written-off.

B In a letter dated April 25, 2001 Rotor Communications closed its operations. This investment was written-off.

C Based on our conclusions reached in a memo dated June 11, 2001, we have effectively written-off Global Crossing's investment in EAN. In addition for the quarter ended June 30, 2001, we will include a write-off of 4 loans issued to EAN in the 2nd quarter, totaling $898K. The most recent loan of $273K will be included in restructuring charge.

D Due to the fact that the book value of these investments have remained below fair value for over 6 months, we have decided to write-down Global Crossing's investment in Lucent and Avaya to their highest price in the last 6 months.

E In addition to the write-down, GX has written off a loan issued to Angstrom for $2M plus accrued interest of $100K on that loan.

Note that Trust Company of the West is where Mark Attanasio works. He is a former Milken co-defendant, was on both boards of Global Crossing and Asia Global Crossing and currently a named defendant in most if not all of the class action stock fraud and ERISA fraud actions.

Lucent is one of the "Big Eight Vendors" referred to in the Disclosure Statement filed by this Respondent on May 26, 2003 as Attachment A to the May 26, 2003 ECFS Comments.

The following is a list of "Other Known Investments of Global Crossing":

Circadence: No information in the Global Crossing web site search database.

Simplexity: No information in the Global Crossing web site search database.

Voyant Technologies: No information in the Global Crossing web site search database.

Brightlink Networks (Formerly Corvia): No information in the Global Crossing web site search.

CCC Network Systems: No information in the Global Crossing web site search database.

Cereva Networks: No information in the Global Crossing web site search database.

Doll Tech Investment Fund: No information in the Global Crossing web site search database. When Steven J. Green raised over $1 billion in Singapore purportedly for the **Singapore Technopreneur Fund** to be invested into U.S. technology companies, our investigators found one $10 million listing at this Venture Capital Fund that also showed investments from Vertex Management (Singapore Technologies subsidiary) and Singapore Technologies. A full accounting of that fund should be undertaken by federal authorities as such secretiveness may well mean abuse.

Gold Wire Technology: No information in the Global Crossing web site search database.

Granite Systems Technology: A search for Granite Technologies produced no information. A search for "Granite" led to a Global Crossing press release dated June 20, 2001 announcing a partnership with "The FeedRoom" to Bring Applications, Services and Interactive Content Distribution Technologies to Global Crossing's Media & Entertainment Extranet. There is no mention of Granite Systems or an investment.

Lucent Technology: Lucent is listed as a customer, partner, and a vendor only in press releases and the partners page. There is no information regarding an investment in Lucent by Global Crossing. Lucent is listed as one of the "**Big Eight Vendors**" in the Global Crossing Disclosure Statement.

Avaya Inc.: A search for Avaya produces a link to Global Crossing's Video Conferencing page. There is no mention of Avaya there or any other information available at the search site.

Narus Inc.: A search for Narus provided a press release announcing: "GlobalCenter Selects NARUS Internet Business Infrastructure Solution" on September 19, 2000. (See Exhibit G-XIV) There is no mention of Global Crossing's purchases of preferred Narus stock.

Pluris Inc.: No information in the Global Crossing web site search data base.

Sonus Networks Inc.: Global Crossing has acknowledged Sonus as both a vendor and a company it has invested in. The investment specifics are

unknown other than preferred stocks were purchased in the public company that has been positively publicized in Global Crossing press releases. Sonus is listed as one of the "**Big Eight Vendors**" in the Global Crossing Disclosure Statement.

Aravox Technologies: No information in the Global Crossing web site search data base.

Village Networks: No information in the Global Crossing web site search database.

American Communications Network: No information in the Global Crossing web site search database.

Eschelon Telecommunications: No information in the Global Crossing web site search database.

MoneyLine: Led to a link to the "Transform The Way You Transact" "Financial Markets" "Community Intranet" web page on the Global Crossing Site. This is MoneyLine Telerate, a company where the former IPC Communications person David Walsh went after the IPC / IXNet roll up to Global Crossing and the venture capital fund associated with IPC / IXNet / Citigroup / Allegra's Richard W. Smith. See below.

Graviton Inc.: No information in the Global Crossing web site search database.

Azure Capital Partners: No information in the Global Crossing web site search database.

Genoa Corp.: No information in the Global Crossing web site search database.

Lantern Communications: No information in the Global Crossing web site search database.

TeraBeam Corp.: No information in the Global Crossing web site search database.

Tornado Development: Global Crossing's date of transaction of a $5 mil. investment in the private company dates to May 04, 2000. Global Crossing announced a "Landmark Messaging Agreement" with Tornado Development on May 15, 2000. In part, Global Crossing stated: "We put Tornado Messenger through a rigorous evaluation and believe it is the most scalable and flexible Unified Messaging system on the market today."

NXTV Inc.: No information in the Global Crossing web site search database.

Digital United Holdings Ltd.: Asia Global Crossing invested $25 mil on May 25, 2000. The investment was announced on June 21, 2000. The investment was made prior to the Asia Global Crossing IPO. The status of the investment is not revealed by Global Crossing's database at the web page.

AIG Orion Fund: Made by Global Crossing Pacific Landing Corporation ($1.755mil.), there is no information about the non-public AIG Orion Fund in the Global Crossing web site search database. The $110 million AIG Orion Fund invests in Israeli information technology and Internet-related technology companies. In 1998, American International Group ("AIG") acquired a 7% non-voting interest in The Blackstone Group for $150 million and committed to invest $1.2 billion in future Blackstone-sponsored funds. (See "BLACKSTONE")

Monroe Fund: No information in the Global Crossing web site search database.

Delhi Telephone Company: Made by Global Crossing North America, there is no information in the Global Crossing web site search database. This small telephone company was part of the follow up to Global Crossing acquisition of Frontier Communications.

USA Video Corp.: No information in the Global Crossing web site search database.

Exodus Communications[21]: Valued at 1,918,492,414.00, in Exodus stock, but were rendered worthless in the Exodus bankruptcy. This deal went from $10 billion[22] to $0 from September 2000 to September 2001 while the bankruptcy plan was being formulated for Global Crossing. The drop in Global Crossing valuation was the loss of GlobalCenter.

Last Mile Connections, David Walsh (IPC and IXNet at time of roll up) appointed Chairman CEO of Last Mile Connections and former insiders of IXNet and IPC Richard Cashin and Richard W. Smith appointed to board

[21] http://www.globalcrossing.com/xml/news/2001/september/25.xml; In connection with the sale of its GlobalCenter subsidiary to Exodus, Global Crossing agreed to guarantee certain obligations relating to real estate leases assumed by Exodus in that transaction.

[22] http://www.isp-planet.com/news/global_exodus.html; Global Exodus, Exodus, Global Crossing make $10 billion deal. by Jim Wagner; [September 28, 2000]; "It's official: The rumored Exodus Communications, Inc.-Global Crossing, Ltd., merger is the real deal, with Exodus shelling out $6.1 billion in common stock Thursday for Global Crossing subsidiary Global Center, Inc.

of directors. Richard W. Smith[23] went from Citigroup Venture Capital to Allegra Capital Partners and that entity is one of the funding sources for MoneyLine Telerate cited above.

PrimeCo Wireless**:** The Respondent found an excerpt from a NY Times article that should be required reading by FCC, FBI, DOJ and CFIUS. These people cannot do a deal, a court hearing, or a bankruptcy straightforward and honest without see how many conflicted "hogs" they can invite to the "feeding trough".

Wednesday, February 27, 2002, after the Chapter 11 was filed.

> **K1 Ventures** [**Winnick and Steven J. Green**] also made a recent $14 million investment in wireless company PrimeCo Wireless Communications. one of PrimeCo's owners? you got it: Gary Winnick, this time through his Pacific Capital Group investment company. in other words, Gary was on both the buying *and* selling side of the PrimeCo deal. Gary's a generous fellow, though, and other Global Crossing directors had a seat at the PrimeCo table.
>
> At the time of the K1 investment, PrimeCo was also owned by the completely inappropriately-named **Clarity Partners**. Clarity's investment team includes **David Lee** (a Global Crossing founder and former managing director of Pacific Capital), **Barry Porter** (a Global Crossing founder and former managing director of Pacific Capital), **Clinton Walker** (a former Global Crossing and Pacific Capital vice president), and Andrew Howard (who worked for Barry Porter at Global Crossing). PrimeCo's ownership also included **Trimaran Capital Partners**. two of Trimaran's principals (**Jay Bloom, and Dean Kehler**) are former directors of Global Crossing. the other Trimaran principal, **Andrew Heyer**, is also a partner in the Argosy Group, an affiliate of CIBC (another major beneficiary of Global Crossing). Finally, as if to put a bow on the whole stinking package, **JP Morgan Partners** was also a part of the PrimeCo posse. That's right, the same JP Morgan that lent Global Crossing money (and is now in line with the other creditors) and the same JP Morgan that handled investment banking for Global Crossing was also in bed with Winnick on this closely-related side-deal. *(via NY Times)*

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[23] http://www.lexent.net/management/; **Richard W. Smith, Director,** has been with Lexent since July 1998. He is an individual general partner of the general partners of Allegra Capital Partners IV, L.P., Allegra Capital Partners III L.P., Lawrence, Tyrrell, Ortale & Smith II, L.P. and Lawrence, Tyrrell, Ortale & Smith, L.P., each a venture capital investment firm. Prior to joining Allegra, Mr. Smith was employed by Citicorp Venture Capital, Ltd. since 1979. He is also a director of IXNet, Inc. and IPC Communications, Inc. and several private companies. Mr. Smith co-authored the book Treasury Management: A Practitioner's Hand-Book. He holds a BA from Harvard University where he graduated cum laude.

Here in one deal is **Steven J. Green** with **Winnick**, 4 former Michael Milken co-defendants and three persons that were part of the Cayman Islands CIBC profit machine on Global Crossing; **Bloom, Kehler and Heyer**, and a major Global Crossing creditor JPMorgan.

This Respondent has been reiterating the name "Steven J. Green" to this Commission because that is who Singapore Technologies said their allegiances were committed to and who convinced them to get into the deal with Hutchison and Global Crossing. They have been assured that the insiders would make it happen.

The target is getting in on the mainland China business. The "bribe" is Asia Global Crossing, Pacific Crossing, and Global Crossing under significant Chinese control and in such a way PRC access to most of the major cities in the world and PRC "granted access" to the China mainland markets.

WINNICK WAS PLAYING VENTURE CAPITALIST TO "SPIN OFF" MULTIPLE TIMES TO INSIDERS

Now that Asia Global Crossing has undergone: i.) a "high priced" stock spin-off from Global Crossing; and ii.) entered into Chapter 11 bankruptcy having never achieved any performance to speak of in terms of revenues versus the market valuation and the debt load; and iii.) the "assets" have been sold to Asia Netcom (a politically corrected named for China Netcom) free of all "liabilities"; and iv) all shareholders equity has been blown out and $0 recovery; and v.) the remaining assets and all liabilities are now in Chapter 7, this Respondent believes it is safe to say that the Asia Global Crossing was about making money, not spinning off a separate viable entity that would build "true value" for shareholders and debtholders.

Global Crossing "spun off" Pacific Crossing, Ltd and we all now know that parties involved in the IPC / IXNet "roll up" are the only persons allowed to purchase the $1.35 billion asset for a mere $63 million. We also all now know that Pivotal Private Equity is compromised of former Goldman Sachs and former Citigroup persons, both creditors of Global Crossing and both having huge ambitions to make money in China, national security protected or not.

Global Crossing "spun off" Asia IPC and Asia IXNet to Asia Global Crossing at a time it was apparent that Hutchison had already signed the "Confidentiality Agreement" on June 25, 2001. Now that Asia Global Crossing has been disposed of, we can all rely that the "stock swap" for Asia IXNet and Asia IPC was a gift since the stock is now worth $0. It also demonstrates the "insider collusion" between the two boards that act in unison, not separately.

Global Crossing "spun off" Frontier Communications and left $600,000,000 of Frontier debt to be disposed of in the Global Crossing bankruptcy. Global Crossing paid over $11 billion in stock and debt and got in return $3.62 billion and $600,000,000 in bond debt left on the Global Crossing books. Nothing personal intended ladies and gentlemen of the Commission, but that smells like fraud or too insider or too "commercially beneficial to Citizens" and "too commercially abusive" to Global Crossing and its shareholders and creditors. If Blackstone is a shareholder in Citizens or in Adelphia by virtue of the deal-to-deal-to-deal machinations, this Respondent is calling it what it probably is; i.e. fraud.

After acquiring Exodus Communications it was spun off at a loss and along with it GlobalCenter was sold to Exodus at a loss to Global Crossing. Global Crossing got billions of Exodus stock that is now worth exactly $0 just 12 months after the deal was closed.

Global Crossing "spun off" IPC Information Systems to Goldman Sachs and we all now know that Goldman Sachs is a co-owner of the proud new owners of Asia Global Crossing; i.e. China Netcom, dba: Asia Netcom, and Goldman Sachs and Citigroup have past employees parked at Pivotal Private Equity to make sure the Pacific Crossing, Ltd assets get taken over cheap. The source of that $63 million to acquire Pacific Crossing should be verified.

This Respondent has provided more than enough proof that the combined Asia Global Crossing (now Asia Netcom / Goldman Sachs / Government of Singapore), Pacific Crossing (Pivotal Private Equity / Citigroup / Cable Systems Holding) and Global Crossing (STT / Government of Singapore) are a combined carrot to China and our investment bankers getting business in China.

In all due respect, the carnage they have inflicted upon U.S., Canadian and other foreign investors by these companies should not be viewed as an entitlement to do business with China.

THE SPIN OFF OF ASIA GLOBAL CROSSING WAS TO 1.) MAKE MORE MONEY BY CREATING THE APPEARANCE OF VALUE; AND 2.) TO SET THE STAGE FOR YANKING THE RUG OUT AND BLOWING OUT THE PUBLIC INVESTORS OF GLOBAL CROSSING, ASIA GLOBAL CROSSING AND PACIFIC CROSSING, LTD

Now that Asia Global Crossing has undergone: i.) a "high priced" stock spin-off from Global Crossing; and ii.) entered into Chapter 11 bankruptcy having never achieved any performance to speak of in terms of revenues versus the market valuation and the debt load; and iii.) the "assets" have been sold to Asia Netcom (a politically corrected named for China Netcom) free of all "liabilities"; and iv) all shareholders equity has been blown out and $0 recovery; and v.) the remaining assets and all liabilities are now in

Chapter 7, this Respondent believes it is safe to say that the Asia Global Crossing was about making money, not spinning off a separate viable entity that would build "true value" for shareholders and debtholders.

The spin off made a lot of money for the insiders and devalued Global Crossing. That is now a known fact. The "investment" is now worth $0 to everyone but Asia Netcom, Goldman Sachs, et al.

TO PULL IT OFF, THEY HAD TO "DEVALUE" GLOBAL CROSSING TO GET THE NUMBERS LOW ENOUGH SO THAT NO "OFFICIAL EQUITY HOLDERS COMMITTEE" WOULD BE FORMED

Devaluing acts that are known to have occurred at Global Crossing

1. Pay $11.6 billion for Frontier Communications ILEC and then sell it to Citizens Communications for $3.62 billion after the "value add" ploy runs out and the market starts to wise up to the numbers and "revalue" the enterprise, lower the stock price. To further "add value" to Frontier and Citizens, leave $600,000,000 in debt with Global Crossing to be seriously impaired. Undertake months of intense negotiations to cover that fraud up inside of the bankruptcy.

2. Spin off Asia Global Crossing and Pacific Crossing, and then literally give IXNet Asia and IPC Communications Asia to Asia Global Crossing while the Global Crossing bankruptcy planning was in progress. If one follows the chronology back, Global Crossing was already planning bankruptcy and with the boards overlapping one or more parties had to have known on each board that the Asia Global Crossing shares "paid" for IPC Asia and IXNet Asia were going to be worthless and blown out in bankruptcy. As of the sale of Asia Global Crossing to Asia NetCom those shares were in fact worthless. As of June 10, 2003 with the conversion from Chapter 11 to Chapter 7, that fact is now being buried. Hutchison signed its Confidentiality Agreement at almost the same time as IXNet Asia and IPC Asia were transferred to Asia Global Crossing for stock that is now worth $0, June 25, 2001.

3. Do not overlook that Global Crossing filed bankruptcy January 28, 2002, Asia Global Crossing in November 2002 and Pacific Crossing Ltd in 2002. Then follow the trail of what is being done with the assets and who the "end buyers" are and the only buyers allowed to have a chance to acquire GX assets.

4. Then spin off IPC Information Systems to Goldman Sachs in December 2001 who just happens to be part of the new ownership of Asia NetCom and basically got the Asia piece of IPC and IXNet for nothing.

5. Do a "mega-deal" with Exodus that was purportedly $10 billion in stock, $6.1 billion in stock for GlobalCenter, and about one year later all of that stock is worth $0. GlobalCenter gone from Global Crossing.

6. Take one of their only profitable divisions, formerly CenterTech International, named changed to Frontier Conferencing with approximately 2,000 employees, $150 million in revenues, now with 120 employees and "gut it" to where it is no longer a profitable division. Rumors within CenterTech International are that the division is to be moved to Montreal possibly as part of a "commitment" between Canadian Prime Minister Jean Chretien and one of his larger political backers, Li Ka-shing. If anyone thinks Li Ka-shing is out of the picture they are deluding themselves.

Anyone can check and verify that there were no Official Equity Holders Committees in the Asia Global Crossing or Pacific Crossing Ltd Chapter 11 cases. They could not allow one at the "source" [Global Crossing] or in the periphery bankruptcy cases either.

DO NOT UNDER ESTIMATE THE CITIGROUP / SMITH BARNEY and GOLDMAN SACHS OBJECTIVES IN MAKING GLOBAL CROSSING, ASIA GLOBAL CROSSING AND PACIFIC CROSSING, LTD BOTH A "GIFT TO CHINA" AND A CHANGE OF CONTROL TO CABLE SYSTEM HOLDINGS AND MAJOR PRESENCE OF IPC INFORMATION SYSTEMS, A TRADING SYSTEM, ALL TO GET BUSINESS IN CHINA.

It still might help the Commission to think of it in another way. It is not a bankruptcy; it is a "transfer of wealth" strategy and a trading strategy. It is all about money and national security is not a concern of these greedy people.

Goldman Sachs stands to gain the following:

i.) Significant underwriting business in China; and

ii.) Significant profits from Asia Netcom now that the assets have been transferred to Asia Netcom debt free and Goldman Sachs is a co-owner in that entity [along with CICC and the Government of Singapore]. Just consider their part of the $325 million as the cost of admission to China; and

iii.) IPC Information Systems for $300 million, probably far less than it is worth, and Global Crossing contracts for transport that are decidedly not in the best interest of Global Crossing; and

iv.) The "value add" of having the free gift of Asia IPC and Asia IXNet to add value to their deal with Asia Netcom; and

v.) Probably co-ownership in the Pacific Crossing, Ltd asset purchase by Pivotal Private Equity and quite possibly the source for all or part of the $63 million being used to acquire that asset.

CitiGroup / Smith Barney stand to gain the following:

i.) Significant underwriting business in China; and

ii.) Significant profits from Pacific Crossing Ltd and probably co-ownership in the Pacific Crossing, Ltd asset purchase by Pivotal Private Equity and quite possibly the source for all or part of the $63 million being used to acquire that asset; and

iii.) IPC Information Systems for $300 million, probably far less than it is worth, and Global Crossing contracts for transport that are decidedly not in the best interest of Global Crossing; and

iv.) Probably co-ownership in the Pacific Crossing, Ltd asset purchase by Pivotal Private Equity and quite possibly the source for all or part of the $63 million being used to acquire that asset; and

v.) No inquiry into the true nature of the Cable Holding Systems and Global Crossing relationship.

We reiterate that these people have gone to considerable lengths to defraud their investors and mislead this Commission, circumvent national security and even prudent regulatory oversight by this Commission and CFIUS.

It is the duty of this Commission, as representatives of the federal government in whose hands the American people entrust our safety and regulations to curb such abuses and say "NO" to the Applicants and specifically STT being granted consent to transfer control. This Respondent respectfully submits that such is your duty as regulators, as representatives of the United States government, but more importantly as United States citizens.

In the alternative, it is the duty of CFIUS as a "required regulatory consent" and as representatives of the federal government in whose hands the American people entrust our safety and regulations to curb such abuses and say "NO" to the Applicants and specifically STT being granted consent to transfer control. This Respondent respectfully submits that such is the duty of every member of CFIUS as regulators, as representatives of the United States government, but more importantly as United States citizens.

This should be extended to also say "NO" to the purchase and transfer of control of Pacific Crossing Ltd as well and possibly a full investigation of Global Crossing, Asia Global Crossing and Pacific Crossing. We are stating up front that the RICO action that is being planned will seek disgorgement of Asia Global Crossing as well as any transfer of Global Crossing or Pacific Crossing.

The American investors have had enough from Global Crossing and their band of insiders.

This Commission has been shown who put the screws to the shareholders and many of the Creditors of Global Crossing, what fraud they are attempting to cover up, and who is behind it.

In all due respect, these Global Crossing parties and STT parties and all of their insiders deserve only one thing; a flat "NO" from this Commission and from CFIUS.

Respectfully submitted,

Karl W. B. Schwarz
Chairman, Chief Executive
501-663-4959

Dated: June 17, 2003

CERTIFICATE OF SERVICE

I, Karl W. B. Schwarz, hereby certify that on this 17th day of June, 2003, I caused a true and correct copy of the foregoing Supplemental Response In Support of National Security Issues to be served on the following parties in the manner indicated:

Qualex International
By E-mail: qualexint@aol.com

J. Breck Blalock
By E-mail: bblalock@fcc.gov

Susan O'Connell
By E-mail: soconnel@fcc.gov

Kathleen Collins
By E-mail: kcollins@fcc.gov

Elizabeth Yokus
By E-mail: eyokus@fcc.gov

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Neil Dellar
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John G. Malcolm
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10th Street & Constitution Ave, N.W.
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By Email

Patrick W. Kelley
Deputy General Counsel
Federal Bureau of Investigation
935 Pennsylvania Ave, N.W.
Washington, DC 20535
By Email

Debbie Goldman
Louise Novotny
Communications Workers of America
By E-mail: Debbie@cwa-union.org

ACN
Mr. Gerald Lederer
glederer@millervaneaton.com

ATTACHMENT 1

SECURITIES PURCHASE AGREEMENT

SECURITIES PURCHASE AGREEMENT (the "Agreement"), dated as of June 8, 2001, by and among At Home Corporation, a Delaware corporation, with headquarters located at 450 Broadway Street, Redwood City, California 94063 (the "Company"), and the investors listed on the Schedule of Buyers attached hereto (individually, a "Buyer" and collectively, the "Buyers").

WHEREAS:

A. The Company and the Buyers are executing and delivering this Agreement in reliance upon the exemption from securities registration afforded by Rule 506 of Regulation D (“Regulation D") as promulgated by the United States Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended (the "1933 Act").

B. The Company has authorized convertible notes of the Company in the form attached as Exhibit A (together with any convertible notes issued in replacement thereof in accordance with the terms thereof (the "Convertible Notes"), which shall be convertible into shares of the Company's Series A common stock, par value $0.01 per share (the "Common Stock") (as converted, the "Conversion Shares"), in accordance with the terms of the Convertible Notes, which Convertible Notes shall not bear interest except upon the failure of the Company to comply with certain obligations thereunder as specified therein.

C. The Buyers wish to purchase, upon the terms and conditions stated in this Agreement, notes in an aggregate principal amount of up to $100,000,000 in the respective amounts set forth opposite each Buyer's name on the Schedule of Buyers (the "Notes").

D. Contemporaneously with the execution and delivery of this Agreement, the parties hereto are executing and delivering a Registration Rights Agreement substantially in the form attached as Exhibit B (the "Registration Rights Agreement") pursuant to which the Company has agreed to provide certain registration rights under the 1933 Act, the rules and regulations promulgated thereunder, and applicable state securities laws.

E. Contemporaneously with the execution and delivery of this Agreement, the parties hereto are executing and delivering a Security Agreement substantially in the form attached as Exhibit C (the "Security Agreement") pursuant to which the Company has agreed to provide the Buyers with a security interest in the assets of Company.

NOW THEREFORE, the Company and the Buyers hereby agree as follows:

1. PURCHASE AND SALE OF NOTES.
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a. Purchase of Notes. Subject to the satisfaction (or waiver) of the conditions set forth in Sections 6 and 7 below, the Company shall issue and sell to each Buyer and each Buyer severally agrees to purchase from the Company the Notes in the principal amount set forth opposite such Buyer's name on the Schedule of Buyers (the "Closing"). The purchase price (the "Purchase

Price") of the Notes at the Closing shall be equal to $1.00 for each $1.00 of principal amount of the Notes purchased (not to exceed an aggregate principal amount of $100,000,000). "Business Days" means any day other than Saturday, Sunday or other day on which commercial banks in the city of New York are authorized or required by law to remain closed.

b. The Closing Date. The date and time of the Closing (the "Closing Date") shall be 10:00 a.m. Central Time, on the date of this Agreement, subject to the satisfaction (or waiver) of the conditions to the Closing set forth in Sections 6 and 7 (or such later date as is mutually agreed to by the Company and the Buyers). The Closing shall occur on the Closing Date at the offices of Katten Muchin Zavis, 525 West Monroe Street, Suite 1600, Chicago, Illinois 60661-3693.

c. Form of Payment. On the Closing Date, (A) each Buyer shall pay Purchase Price to the Company for the Notes to be issued and sold to such Buyer by wire transfer of immediately available funds in accordance with the Company's written wire instructions, and (B) the Company shall deliver to each Buyer, Notes (in the principal amounts as such Buyer shall request) (the "Note Certificates") representing such principal amount of the Notes which such Buyer is then purchasing hereunder, duly executed on behalf of the Company and registered in the name of such Buyer or its designee.

2. BUYER'S REPRESENTATIONS AND WARRANTIES.

Each Buyer represents and warrants to the Company with respect to only itself that, as of the date hereof and at the time of the Closing:

a. Investment Purpose. Such Buyer (i) is acquiring the Notes and (ii) upon conversion of the Notes, will acquire the Conversion Shares then issuable (the Notes and the Conversion Shares collectively are referred to herein as the "Securities"), for its own account for investment only and not with a view towards, or for resale in connection with, the public sale or distribution thereof, except pursuant to sales (i) which are registered under the 1933 Act or (ii) which are exempted under the 1933 Act and which do not impair or negate the ability of the Company to rely on the exemption from registration afforded by Rule 506 of Regulation D under the 1933 Act; provided, however, that by making the representations herein, such Buyer does not agree to hold any of the Securities for any minimum or other specific term and reserves the right to dispose of the Securities at any time in accordance with or pursuant to a registration statement or an exemption under the 1933 Act.

b. Accredited Investor Status. Such Buyer is an "accredited investor" as that term is defined in Rule 501(a)(3) of Regulation D under the 1933 Act, and was not formed for the specific purpose of acquiring the Securities.

c. Reliance on Exemptions. Such Buyer understands that the Securities are being offered and sold to it in reliance on specific exemptions from the registration requirements of the United States federal and state securities laws and that the Company is relying in part upon

the truth and accuracy of, and such Buyer's compliance with, the representations, warranties, agreements, acknowledgments and understandings of such Buyer set forth herein in order to

determine the availability of such exemptions and the eligibility of such Buyer to acquire the Securities.

d. Information. Such Buyer and its advisors, if any, have had access to the SEC Documents (as defined in Section 3(f) below) and to all other materials relating to the business, finances and operations of the Company and materials relating to the offer and sale of the Securities which have been requested by such Buyer. Such Buyer and its advisors, if any, have been afforded the opportunity to ask questions of the Company. Neither such inquiries nor any other due diligence investigations conducted by such Buyer or its advisors, if any, or its representatives shall modify, amend or affect such Buyer's right to rely on the Company's representations and warranties contained in Sections 3 and 9(l) below. Such Buyer understands that its investment in the Securities involves a high degree of risk. Such Buyer has sought such accounting, legal and tax advice as it has considered necessary to make an informed investment
decision with respect to its acquisition of the Securities.

e. No Governmental Review. Such Buyer understands that no United States federal or state agency or any other government or governmental agency has passed on or made any recommendation or endorsement of the Securities or the fairness or suitability of the investment in the Securities nor have such authorities passed upon or endorsed the merits of the offering of the Securities.

f. Transfer or Resale. While such Buyer has not agreed to hold the Securities for any minimum or other specific term, such Buyer understands that except as provided in the Registration Rights Agreement: (i) the Securities have not been and are not being registered under the 1933 Act or any state securities laws, and may not be offered for sale, sold, assigned or transferred unless (A) subsequently registered thereunder, (B) such Buyer shall have delivered to the Company an opinion of counsel, reasonably acceptable to the Company, to the effect that such Securities to be sold, assigned or transferred may be sold, assigned or transferred pursuant to an exemption from such registration, or (C) such Buyer provides the Company with reasonable assurance that such Securities can be sold, assigned or transferred pursuant to Rule 144 promulgated under the 1933 Act (or a successor rule thereto) ("Rule 144") or can be sold, assigned or transferred pursuant to Rule 144(k) under the 1933 Act; (ii) any sale of the Securities made in reliance on Rule 144 may be made only in accordance with the terms of Rule 144 and further, if Rule 144 is not applicable, any resale of the Securities under circumstances in which the seller (or the person through whom the sale is made) may be deemed to be an underwriter (as that term is defined in the 1933 Act) may require compliance with some other exemption under the 1933 Act or the rules and regulations of the SEC thereunder; and (iii) neither the Company nor any other person is under any obligation to register the Securities under the 1933 Act or any state securities laws or to comply with the terms and conditions of any exemption thereunder. Notwithstanding the foregoing but subject to Section 4(j), the Securities may be pledged in connection with a bona fide margin account or other loan or other financing transaction secured by the Securities.

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g. Legends. Such Buyer understands that the certificates or other instruments representing the Notes and, until such time as the sale of the Conversion Shares have been registered under the 1933 Act as contemplated by the Registration Rights Agreement, the stock certificates representing the Conversion Shares, except as set forth below, shall bear a restrictive legend in

substantially the following form (and a stop-transfer order may be placed against transfer of such stock certificates):

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE OFFERED FOR SALE, SOLD, TRANSFERRED OR ASSIGNED (I) IN THE ABSENCE OF (A) AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND QUALIFICATION UNDER ANY APPLICABLE STATE SECURITIES LAWS OR (B) AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE COMPANY THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT OR APPLICABLE STATE SECURITIES LAWS OR (II) UNLESS SOLD PURSUANT TO RULE 144 UNDER SAID ACT. NOTWITHSTANDING THE FOREGOING, THE SECURITIES MAY BE PLEDGED IN CONNECTION WITH A BONA FIDE MARGIN ACCOUNT OR OTHER LOAN OR OTHER FINANCING ARRANGEMENT SECURED BY THE SECURITIES.

The legend set forth above shall be removed and the Company shall issue a certificate without such legend to the holder of the Securities upon which it is stamped, if, unless otherwise required by state securities laws, (i) such Securities are resold pursuant to an effective registration statement under the 1933 Act in accordance with applicable prospectus delivery requirements under the 1933 Act, (ii) such Securities are registered for resale under the 1933 Act and such Buyer provides the Company with reasonable assurances that such Securities will be resold pursuant to an effective registration statement under the 1933 Act and in accordance with applicable prospectus delivery requirements under the 1933 Act, (iii) in connection with a sale transaction, such holder provides the Company with an opinion of counsel, reasonably satisfactory to the Company, to the effect that a public sale, assignment or transfer of the Securities may be made without registration under the 1933 Act, or (iv) such holder provides the Company with reasonable assurances (including, if requested by the Company, delivering such reasonable assurances to the Company's counsel in connection with such counsel rendering an opinion on the validity of a sale by such Buyer pursuant to Rule 144) that the Securities can be sold pursuant to Rule 144 without any restriction as to the number of securities offered as of a particular date.

h. Authorization; Enforcement; Validity. This Agreement and the Registration Rights Agreement have been duly and validly authorized, executed and delivered on behalf of such Buyer and are valid and binding agreements of such Buyer enforceable against such Buyer in accordance with their terms, subject as to enforceability to general principles of equity and to applicable bankruptcy, insolvency, reorganization, moratorium, liquidation and other similar laws relating to, or affecting generally, the enforcement of applicable creditors' rights and remedies.

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i. Residency. Such Buyer is a resident of that country specified in its address on the Schedule of Buyers.

j. No Related Parties. Such Buyer is not an affiliate (as defined below) of the Company. Based on a review of the current list of investors in such Buyer, such Buyer does not have any actual knowledge of any affiliate (as defined below) of the Company being an investor in such Buyer or an owner of all or a part of such Buyer. Solely for purposes of this Section 2(j),

"affiliate" shall have the meaning ascribed thereto under Rule 144(a)(i) of the 1933 Act and shall include, without limitation, (i) AT&T Corp., (ii) any affiliate of AT&T Corp. whose name makes it obvious that it is an affiliate of AT&T Corp. and (iii) directors and executive officers of the Company.

3. REPRESENTATIONS AND WARRANTIES OF THE COMPANY.

The Company represents and warrants to each of the Buyers that as of the date hereof and as of the Closing:

a. Organization and Qualification. The Company and its "Material Subsidiaries" (which for purposes of this Agreement means any significant subsidiary as defined in Rule 1-02(w) of Regulation S-X under the 1933 Act) are corporations duly organized and validly existing in good standing under the laws of the jurisdiction in which they are incorporated, and have the requisite corporate power and authorization to own their properties and to carry on their business as now being conducted. Each of the Company and its Material Subsidiaries is duly qualified as a foreign corporation to do business and is in good standing in every jurisdiction in which its ownership of property or the nature of the business conducted by it makes such qualification necessary, except to the extent that the failure to be so qualified or be in good standing would not have a Material Adverse Effect. As used in this Agreement, "Material Adverse Effect" means any material adverse effect on the business, properties, assets, operations, results of operations or financial condition of the Company and its Material Subsidiaries taken as a whole, or on the transactions contemplated hereby or by the agreements and instruments to be entered into in connection herewith, or on the authority or ability of the Company to perform its obligations under the Transaction Documents (as defined below). A complete list of the Company's Material Subsidiaries as of the date of this Agreement is set forth on Schedule 3(a).
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b. Authorization; Enforcement; Validity. The Company has the requisite corporate power and authority to enter into and perform its obligations under this Agreement, the Registration Rights Agreement, the Irrevocable Transfer Agent Instructions (as defined in Section 5), the Notes, the Security Agreement and each of the other agreements entered into by the parties hereto in connection with the transactions contemplated by this Agreement (collectively, the "Transaction Documents"), and to issue the Securities in accordance with the terms hereof and thereof. The execution and delivery of the Transaction Documents by the Company and the consummation by it of the transactions contemplated hereby and thereby, including without limitation the issuance of the Notes and the reservation for issuance and the issuance of the Conversion Shares issuable upon conversion thereof, have been duly authorized by the Company's Board of Directors and no further consent or authorization is required by the Company, its Board of Directors or its stockholders (except to the extent that stockholder approval may be required pursuant to the rules of the Nasdaq National Market for the issuance of a number of Conversion Shares greater than 19.99% of the number of shares of Common Stock outstanding immediately prior to the Closing Date (the "Nasdaq 19.99% Rule")). The Transaction Documents have been duly executed and delivered by the Company. The Transaction Documents constitute the valid and binding obligations of the Company enforceable against the Company in accordance with their terms, except as such enforceability may be limited by general principles of equity or applicable bankruptcy, insolvency, reorganization, moratorium, liquidation or similar laws relating to, or affecting generally, the enforcement of creditors' rights and remedies.

c. Capitalization. As of the date hereof, the authorized capital stock of the Company consists of (i) 1,000,000,000 shares of Series A common stock, of which as of June 1, 2001, 321,900,704 shares were issued and outstanding and 92,582,099 shares were reserved for issuance pursuant to the Company's stock option and purchase plans, 86,595,578 shares were reserved for issuance pursuant to conversion of the Company's Series B common stock and 169,266,279 shares were issuable and reserved for issuance pursuant to securities (other than the Notes, stock option and purchase plans and the Company's Series B common stock) exercisable or exchangeable for, or convertible into, shares of Common Stock, (ii) 110,000,000 shares of Series B common stock, of which as of the date hereof 86,595,578 shares are issued and outstanding, (iii) 10,673.549 shares of Series A preferred stock, of which as of the date hereof, 5,567.098 are issued and outstanding, (iv) 1,006.29 shares of Series B preferred stock, of which as of the date hereof, none are issued and outstanding, (v) 1,279.065 shares of Series C preferred stock, of which as of the date hereof, 650.727 are issued and outstanding and (vi) 9,637,041.096 shares of undesignated preferred stock, none of which is outstanding as of the date hereof. As of the date of this Agreement, since June 1, 2001 the Company has not issued or reserved for issuance any shares of Common Stock in excess of 100,000 shares, except pursuant to the exercise of options for which shares of Common Stock were reserved as of June 1, 2001 and which are reflected in the number of reserved shares set forth in clause (i) of the immediately preceding sentence. All of such outstanding shares have been, or upon issuance will be, validly issued and are fully paid and nonassessable. Except as disclosed in Schedule 3(c), (A) no shares of the Company's capital stock are subject to preemptive rights or any other similar rights (arising under Delaware law, the Company's Certificate of Incorporation or By-laws or any agreement or instrument to which the Company is a party) or any liens or encumbrances granted or created by the Company; (B) there are no outstanding securities or instruments of the Company or any of its Material Subsidiaries which contain any redemption or similar provisions, and there are no contracts, commitments, understandings or arrangements by which the Company or any of its Material Subsidiaries is or may become bound to redeem a security of the Company or any of its Material Subsidiaries; (C) there are no securities or instruments containing anti-dilution or similar provisions that will be triggered by the issuance of the Securities as described in this Agreement; and (D) the Company does not have any stock appreciation rights or "phantom stock" plans or agreements or any similar plan or agreement. Except as disclosed in Schedule 3(c), or in the SEC Documents which were filed with the SEC at least five (5) days prior to the date hereof, (I) there are no outstanding debt securities issued by the Company; (II) there are no outstanding options, warrants, scrip, rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities or rights convertible into, any shares of capital stock of the Company or any of its Material Subsidiaries, or contracts, commitments, understandings or arrangements by which the Company or any of its Material Subsidiaries is or may become bound to issue additional shares of capital stock of the Company or any of its Material Subsidiaries or options, warrants, scrip, rights to subscribe to, calls or commitments of any character whatsoever relating to, or securities or rights convertible into, any shares of capital stock of the Company or any of its Material Subsidiaries; and (III) there are no agreements or arrangements under which the Company or any of its Material Subsidiaries is obligated to register the sale of any of their securities under the 1933 Act (except the Registration Rights Agreement). The Company has furnished to each Buyer (or has specifically identified to each such Buyer, in writing or by email, where such document is available on the EDGAR System) true and correct copies of the Company's Certificate of Incorporation, as amended and as in effect on the date hereof (the "Certificate of Incorporation"), and the Company's By-laws, as amended and as in effect on the date hereof (the "By-laws"), and the terms of all securities convertible into or exercisable or exchangeable for Common Stock (other than individual stock options and warrants issued under an Approved Stock Plan (as defined in the Notes)) and the material rights of the holders thereof in respect thereto.

d. Issuance of Securities. The Notes are duly authorized and, upon issuance in accordance with the terms hereof, shall be free from all taxes, liens and charges with respect to the issuance thereof and entitled to the rights set forth in the Notes. As of the Closing, such number of shares of Common Stock as are issuable at the Conversion Rate (as defined in the Notes), calculated using the Fixed Conversion Price (as defined in the Notes) as of the Closing Date, (subject to adjustment pursuant to the Company's covenant set forth in Section 4(f) below) will have been duly authorized and reserved for issuance upon conversion of the Notes. Upon conversion in accordance with the Notes, the Conversion Shares will be validly issued, fully paid and nonassessable and free from all taxes, liens and charges with respect to the issue thereof, with the holders being entitled to all rights accorded to a holder of Common Stock. The issuance by the Company of the Securities is exempt from registration under the 1933 Act. That certain Loan and Security Agreement, dated September 24, 1997, by and between the Company and Silicon Valley Bank, as amended by that certain Loan Modification Agreement, dated October 19, 1998 by the same parties, has been terminated by the parties thereto.

e. No Conflicts. The execution, delivery and performance of the Transaction Documents by the Company and the consummation by the Company of the transactions contemplated hereby and thereby (including, without limitation, the reservation for issuance and issuance of the Conversion Shares) will not (i) result in a violation of the Certificate of Incorporation or the By-laws; (ii) conflict with, or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, any material agreement, indenture or instrument to which the Company or any of its Material Subsidiaries is a party; (iii) result in a violation of any law, rule, regulation, order, judgment or decree (including federal and state securities laws and regulations and the rules and regulations of the Principal Market (as defined below)) applicable to the Company or any of its Material Subsidiaries or by which any property or asset of the Company or any of its Material Subsidiaries is bound or affected. The Company is not in violation of any term of its Certificate of Incorporation or its By-laws. No Material Subsidiary is in violation of any term of their organizational charter or by-laws, respectively, which would have, either individually or in the aggregate, a Material Adverse Effect. Except as disclosed in Schedule 3(e), neither the Company or any of its Material Subsidiaries is in violation of any term of or in default under any contract, agreement, mortgage, indebtedness, indenture, instrument, judgment, decree or order or any statute, rule or regulation applicable to the Company or its Material Subsidiaries, except where such violations and defaults would not result, either individually or in the aggregate, in a Material Adverse Effect. The business of the Company and its Material Subsidiaries is not being conducted, and shall not be conducted, in violation of any law, ordinance or regulation of any governmental entity, except where such violations would not result, either individually or in the aggregate, in a Material Adverse Effect. Except as specifically contemplated by this Agreement and as required under the 1933 Act, and except for the Nasdaq 19.99% Rule, the Company is not required to obtain any consent, authorization or order of, or make any filing or registration with, any court or governmental agency or any regulatory or self-regulatory agency in order for it to execute, deliver or perform any of its obligations under or contemplated by the Transaction Documents in accordance with the terms hereof or thereof. Except as disclosed in Schedule 3(e), all consents, authorizations, orders, filings and registrations which the Company is required to obtain pursuant to the preceding sentence have been obtained or effected on or prior to the date hereof. The Company is not in violation of the listing requirements of the Principal Market.

f. SEC Documents; Financial Statements. Since December 31, 1999, the Company has filed all reports, schedules, forms, statements and other documents required to be filed by it with the SEC pursuant to the reporting requirements of the Securities Exchange Act of 1934, as

amended (the "1934 Act") (all of the foregoing filed prior to the date hereof (including all exhibits included therein and financial statements and schedules thereto and documents incorporated by reference therein) being hereinafter referred to as the "SEC Documents"). As of the dates thereof, the SEC Documents, as they may have been subsequently amended or superseded by filings made by the Company with the SEC prior to the date hereof, complied in all material respects with the requirements of the 1934 Act and the rules and regulations of the SEC promulgated thereunder applicable to the SEC Documents. The SEC Documents, as of the dates thereof and as they may have been subsequently amended or superseded by filings made by the Company with the SEC prior to the date hereof, did not contain any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. As of their respective dates, the financial statements of the Company included in the SEC Documents complied as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto. Such financial statements have been prepared in accordance with generally accepted accounting principles, consistently applied, during the periods involved (except (i) as may be otherwise indicated in such financial statements or the notes thereto, or (ii) in the case of unaudited interim statements, to the extent they may exclude footnotes or may be condensed or summary statements) and fairly present in all material respects the financial position of the Company as of the dates thereof and the results of its operations and cash flows for the periods then ended (subject, in the case of unaudited statements, to normal year-end audit adjustments). No other information provided by or on behalf of the Company to the Buyers which is not included in the SEC Documents, including, without limitation, information referred to in Section 2(d), but excluding any projections or forecasts, contains any untrue statement of a material fact or omits to state any material fact necessary in order to make the statements therein, in the light of the circumstance under which they are or were made, not misleading. Neither the Company nor any of its Material Subsidiaries nor any of their officers, directors, employees or agents have provided the Buyers with any material, nonpublic information other than as set forth in the Schedules delivered as part of this Agreement which Schedules are being filed by the Company along with the exhibits to the Form 8-K referred to in Section 4(h). As of the date hereof, the Company meets the requirements for use of Form S-3 for registration of the resale of Registrable Securities (as defined in the Registration Rights Agreement). The Company is not required to file and will not be required to file any agreement, note, lease, mortgage, deed or other instrument entered into prior to the date hereof and to which the Company is a party or by which the Company is bound which has not been previously filed as an exhibit to its reports filed with the SEC under the 1934 Act.

g. Absence of Certain Changes. Except as disclosed in any SEC Documents which were filed with the SEC at least five (5) days prior to the date hereof, since December 31, 2000, there has been no change or development that has had or could reasonably be expected to have a Material Adverse Effect. The Company has not taken any steps, and does not currently expect to take any steps, to seek protection pursuant to any bankruptcy law nor does the Company or any of its Material Subsidiaries have any knowledge or reason to believe that its creditors intend to initiate involuntary bankruptcy proceedings or any actual knowledge of any fact which would reasonably lead a creditor to do so. Since December 31, 2000, the Company has not declared or paid any dividends, sold any assets, individually or in the aggregate, in excess of $5 million outside of the ordinary course of business.

h. Absence of Litigation. There is no action, suit, proceeding, inquiry or investigation before or by any court, public board, government agency, self-regulatory organization or body pending or, to the knowledge of the Company or any of its Material Subsidiaries, threatened against or affecting the Company, the Common Stock or any of the Company's Material

Subsidiaries or any of the Company's or the Company's Material Subsidiaries' officers or directors in their capacities as such, except where the same would not result, either individually or in the aggregate, in a Material Adverse Effect, and except as expressly set forth in the SEC Documents which were filed with the SEC at least five (5) days prior to the date hereof. To the knowledge of the Company, none of the directors or officers of the Company have been involved in securities related litigation during the past five years which was required to be disclosed in any SEC Documents other than as disclosed in any SEC Documents which was filed at least five (5) days prior to the date hereof.

i. Acknowledgment Regarding Buyer's Purchase of Notes. The Company acknowledges and agrees that each of the Buyers is acting solely in the capacity of an arm's length purchaser with respect to the Company in connection with the Transaction Documents and the transactions contemplated hereby and thereby. The Company further acknowledges that each Buyer is not acting as a financial advisor or fiduciary of the Company (or in any similar capacity) with respect to the Transaction Documents and the transactions contemplated hereby and thereby and any advice given by any of the Buyers or any of their respective representatives or agents in connection with the Transaction Documents and the transactions contemplated hereby and thereby is merely incidental to such Buyer's purchase of the Securities. The Company further represents to each Buyer that the Company's decision to enter into the Transaction Documents has been based solely on the independent evaluation by the Company and its representatives.

j. No Undisclosed Events, Liabilities, Developments or Circumstances. Except as disclosed in Schedule 3(j), other than the issuance of the Notes contemplated by this Agreement, no event, liability, development or circumstance has occurred or exists, or is contemplated to occur, with respect to the Company or its Material Subsidiaries or their respective business, properties, prospects, operations or financial condition, that would be required to be disclosed by the Company under its currently effective resale registration statements on Form S-3, which has not been publicly disclosed.

k. No General Solicitation. Neither the Company, nor any of its affiliates, nor any person acting on its or their behalf, has engaged in any form of general solicitation or general advertising (within the meaning of Regulation D under the 1933 Act) in connection with the offer or sale of the Securities.

l. No Integrated Offering. Neither the Company, nor any of its affiliates, nor any person acting on its or their behalf has, directly or indirectly, made any offers or sales of any security or solicited any offers to buy any security, under circumstances that would require registration of the issuance by the Company of any of the Securities under the 1933 Act or cause this offering of the Securities to be integrated with prior offerings by the Company for purposes of the 1933 Act or any applicable stockholder approval provisions, including, without limitation, under the rules and regulations of any exchange or automated quotation system on which any of the securities of the Company are listed or designated, nor will the Company or any of its Material Subsidiaries take any action or steps that would require registration of the issuance by the Company of any of the Securities under the 1933 Act or cause the offering of the Securities to be integrated with other offerings.

m. Employee Relations. Neither the Company nor any of its Material Subsidiaries is involved in any union labor dispute nor, to the knowledge of the Company or any of its Material Subsidiaries, is any such dispute threatened. No material number of employees of the Company or its Material Subsidiaries is a member of a union which relates to such employee's relationship with the Company, neither the Company nor any of its Material Subsidiaries is a party to a

material collective bargaining agreement, and the Company and its Material Subsidiaries believe that their relations with their employees are generally good. Neither the Company's current chairperson and chief executive officer nor its current chief financial officer has notified the Company that such officer intends to leave the Company or otherwise terminate such officer's employment with the Company. No executive officer, to the knowledge of the Company, is in violation of any material term of any employment contract, confidentiality, disclosure or proprietary information agreement, non-competition agreement, or any other contract or agreement or any restrictive covenant, and the continued employment of each such executive officer does not subject the Company or any of its Material Subsidiaries to any liability with respect to any of the foregoing matters.

n. Intellectual Property Rights. The Company and its Material Subsidiaries own or possess or can acquire on reasonable terms adequate rights or licenses to use all trademarks, trade names, service marks, patents, copyrights, trade secrets and other intellectual property rights necessary to conduct their respective businesses as now conducted, except where the absence to own or possess the same would not result, either individually or in the aggregate, in a Material Adverse Effect. To the Company's knowledge, none of the Company's trademark registrations, service mark registrations, patents, copyrights, or other intellectual property rights have expired or terminated, or are expected to expire or terminate within two years from the date of this Agreement, except where such expiration or termination would not result, either individually or in the aggregate, in a Material Adverse Effect. The Company and its Material Subsidiaries do not have any knowledge of any infringement by the Company or its Material Subsidiaries of trademarks, trade names, service marks, patents, copyrights, trade secrets or other intellectual property rights of others, except where such infringement would not result, either individually or in the aggregate, in a Material Adverse Effect. There is no claim, action or proceeding being made or brought against the Company or its Material Subsidiaries regarding its trademarks, trade names, service marks, patents, copyrights, trade secrets, or infringement of other intellectual property rights, except where such claim, action, proceeding or infringement would not result either individually or in the aggregate in a Material Adverse Effect. To the Company's knowledge there is no claim, action or proceeding being overtly threatened against, but which has not been made or brought against, the Company or its Material Subsidiaries regarding its trademarks, trade names, service marks, patents, copyrights, trade secrets, or infringement of other intellectual property rights which could reasonably be expected to have, either individually or in the aggregate, a Material Adverse Effect. The Company and its Material Subsidiaries have taken reasonable security measures to protect the secrecy, confidentiality and value of all of their intellectual property.

o. Title. The Company and its Material Subsidiaries have good and marketable title in fee simple to all real property and good and marketable title to all personal property owned by them which is material to the business of the Company and its Material Subsidiaries, in each case free and clear of all liens, encumbrances and defects except such as are described in the SEC Documents filed with the SEC at least five (5) days prior to the date hereof, or such as do not materially affect the value of such property and do not interfere with the use made and proposed to be made of such property by the Company and any of its Material Subsidiaries. Any real property and facilities held under lease by the Company and any of its Material Subsidiaries are held by them under valid, subsisting and enforceable leases with such exceptions as are not material and do not interfere with the use made and proposed to be made of such property and facilities by the Company and its Material Subsidiaries.

p. Insurance. The Company and each of its Material Subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as

management of the Company believes to be prudent and customary in the businesses in which the Company and its Material Subsidiaries are engaged. Neither the Company nor any such Material Subsidiary has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not have a Material Adverse Effect, taken as a whole.

q. Regulatory Permits. Except for Permits (as defined below) the absence of which would not result, either individually or in the aggregate, in a Material Adverse Effect, the Company and its Material Subsidiaries possess all certificates, authorizations and permits issued by the appropriate federal, state or foreign regulatory authorities necessary to conduct their respective businesses (the "Permits"), and neither the Company nor any such Material Subsidiary has received any notice of proceedings relating to the revocation or modification of any such Permit.

r. Internal Accounting Controls. The Company and each of its Material Subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain asset accountability and (iii) assets are amortized and depreciated, as applicable, in accordance with generally accepted accounting principles.

s. Tax Status. The Company and each of its Material Subsidiaries has made or filed all federal and state income and all other material tax returns, reports and declarations required by any jurisdiction to which it is subject (unless and only to the extent that the Company and each of its Material Subsidiaries has set aside on its books provisions reasonably adequate for the payment of all unpaid and unreported taxes), (ii) has paid all taxes and other governmental assessments and charges that are material in amount, shown or determined to be due on such returns, reports and declarations, except those being contested in good faith and for which the Company has made appropriate reserves for on its books, and (iii) has set aside on its books provisions reasonably adequate for the payment of all taxes for periods subsequent to the periods to which such returns, reports or declarations (referred to in clause (i) above) apply. There are no unpaid taxes in any material amount claimed to be due by the taxing authority of any jurisdiction.

t. Transactions With Affiliates. Except as set forth on schedule 3(t) or in the SEC Documents filed at least five (5) days prior to the date hereof, and other than the grant of stock options disclosed on Schedule 3(c), none of the executive officers or directors of the Company is presently a party to any material transaction with the Company or any of its Material Subsidiaries (other than for services as employees, officers and directors), including any material contract, agreement or other arrangement providing for the furnishing of services to or by, providing for rental of real or personal property to or from, or otherwise requiring material payments to or from any such officer, director or employee or, to the knowledge of the Company, any corporation, partnership, trust or other entity in which any such officer, director, or employee has a substantial interest or is an officer, director, trustee or partner.

u. Application of Takeover Protections. The Company and its board of directors have taken all necessary action, if any, in order to render inapplicable any control share acquisition, business combination, poison pill (including any distribution under a rights agreement) or other similar anti-takeover provision under the Certificate of Incorporation or the laws of the state of its incorporation which is or could become applicable to the Buyers as a result of the transactions

contemplated by this Agreement, including, without limitation, the Company's issuance of the Securities and the Buyers' ownership of the Securities.

v. Rights Agreement. The Company has not adopted a shareholder rights plan or similar arrangement relating to accumulations of beneficial ownership of Common Stock or a change in control of the Company.

w. No Other Agreements. The Company has not, directly or indirectly, made any agreements with any Buyers relating to the terms or conditions of the transactions contemplated by the Transaction Documents except as set forth in the Transaction Documents.

x. Seniority. Payments of principal and other payments due under the Notes rank senior to the Company's Convertible Subordinated Debentures due 2018 and the Company's 4% Convertible Subordinated Notes due 2006 and any other unsecured obligation that is ranked pari passu with either of the foregoing.

y. Exclusivity Extension. The extension granted by the Company (the "Extension Agreement") to each of Comcast Corporation ("Comcast") and Cox Communications, Inc. ("Cox"), is as follows: [Cox/Comcast] shall have the right to terminate the mutual exclusivity provisions of the Master Distribution Agreement dated May 1997 ("1997 Agreement") effective December 4, 2001 by giving the Company notice of termination of the exclusivity provisions prior to 11:59 p.m., Monday June 18, 2001. Neither Comcast nor Cox has the right, other than for breach, to terminate the 1997 Agreement, or the letter agreement between AT&T Corp., Comcast and Cox dated March 28, 2000 (the "March 28, 2000 Letter Agreement") as of an effective date prior to June 4, 2002, except as set forth in Section 1 of Annex C of the March 28 Letter Agreement or as otherwise provided in the 1997 Agreement. The Extension Agreement does not by its terms change or amend the Transition Service Level Plan.

4. COVENANTS.
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a. All Reasonable Efforts. Each party shall use all reasonable efforts to timely satisfy each of the conditions to be satisfied by it as provided in Sections 6 and 7 of this Agreement.

b. Form D and Blue Sky. The Company agrees to file a Form D with respect to the Securities as required under Regulation D and to provide a copy thereof to each Buyer promptly after such filing. The Company shall, on or before the Closing Date, take such action as the Company shall reasonably determine is necessary in order to obtain an exemption for or to qualify the Securities for, sale to the Buyers at the Closing pursuant to this Agreement under applicable securities or "Blue Sky" laws of the states of the United States, and shall provide evidence of any such action so taken to the Buyers on or prior to the Closing Date. The Company shall make all filings and reports relating to the offer and sale of the Securities required under applicable securities or "Blue Sky" laws of the states of the United States following the Closing Date.

c. Reporting Status. Until the later of (i) the date as of which Investors (as that term is defined in the Registration Rights Agreement) may sell all of the Conversion Shares without restriction pursuant to Rule 144(k) promulgated under the 1933 Act (or successor thereto) and (ii) the last date on which any Notes remain outstanding (the "Reporting Period"), the Company shall file all reports required to be filed with the SEC pursuant to the 1934 Act, and the Company shall not terminate its status as an issuer required to file reports under the 1934 Act even if the 1934

Act or the rules and regulations thereunder would otherwise permit such termination, other than as a result of merger or consolidation in which the Company is not the surviving entity and with respect to which the Company is in compliance with Section 4 of the Notes and Section 4(i) of this Agreement.

d. Use of Proceeds. The Company will use the proceeds from the sale of the Note for substantially the same purposes and in substantially the same amounts as indicated in Schedule 4(d). The Company shall not use the proceeds from the sale of the Notes in violation of any applicable law.

e. Financial Information. The Company agrees to send the following to each Investor (as that term is defined in the Registration Rights Agreement) during the Reporting Period: (i) within two (2) days after the filing thereof with the SEC, a copy of its Annual Reports on Form 10-K, its Quarterly Reports on Form 10-Q, any Current Reports on Form 8-K and any registration statements (other than on Form S-8) or amendments filed pursuant to the 1933 Act, provided that if any such report is filed with the SEC through EDGAR then the Company shall be deemed to have satisfied its obligation under this clause (i) by such filing, (ii) on the same day as the release thereof, facsimile copies of all material press releases issued by the Company or any of its Material Subsidiaries, provided that if any such press release is filed with the SEC through a Current Report on Form 8-K through EDGAR then the Company shall be deemed to have satisfied its obligations under this clause (ii) by such filing; and (iii) copies of any notices and other information made available or given to the stockholders of the Company generally, contemporaneously with the making available or giving thereof to the stockholders.

f. Reservation of Shares. The Company shall take all action necessary to at all times have authorized, and reserved for the purpose of issuance, no less than 100% of the number of shares of Common Stock needed to provide for the issuance of the shares of Common Stock upon conversion of all outstanding Notes (without regard to any limitations on conversions).

g. Listing. The Company shall promptly secure the listing of all of the Registrable Securities (as defined in the Registration Rights Agreement) upon each national securities exchange and automated quotation system, if any, upon which shares of Common Stock are then listed (subject to official notice of issuance, as required by each such national securities exchange and automated quotation system) and shall maintain, so long as any other shares of Common Stock shall be so listed, such listing of all Registrable Securities from time to time issuable under the terms of the Transaction Documents. The Company shall use all reasonable efforts to maintain the Common Stock's authorization for quotation on the Nasdaq National Market ("NASDAQ") or listing on The New York Stock Exchange, Inc. ("NYSE") (as applicable, the "Principal Market"). Neither the Company nor any of its Material Subsidiaries shall take any action which would be reasonably expected to result in the delisting or suspension of the Common Stock from the Principal Market. The Company shall pay all fees and expenses in connection with satisfying its obligations under this Section 4(g).

h. Filing of Form 8-K. Before 9:00 am Eastern Time, on June 11, 2001, but in no event later than the first time the Company issues a press release disclosing the transactions contemplated by this Agreement, the Company shall file a Current Report on Form 8-K with the SEC describing the terms of the transactions contemplated by the Transaction Documents and including as exhibits to such Current Report on Form 8-K a form of each of this Agreement (including the disclosure schedules to the Agreement), the Notes, the Registration Rights Agreement and the Security Agreement, in the form required by the 1934 Act.

i. Corporate Existence. For so long as a Buyer beneficially owns any Notes, if the Company fails to maintain its corporate existence or sells all or substantially all of the Company's assets (except in the event of a merger or consolidation or sale of all or substantially all of the Company's assets, where the surviving or successor entity in such transaction (i) assumes the Company's obligations hereunder and under the agreements and instruments entered into in connection herewith, and (ii) is either (A) a publicly traded corporation whose common stock is listed for trading on Nasdaq, NYSE or AMEX or (B) is a subsidiary of a corporation described in the immediately preceding clause (B) and upon the consummation of such transaction the Notes shall be convertible into the common stock of such publicly traded corporation which is listed for trading on Nasdaq, NYSE or AMEX) (each a "Corporate Termination Event"), no sooner than twenty (20) Business Days nor later than ten (10) Business Days prior to the consummation of such Corporate Termination Event, the Company shall deliver written notice thereof ("Corporate Termination Notice") via facsimile and overnight courier to each Buyer and, at the election of the Buyer, the Company shall redeem any Notes held by such Buyer at a price equal to the Corporate Termination Redemption Price (as defined below) simultaneously with the consummation of the Corporate Termination Event. The Buyer shall exercise its right to require the Company to redeem outstanding Notes pursuant to the foregoing sentence of this Section 4(i) by delivering written notice to the Company within ten (10) Business Days after the Buyer's receipt of the Corporate Termination Notice. Payments for such redemption shall have priority to the payments to stockholders of the Company in connection with such Corporate Termination Event. The "Corporate Termination Price" shall mean (A) with respect to a Corporate Termination Event during the period beginning on the date hereof and ending on and including the date which is one (1) year after the Closing Date, 135% of the Conversion Amount (as defined in the Notes), (B) with respect to a Corporate Termination Event during the period beginning on but excluding the date which is one (1) year after the Closing Date and ending on and including the date which is two (2) years after the Closing Date, 125% of the Conversion Amount, and (C) with respect to a Corporate Termination Event on or after the day after the date which is two (2) years after the Closing Date, 100% of the Conversion Amount.

j. Pledge of Securities. The Company acknowledges and agrees that the Securities may be pledged by an Investor (as defined in the Registration Rights Agreement) in connection with a bona fide margin agreement or other loan secured by the Securities. The pledge of Securities shall not be deemed to be a transfer, sale or assignment of the Securities hereunder, and no Investor effecting any such pledge of Securities shall be required to provide the Company with any notice thereof or otherwise make any delivery to the Company pursuant to this Agreement or any other Transaction Document, including without limitation, Section 2(f) of this Agreement; provided that an Investor and its pledgee shall be required to comply with the provisions of Section 2(f) hereof in order to effect a sale, transfer or assignment of Securities to such pledgee. The Company hereby agrees to execute and deliver such documentation as a pledgee of the Securities may reasonably request in connection with a pledge of the Securities to such pledgee by an Investor, provided that such documentation does not expand the nature of the Company's obligations under any Transaction Document

k. UCC-1 Financing Statements. On or before June 11, 2001 the Company will deliver to Katten Muchin Zavis, to the attention of Robert J. Brantman, on behalf of HFTP Investments L.L.C. (a Buyer) and Gaia Offshore Master Fund, Ltd. (a Buyer) and to Akin, Gump, Strauss, Hauer & Feld, L.L.P., to the attention of Robert S. Matlin, on behalf of Leonardo, L.P. (a Buyer) separate executed UCC-1 financing statements in the name of each such Buyer for each jurisdiction listed on Schedule II to the Security Agreement and in a form reasonably satisfactory to such Buyer.

l. Security Interest Opinion. On or prior to July 20, 2001, the Company shall cause to be delivered to each Buyer the opinion of Fenwick & West LLP in its customary form, dated as of a then current date, which opinion shall be a Delaware UCC opinion as to the perfection under Delaware law of the security interest in the Collateral (as defined in the Security Agreement) after giving effect to the revised Article 9 of the UCC.

5. TRANSFER AGENT INSTRUCTIONS.

The Company shall issue irrevocable instructions to its transfer agent in the form attached hereto as Exhibit D (the "Irrevocable Transfer Agent Instructions"), and any subsequent transfer agent, to issue certificates, registered in the name of each Buyer or its respective nominee(s), for the Conversion Shares in such amounts as specified from time to time by each Buyer to the Company upon conversion of the Notes. Prior to registration of the Conversion Shares under the 1933 Act, all such certificates shall bear the restrictive legend specified in Section 2(g) of this Agreement. The Company warrants that no instruction inconsistent with Section 2(f) hereof or this Section 5 will be given by the Company to its transfer agent and that the Securities shall otherwise be freely transferable on the books and records of the Company as and to the extent provided in this Agreement and the Registration Rights Agreement. If a Buyer provides the Company with an opinion of counsel reasonably acceptable to the Company to the effect that a public sale, assignment or transfer of Securities may be made without registration under the 1933 Act or the Buyer provides the Company with reasonable assurances that the Securities can be sold, assigned or transferred pursuant to Rule 144 or can be sold, assigned or transferred pursuant to Rule 144(k) under the 1933 Act, the Company shall permit the transfer, and, in the case of the Conversion Shares, promptly instruct its transfer agent to issue one or more certificates in such name and in such denominations as specified by such Buyer and without any restrictive legend. The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the Buyers by vitiating the intent and purpose of the transaction contemplated hereby. Accordingly, the Company acknowledges that the remedy at law for a breach of its obligations under this Section 5 will be inadequate and agrees, in the event of a breach or threatened breach by the Company of the provisions of this Section 5, that the Buyers shall be entitled, in addition to all other available remedies, to an order and/or injunction restraining any breach and requiring immediate issuance and transfer, without the necessity of showing economic loss and without any bond or other security being required.

6. CONDITIONS TO THE COMPANY'S OBLIGATION TO SELL.

The obligation of the Company to issue and sell the Notes to each Buyer at the Closing is subject to the satisfaction, at or before the Closing Date, of each of the following conditions, provided that these conditions are for the Company's sole benefit and may be waived by the Company at any time in its sole discretion by providing each Buyer with prior written notice thereof:

(a) Each Buyer shall have executed each of the Transaction Documents to which it is a party and delivered the same to the Company.

(b) Each Buyer shall have delivered to the Company the Purchase Price for the Notes being purchased by such Buyer at the Closing by wire transfer of immediately available funds pursuant to the wire instructions provided by the Company.

(c) The representations and warranties of each Buyer shall be true and correct as of the date when made and as of the Closing Date as though made at that time (except for representations and warranties that speak as of a specific date), and such Buyer shall have performed, satisfied and complied with the covenants, agreements and conditions required by the Transaction Documents to be performed, satisfied or complied with by such Buyer at or prior to the Closing Date.

7. CONDITIONS TO EACH BUYER'S OBLIGATION TO PURCHASE.

The obligation of each Buyer hereunder to purchase the Notes from the Company at the Closing is subject to the satisfaction, at or before the Closing Date, of each of the following conditions, provided that these conditions are for each Buyer's sole benefit and may be waived by such Buyer at any time in its sole discretion by providing the Company with prior written notice thereof:

(a) The Company shall have executed each of the Transaction Documents and delivered the same to such Buyer.

(b) The Common Stock (x) shall be designated for quotation or listed on the Principal Market and (y) shall not have been suspended by the SEC or the Principal Market from trading on the Principal Market nor shall suspension by the SEC or the Principal Market be threatened either (A) in writing by the SEC or the Principal Market or (B) by falling below the minimum listing maintenance requirements of the Principal Market; and the Conversion Shares issuable upon conversion of the Notes shall be listed upon the Principal Market.

(c) The representations and warranties of the Company shall be true and correct as of the date when made and as of the Closing Date as though made at that time (except for representations and warranties that speak as of a specific date) and the Company shall have performed, satisfied and complied with the covenants, agreements and conditions required by the Transaction Documents to be performed, satisfied or complied with by the Company at or prior to the Closing Date. Such Buyer shall have received a certificate, executed by the Chief Financial Officer of the Company, dated as of the Closing Date, to the foregoing effect and as to such other matters as may be reasonably requested by such Buyer, including, without limitation, an update as of the Closing Date regarding the representation contained in Section 3(c) above.

(d) Such Buyer shall have received the opinion of Fenwick & West LLP, dated as of the Closing Date, in the form of Exhibit E, attached hereto.

(e) The Company shall have executed and delivered to such Buyer the Note Certificates (in such principal amounts as such Buyer shall request) for the Notes being purchased by such Buyer at the Closing.

(f) The Board of Directors of the Company shall have adopted resolutions consistent with Section 3(b) above and in a form reasonably acceptable to such Buyer (the "Resolutions").

(g) As of the Closing Date, the Company shall have reserved out of its authorized and unissued Common Stock, solely for the purpose of effecting the conversion of the Notes, such number of shares of Common Stock as are issuable at the Conversion Rate (as defined in the Note), as calculated using the Fixed Conversion Price (as defined in the Notes) as of the Closing Date.

(h) The Irrevocable Transfer Agent Instructions, in the form of Exhibit D attached hereto, shall have been delivered to and acknowledged in writing by the Company's transfer agent.

(i) The Company shall have delivered to such Buyer a certificate evidencing the incorporation and good standing of the Company in the State of Delaware issued by the Secretary of State of the State of Delaware and a certificate evidencing the qualification and good standing of the Company in the State of California issued by the Secretary of State of the State of California as of a date within ten days of the Closing Date.

(j) The Company shall have delivered to such Buyer a certified copy of the Certificate of Incorporation as certified by the Secretary of State of the State of Delaware as of a date within ten days of the Closing Date.

(k) The Company shall have delivered to such Buyer a secretary's certificate, dated as of the Closing Date, certifying as to (A) the Resolutions, (B) the Certificate of Incorporation and (C) the By-laws, each as in effect at the Closing.

(l) The Company shall have made all filings under all applicable federal and state securities laws necessary to consummate the issuance of the Securities pursuant to this Agreement in compliance with such laws.

(m) The Company shall have delivered to such Buyer a letter from the Company's transfer agent certifying the number of shares of Common Stock outstanding as of a date within five days of the Closing Date.

(n) The Company shall have delivered to the Buyers such other documents relating to the transactions contemplated by the Transaction Documents as the Buyers or their counsel may reasonably request.

8. INDEMNIFICATION. In consideration of each Buyer's execution and delivery of the Transaction Documents and acquiring the Securities thereunder and in addition to all of the Company's other obligations under the Transaction Documents, the Company shall defend, protect, indemnify and hold harmless each Buyer and each other holder of the Securities and all of their stockholders, officers, directors, employees and direct or indirect investors and any of the foregoing persons' agents or other representatives (including, without limitation, those retained in connection with the transactions contemplated by this Agreement) (collectively, the "Indemnitees") from and against any and all actions, causes of action, suits, claims, losses, costs, penalties, fees, liabilities and damages, and expenses in connection therewith (irrespective of whether any such Indemnitee is a party to the action for which indemnification hereunder is sought), and including reasonable attorneys' fees and disbursements (the "Indemnified Liabilities"), incurred by any Indemnitee as a result of, or arising out of, (a) any misrepresentation or breach of any representation or warranty made by the Company in the Transaction Documents, (b) any breach of any covenant, agreement or obligation of the Company contained in the Transaction Documents, (c) any cause of action, suit or claim brought or made against such

Indemnitee (other than a cause of action, suit or claim which is (x) brought or made by the Company and (y) is not a shareholder derivative suit) and arising out of or resulting from the misrepresentation or alleged misrepresentation or breach or alleged breach of any representation or warranty made by the Company in the Transaction Documents, or the breach or alleged breach of any covenant, agreement or obligation of the Company contained in the Transaction Documents. To the extent that the foregoing undertaking by the Company may be unenforceable for any reason, the Company shall make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities, which is permissible under applicable law. Except as otherwise set forth herein, the mechanics and procedures with respect to the rights and obligations under this Section 8 shall be the same as those set forth in Sections 6(a) and (d) of the Registration Rights Agreement, including, without limitation, those procedures with respect to the settlement of claims and the Company's rights to assume the defense of claims.

9. MISCELLANEOUS.
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a. Governing Law; Jurisdiction; Jury Trial. All questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by the internal laws of the State of New York, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of New York or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of New York. Each party hereby irrevocably submits to the non-exclusive jurisdiction of the state and federal courts sitting in the City of New York, borough of Manhattan, for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof to such party at the address for such notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Such service shall be deemed effective five (5) Business Days after mailing. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. EACH PARTY HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION HEREWITH OR ARISING OUT OF THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREBY.

b. Counterparts. This Agreement may be executed in two or more identical counterparts, all of which shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party; provided that a facsimile signature shall be considered due execution and shall be binding upon the signatory thereto with the same force and effect as if the signature were an original, not a facsimile signature.

c. Headings. The headings of this Agreement are for convenience of reference and shall not form part of, or affect the interpretation of, this Agreement.

d. Severability. If any provision of this Agreement shall be invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability of the

remainder of this Agreement in that jurisdiction or the validity or enforceability of any provision of this Agreement in any other jurisdiction.

e. Entire Agreement; Amendments. This Agreement supersedes all other prior oral or written agreements between each Buyer, the Company, their affiliates and persons acting on their behalf with respect to the matters discussed herein, and this Agreement and the instruments referenced herein contain the entire understanding of the parties with respect to the matters covered herein and therein and, except as specifically set forth herein or therein, neither the Company nor any Buyer makes any representation, warranty, covenant or undertaking with respect to such matters. No provision of this Agreement may be amended or waived other than by an instrument in writing signed by the Company and the Buyers which purchased at least two-thirds (2/3) of the aggregate principal amount the Notes on the Closing Date. Any such amendment shall bind all holders of the Notes. No such amendment shall be effective to the extent that it applies to less than all of the holders of the Notes then outstanding. No consideration shall be offered or paid to any person to amend or consent to a waiver or modification of any provision of any of the Transaction Documents unless the same consideration also is offered to all of the parties to the Transaction Documents or holders of the Notes, as the case may be.

f. Notices. Except as otherwise specifically provided in this Agreement, notices, consents, waivers or other communications required or permitted to be given under the terms of this Agreement must be in writing and will be deemed to have been delivered: (i) upon receipt, when delivered personally; (ii) upon receipt, when sent by facsimile (provided confirmation of transmission is mechanically or electronically generated and kept on file by the sending party); or (iii) one (1) Business Day after deposit with a nationally recognized overnight delivery service, in each case properly addressed to the party to receive the same. The addresses and facsimile numbers for such communications shall be:

If to the Company:

At Home Corporation
450 Broadway Street
Redwood City, California 94063
Telephone: (650) 556-5000
Facsimile: (650) 556-3430
Attention: General Counsel

With a copy to:

Fenwick & West LLP
Two Palo Alto Square
Palo Alto, CA 94306
Telephone: (650) 494-0600
Facsimile: (650) 494-1417
Attention: Gordon Davidson, T.J. Hall and David Michaels

If to the Transfer Agent:

Equiserve Trust Company
150 Royall Street
Canton, MA 02021

Telephone: (781) 575-3120
Facsimile: (781) 575-2804
Attention: Mr. Jim Walsh

If to a Buyer, to it at the address and facsimile number set forth on the Schedule of Buyers, with copies to such Buyer's representatives as set forth on the Schedule of Buyers, or at such other address and/or facsimile number and/or to the attention of such other person as the recipient party has specified by written notice given to each other party five (5) days prior to the effectiveness of such change. The Company may modify its notice information or the notice information for the Transfer Agent specified above by providing written notice to each other party of such other address and/or facsimile number and/or such other person whose attention a notice should be directed, five (5) days prior to the effectiveness of such change. Written confirmation of receipt (A) given by the recipient of such notice, consent, waiver or other communication, (B) mechanically or electronically generated by the sender's facsimile machine containing the time, date, recipient facsimile number and an image of the first page of such transmission or (C) provided by a nationally recognized overnight delivery service shall be rebuttable evidence of personal service, receipt by facsimile or receipt from a nationally recognized overnight delivery service in accordance with clause (i), (ii) or (iii) above, respectively.

g. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns, including any purchasers of the Notes. The Company shall not assign this Agreement or any rights or obligations hereunder without the prior written consent of the holders of Notes representing at least two-thirds (2/3) of the aggregate principal amount of the Notes then outstanding, including by merger or consolidation, except pursuant to a Change of Control (as defined in Section 4(b) of the Note) with respect to which the Company is in compliance with Section 4 of the Notes and Section 4(i) of this Agreement. A Buyer may assign some or all of its rights hereunder without the consent of the Company, provided, however, that the transferee has agreed in writing to be bound by the applicable provisions of this Agreement. Notwithstanding anything to the contrary contained in the Transaction Documents but subject to Section 4(j), the Buyers shall be entitled to pledge the Securities in connection with a bona fide margin account or other loan or other financing arrangement secured by the Securities.

h. No Third Party Beneficiaries. This Agreement is intended for the benefit of the parties hereto and their respective permitted successors and assigns, and is not for the benefit of, nor may any provision hereof be enforced by, any other person.

i. Survival. The representations and warranties of the Company and the Buyers contained in Sections 2 and 3, the agreements and covenants set forth in Sections 4, 5 and 9, and the indemnification provisions set forth in Section 8, shall survive the Closing. Each Buyer shall be responsible only for its own representations, warranties, agreements and covenants hereunder.

j. Publicity. The Company and each Buyer shall have the right to approve before issuance any press releases or any other public statements with respect to the transactions contemplated hereby; provided, however, that the Company shall be entitled, without the prior approval of any Buyer, to make any press release or other public disclosure with respect to such transactions as is required by applicable law and regulations (although each Buyer shall be provided with a copy of any such disclosure and by consulted with by the Company prior to its release other than disclosures in SEC filings that are substantially similar to other disclosures previously made by the Company with such prior consultation).

k. Further Assurances. Each party shall do and perform, or cause to be done and performed, all such further acts and things, and shall execute and deliver all such other agreements, certificates, instruments and documents, as the other party may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

l. Placement Agent. The Company agrees and acknowledges that it shall be responsible for the payment of any placement agent's fees, financial advisory fees, or brokers' commissions relating to or arising out of the transactions contemplated hereby. The Company shall pay, and hold each Buyer harmless against, any liability, loss or expense (including, without limitation, attorney's fees and out-of-pocket expenses) arising in connection with any such claim.

m. No Strict Construction. The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent, and no rules of strict construction will be applied against any party.

n. Remedies. Each Buyer and each holder of the Securities shall have all rights and remedies set forth in the Transaction Documents and all rights and remedies which such holders have been granted at any time under any other agreement or contract and all of the rights which such holders have under any law. Any person having any rights under any provision of this Agreement shall be entitled to enforce such rights specifically (without posting a bond or other security), to recover damages by reason of any breach of any provision of this Agreement and to exercise all other rights granted by law.

o. Payment Set Aside. To the extent that the Company makes a payment or payments to any Buyer hereunder or pursuant to the Registration Rights Agreement or the Notes or the Buyers enforce or exercise their rights hereunder or thereunder, and such payment or payments or the proceeds of such enforcement or exercise or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside, recovered from, disgorged by or are required to be refunded, repaid or otherwise restored to the Company by a trustee, receiver or any other person under any law (including, without limitation, any bankruptcy law, state or federal law, common law or equitable cause of action), then to the extent of any such restoration the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such enforcement or setoff had not occurred.

* * * * * *

IN WITNESS WHEREOF, the Buyers and the Company have caused this Securities Purchase Agreement to be duly executed as of the date first written above.

COMPANY:	BUYERS:
AT HOME CORPORATION	HFTP INVESTMENT L.L.C. By: Promethean Asset Management, L.L.C. Its: Investment Manager
By:_____ Name:_____ Title:_____	By:_____ Name:_____

Title:_____

GAIA OFFSHORE MASTER FUND, LTD.

By: Promethean Asset Management L.L.C
Its: Investment Manager

By:_____
Name:_____
Title:_____

LEONARDO, L.P.

By: Angelo, Gordon & Co., L.P.
Its: General Partner

By:_____
Name:_____
Title:_____

[Signature Page to Securities Purchase Agreement]

SCHEDULE OF BUYERS

Buyer Name	Buyer Address and Facsimile Number	Principal Amount of Notes	Buyers Representatives' Address and Facsimile Number
<S>	<C>	<C>	<C>
HFTP Investment L.L.C. Promethean Investment Group, L.L.C.	Promethean Asset Management, L.L.C. 750 Lexington Avenue, 22/nd/ Floor New York, NY 10022 Attn: James F. O'Brien, Jr. John Floegel Telephone: (212) 702-5200 Facsimile: (212) 758-9334 Residence: New York	$30,000,000	750 Lexington Ave., 22/nd/ Floor New York, NY 10022 Attn: James F. O'Brien, Jr. John Floegel Telephone: (212) 702-5200 Facsimile: (212) 758-9334 Katten Muchin Zavis 525 W. Monroe, Suite 1600 Chicago, Illinois 60661-3693 Attn: Robert J. Brantman, Esq. Telephone: (312) 902-5200 Facsimile: (312) 902-1061
Gaia Offshore Master Promethean Investment Group, L.L.C.	Promethean Asset Management L.L.C.	$20,000,000	

Fund, Ltd. 750 Lexington Avenue, 22/nd/ Floor 750 Lexington Ave., 22/nd/ Floor
New York, NY 10022
Attention: James F. O'Brien, Jr.
John Floegel
Telephone: (212) 702-5200
Facsimile: (212) 758-9334
Residence: New York

New York, NY 10022
Attn: James F. O'Brien, Jr.
John Floegel
Telephone: 212-702-5200
Facsimile: 212-758-9334

Katten Muchin Zavis
525 W. Monroe Street
Chicago, Illinois 60661-3693
Attention: Robert J. Brantman, Esq.
Telephone: (312) 902-5200
Facsimile: (312) 902-1061

Leonardo, L.P. c/o Angelo, Gordon & Co., L.P. $50,000,000
Akin, Gump, Strauss, Hauer & Feld, L.L.P.
245 Park Avenue - 26/th/ Floor
New York, New York 10167
Attention: Gary Wolf
Telephone: (212) 692-2058
Facsimile: (212) 867-6449
Residence: Cayman Islands

590 Madison Avenue
New York, New York 10022
Attention: Robert S. Matlin, Esq.
Telephone: (212) 872-1000
Facsimile: (212) 872-1002

SCHEDULES

Schedule 3(a) - Material Subsidiaries
Schedule 3(c) - Capitalization
Schedule 3(e) - Conflicts
Schedule 3(f) - SEC Documents
Schedule 3(j) - Undisclosed Events
Schedule 3(t) - Transactions with Affiliates
Schedule 4(d) - Use of Proceeds

EXHIBITS

Exhibit A - Form of Note
Exhibit B - Form of Registration Rights Agreement
Exhibit C - Form of Security Agreement
Exhibit D - Form of Irrevocable Transfer Agent Instructions
Exhibit E - Form of Company Counsel Opinion

AT HOME CORPORATION

DISCLOSURE LETTER TO
SECURITIES PURCHASE AGREEMENT

This Disclosure Letter (this "Letter") is made with reference to the Securities Purchase Agreement dated June 8, 2001 (the "Agreement"), by and among At Home Corporation, a Delaware corporation (the "Company") and the investors listed on the Schedule of Buyers attached thereto. Unless otherwise defined herein, any capitalized terms in this Letter shall have the same meanings assigned to such terms in the Agreement. The disclosures in this Letter are qualified in their entirety by reference to specific provisions of the Agreement, and are not intended to be construed as nor shall they be construed as constituting representations or warranties of the Company except as and to the extent provided for in the Agreement.

Inclusion of information herein shall not be construed as: (1) an admission that such information is material to the operations or financial condition of the Company; (2) an admission of any liability or obligation of the Company to any third party; or (3) an admission to any third party against the Company's interests. Any disclosure made under the heading of one section of this Letter may apply to and/or qualify disclosures made under one or more other sections provided that such disclosure is cross-referenced elsewhere as applicable or unless it is reasonably apparent from the express disclosure made that an exception is being made to other representations or warranties. Section and subsection headings are provided for convenience only, and section and subsection numbers and letters relate and coincide to corresponding numbers and letters in the Agreement.

Schedule 3(a) - Organization and Qualification
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1. As the Company's services are available in multiple states and foreign countries, such jurisdictions may claim that it is required to qualify to do business as a foreign corporation in these states and foreign countries. The Company and its Material Subsidiaries are qualified to do business in a limited number of states, and their failure to qualify as a foreign corporation in a jurisdiction where it is required to do so could subject the Company to taxes and penalties. The application of the laws and regulations discussed above to the business of the Company and its Material Subsidiaries is unclear. The Company believes that if it is required to so qualify, it will be able to do so.

2.

List of Material Subsidiaries	State of Incorporation
Classifieds2000, Inc.	CA
DataInsight, Inc.	CO
iMall, Inc.	NV
Kendara, Inc.	DE
Netbot, Inc.	DE
MatchLogic, Inc.	DE
Webshots Corporation	CA
Worldprints.com International, Inc.	CO

Schedule 3(c) - Capitalization
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1. The number of shares of Series A Common Stock reserved for issuance pursuant to the Company's stock option and purchase plans includes amendments to the Company's 1997 Equity Incentive Plan to increase the number of shares authorized for issuance thereunder by 13,500,000 shares, and to the Company's 1997 Employee Stock Purchase Plan to increase the number of shares authorized for issuance thereunder by 1,500,000 shares. Both amendments are subject to approval by the Company's stockholders at its 2001 annual meeting of stockholders.

2. Pursuant to Section 8.1 of the Company's Amended and Restated Stockholders' Agreement dated as of July 16, 1997 (the "Stockholders Agreement"), certain stockholders of the Company will have the right to purchase their pro rata portion of securities with like terms to the Securities, as well as future securities issued by the Company.

3. The Company currently has the following debt securities outstanding, which have not been filed by the Company with the SEC:

Promissory notes in the aggregate amount of $5,000,000 payable to Itochu Corporation and affiliated entities (the "Itochu Promissory Notes"), $2,500,000 of which is payable to Itochu Corporation, $2,040,000 of which is payable to Itochu Techno-Science Corporation, And $460,000 of which is payable to Dai Nippon Printing Co., Ltd.

4. The following instruments contain redemption provisions:

(a) Convertible Subordinated Notes due 2006
(b) Convertible Subordinated Debentures due 2018.
(c) Itochu Promissory Notes.

5. The Company currently has the following outstanding options, warrants and other obligations to issue capital stock:

(a) The Company currently has options to purchase an aggregate of 70,252,544 shares of its Series A Common Stock outstanding, issued pursuant to its 2000 Equity Incentive Plan, 1997 Equity Incentive Plan (and succeeded plans), and assumed in connection with acquisitions of other companies.

(b) The Company currently has warrants to purchase an aggregate of 120,487,159 shares of its Series A Common Stock and a warrant to purchase an aggregate of 27,897,789 shares of its Series B Common Stock outstanding, issued to cable companies, joint venture partners, a strategic investor, a commercial partner and a real estate lessor, and assumed in connection with acquisitions of other companies.

(c) The Itochu Promissory Notes are convertible at maturity into the number of shares having an aggregate market value equal to the amount outstanding under the Itochu Promissory Notes, calculated based on the average closing price for the 30 trading day period ending on the date of conversion.

(d) The Company's currently outstanding shares of Preferred Stock are convertible into shares of Series A Common Stock.

(e) The Company may be obligated to issue additional warrants to purchase shares of Series A Common Stock or Series B Common Stock to AT&T Corp., Comcast Corporation or Cox Communications, Inc. (the "Principal Cable Partners") pursuant to the terms of the Letter Agreement dated March 28, 2000 between the Company and the Principal Cable Partners (the "March 28, 2000 Letter Agreement"), if any of the Principal Cable Partners increase the number of "homes passed" by their cable systems and cause such homes passed to come into compliance with the terms of the March 28, 2000 Letter Agreement.

(f) The Company is obligated to issue additional shares of its Series A Common Stock pursuant to the terms of its 1997 Employee Stock Purchase Plan in connection with each "purchase" under that plan.

(g) The Company has entered into a commercial agreement with SurePay, LP that commits the Company, subject to Board approval, to grant to SurePay, LP a warrant to purchase 200,000 shares of Series A Common Stock at a price per share equal to the market price on the date the warrant grant is approved by the Board of Directors, subject to vesting based on SurePay's performance under the agreement.

6. The Company is currently obligated to register the sale of its securities under the 1933 Act under the following arrangements:

(a) The Company has provided demand, piggyback and S-3 registration rights under the Third Amended and Restated Registration Rights Agreement, dated April 11, 1997, between the Company and certain stockholders of the Company (the "Stockholder Registration Rights Agreement").

(b) The Company is obligated to register the resale of shares issued upon the exercise of warrants issued to the Principal Cable Partners pursuant to the terms of the March 28, 2000 Letter Agreement.

(c) The Company is currently obligated to maintain the effectiveness of S-3 registration statements currently effective and on file with the Securities and Exchange Commission with respect to shares of Series A Common Stock issuable upon conversion of its Convertible Subordinated Notes due 2006, and shares issued in connection with its acquisitions of DataInsight, Inc. and Join Systems, Inc. (and currently maintains registration statements on Form S-3 with respect to shares issued in connection with several other acquisitions).

(d) The Company is obligated to register the resale of shares issued upon conversion of the Itochu Promissory Notes.

7. The Company has not furnished copies of the following warrants to the Buyers because the final forms of such warrants have not been negotiated:

(a) Warrants granted to AT&T Corp. to purchase 27,897,789 shares of Series A Common Stock and 27,897,789 shares of Series B Common Stock at $29.54 per share pursuant to the terms of the March 28, 2000 Letter Agreement.

(b) Warrants granted to Comcast Corporation to purchase 25,502,222 shares of Series A Common Stock at $29.54 per share pursuant to the terms of the March 28, 2000 Letter Agreement.

(c) Warrants granted to Cox Communications, Inc. to purchase 19,158,774 shares of Series A Common Stock at $29.54 per share pursuant to the terms of the March 28, 2000 Letter Agreement.

(d) Warrants granted to Intermedia/Insight/AT&T to purchase 1,592,400 shares of Series A Common Stock at $5.25 per share.

Schedule 3(e) - No Conflicts
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1. The issuance of the Securities is subject to the preemptive rights provided by Section 8.1 of the Stockholders Agreement.

2. The execution of the Registration Rights Agreement and the performance of the Company's obligations under that Agreement do not comply with Section 4(d) of the Stockholder Registration Rights Agreement.

3. The Company is in compliance with the Nasdaq Listing Requirements as set forth in the interim rules described in SEC Release No. 34-44243 issued on May 1, 2001.

The identification of any agreement under any other schedule hereof shall not be deemed to be disclosed under this Schedule 3(e) unless specifically referenced hereunder.

Schedule 3(f) - SEC Documents; Financial Statements

As of the date hereof, the Company had entered into the following agreements, which have not previously been filed as an exhibit to the Company's reports filed with the SEC:

(a) Separation and Release Agreement with George Bell, dated April 23, 2001.
(b) Letter Agreements with each of Comcast and Cox, dated June 1, 2001.

Schedule 3(j) - No Undisclosed Events, Liabilities, Developments or
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Circumstances
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1. In April 2001, the Company entered into a non-binding letter agreement with AT&T to outsource its engineering and operations services, as well as replace its backbone capacity agreement with AT&T. In the course of negotiating toward definitive agreements, the Company and AT&T determined that certain of the benefits of the proposed agreement could be achieved by negotiating a simpler transaction under which the Company and AT&T would develop and design an enhanced network performance plan. If successfully negotiated, AT&T would, pursuant to a multi-month consulting and support services agreement, on commercially reasonable, arms-length terms, assist the Company in implementing an updated network plan to augment performance levels in the Company's network, instead of the outsourcing arrangement

contemplated in the letter agreement. In addition, the Company and AT&T will continue to separately negotiate in good faith a restructured backbone capacity agreement that would provide the Company at least $75 million in financing. There can be no assurance that the Company and AT&T will be successful in completing the definitive agreements with respect to the arrangements described above.

2. The Company has previously announced its intent to explore the potential sale or restructuring of its media operations that do not directly support its broadband strategy. The Company has been in negotiations with several companies regarding potential sales of portions of its media operations. The Company has not entered into any formal agreements regarding any of these potential transactions. There can be no assurance that the Company will be successful in completing sale or restructuring of media operations.

3. On June 5, 2001, the Company announced that Matt Jones has been named chief operating officer, a newly created position for Excite@Home. On the same date the Company announced that Byron Smith, Executive Vice President, Excite Network and Mark O'Leary, Executive Vice President, Broadband Services have resigned and will leave the Company in July to pursue other opportunities, pending completion of projects.

4. Excite@Home announced that it is in discussions with Comcast Corporation and Cox Communications, Inc. to explore a restructuring of its commercial relationships with these companies. Under the terms of the March 28, 2000 letter agreement between these companies, Comcast and/or Cox may provide six months notice of intent to terminate their exclusivity obligations or their entire relationships with the Company on each June 4 and December 4. Excite@Home has agreed to extend until June 18, 2001 the time for Cox and Comcast to decide whether to give notice to terminate the mutual exclusivity provisions effective December 4, 2001. There can be no assurance that the parties will reach agreement on a restructured relationship.

5. On May 30, 2001, the Board approved a change, subject to stockholder approval, in the Company's independent public accountants effective during the third quarter of 2001 after a transition period with the new independent accountants. The Company intends to engage PricewaterhouseCoopers LLP as its new independent auditors to perform the audit of the Company's consolidated financial statements for 2001.

6. On June 1, 2001, the Company entered into service level agreements with each of Comcast and Cox. Under these agreements, the Company has agreed that its network must meet specified performance levels, and that it will pay each of Comcast and Cox preset liquidated damages for failure to achieve these network performance levels during each reporting period.

Schedule 3(t) - Transactions With Affiliates

See Section 3(f).

Schedule 4(d) - Use of Proceeds

The Company will use the net proceeds from the sale of the Notes for working capital and general corporate purposes.

SECURITY AGREEMENT

This Security Agreement (this "Agreement") is made as of June 8, 2001 by and between At Home Corporation, a Delaware corporation (the "Company"), and the holders (individually a "Secured Party" and collectively the "Secured Parties") of those certain Convertible Notes dated of even date herewith (said Convertible Notes, together with any Convertible Notes issued in replacement thereof or substitution therefore, and in each case as they may hereafter be amended, amended and restated, supplemented or otherwise modified from time to time, being the "Notes") issued by the Company pursuant to that certain Securities Purchase Agreement dated of even date herewith by and among the Company and the Buyers listed on the Schedule of Buyers thereto (the "Securities Purchase Agreement").

PRELIMINARY STATEMENTS

In connection with the Securities Purchase Agreement, the Company is entering into this Agreement in order to grant to the Secured Parties a security interest in the Collateral (as defined below) to secure the Company's obligations to repay the principal amount of the Notes.

It is a condition precedent to the Secured Parties' obligations under the Securities Purchase Agreement that the Company shall have granted the security interest contemplated by this Agreement, and the Company will derive substantial direct and indirect benefit from the transactions contemplated by the Notes and the Securities Purchase Agreement.

Terms not otherwise defined in this Agreement but which are defined in the Notes shall have the meanings assigned thereto in the Notes. For the purposes of this Agreement, "Lien" means any mortgage, deed of trust, pledge, hypothecation, assignment, charge or deposit arrangement, encumbrance, lien (statutory or other) or preference, priority or other security interest or preferential arrangement of any kind or nature whatsoever (including those created by, arising under or evidenced by any conditional sale or other title retention arrangement, the interest of a lessor under a capital lease, any financing lease having substantially the same economic effect as any of the foregoing, or the filing of any financing statement naming the owner of the asset to which such lien relates as debtor, under the N.Y. Uniform Commercial Code (defined below) or any or any comparable law) and any contingent or other agreement to provide any of the foregoing, but not including the interest of a lessor under a lease (such as an operating lease) which is not a capital lease. Further, unless otherwise defined in this Agreement or in the Notes, terms defined in Article 8 or 9 of the Uniform Commercial Code as from time to time in effect in the State of New York ("N.Y. Uniform Commercial Code") are used in this Agreement as such terms are defined in such Article 8 or 9.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing premises and in order to induce the Secured Parties to purchase the Notes under the Securities Purchase Agreement, the Company hereby agrees with the Secured Parties as follows:

1. Grant of Security. The Company hereby grants to the Secured Parties, to secure the Secured Obligations (as defined below), a security interest in and Lien upon, all of the Company's right, title and interest in and to all of the Company's assets (other than the Optional Excluded Assets and Deemed Excluded Assets (each as defined below, and collectively the "Excluded Assets")), including, without limitation, the following, in each case, as to each type of property described

below whether now owned or hereafter acquired by the Company, wherever located, and whether now or hereafter existing or arising (collectively, the "Collateral"):

(a) all personal and fixture property of every kind and nature including without limitation all goods (including inventory, equipment and any accessions thereto), instruments (including promissory notes), documents, accounts, chattel paper (whether tangible or electronic), deposit accounts, letters of credit (whether or not the letter of credit is evidenced by a writing), securities, stock (whether certificated or uncertificated) and all other investment property, supporting obligations, any other contract rights or rights to the payment of money, insurance claims and proceeds, tort claims, and all general intangibles including, without limitation, all goodwill, and all licenses, permits, agreements of any kind or nature pursuant to which the Company possesses, uses or has authority to possess or use tangible property of others or that others possess, use or have authority to possess or use tangible property of the Company; and

(b) all proceeds of any and all of the Collateral (including, without limitation, proceeds that constitute property of the types described in clause (a) of this Section 1 and this clause (b)) and, to the extent not otherwise included, all (i) payments under insurance (whether or not the Secured Parties is the loss payee thereof), or any indemnity, warranty or guaranty, payable by reason of loss or damage to or otherwise with respect to any of the foregoing Collateral and (ii) cash (the "Proceeds").

Notwithstanding the foregoing, the Collateral shall not include (I) any and all of the following assets (the "Deemed Excluded Assets"), unless the Company provides written notice to the Secured Parties that any such Deemed Excluded Asset should be included in the Collateral: (a) any form of intellectual property, including patents, patent applications, trademarks, trademark applications, trade names, copyrights, copyright applications, software, engineering drawings, trade secrets, know-how, service marks, and customer lists, (b) any rights under contracts, leases or intellectual property rights if the terms of such contract, lease or intellectual property right, or the terms of any right granted by the Company with respect thereto, prohibit the collateral assignment or granting of a security interest in the Company's right in the same; (c) any restricted cash or cash equivalents or any certificates of deposit, whether now owned by the Company or hereafter acquired, that secure the Company's obligations with respect to letters of credit, performance or surety bonds or similar obligations, and (d) any rights under the IRU Capacity Agreement, dated December 19, 1998, between the Company and AT&T Corp., as the same may have been and may from time to time be amended, modified and restated, and any successor to such agreement; (II) any asset (an "Optional Excluded Asset"), for which the Company has provided a written notice of exclusion (a "Notice of Exclusion"), specifically identifying the asset (or class of assets) and stating that it is excluded from the meaning of Collateral under this Agreement; provided that the Company shall only be entitled to deliver a Notice of Exclusion if the Optional Excluded Asset is to be used as collateral to secure obligations of the Company to other parties in connection with bona fide commercial or financing transactions with such a third party; and provided, further, that after giving effect to such Notice of Exclusion, the total book value of the Collateral securing the Secured Obligations pursuant to this Agreement, less the total aggregate
principal amount of all secured indebtedness of the Company for money borrowed (excluding the Secured Obligations) which is secured by the Collateral, in each case determined in accordance with generally accepted accounting procedures, would exceed the then-outstanding principal amount of the Notes; or (III) any proceeds of any Excluded Asset.

2. Security for Obligations. This Agreement secures the repayment by the Company of the outstanding principal under the Notes, and, without duplication, any damages (in an amount not

to exceed the amount of any unpaid principal) that may become payable in any contract causes of action for repayment of such principal (the "Secured Obligations"). Without limiting the generality of the foregoing, this Agreement secures the payment of all amounts that constitute part of the Secured Obligations of the Company and would be owed by the Company to the Secured Parties under the Notes but for the fact that they are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving the Company or any of the Company's Subsidiaries.

3. Representations, Warranties and Covenants. The Company represents and warrants as follows:

(a) The chief executive office of the Company is located at the address specified therefore in Schedule I hereto, as such Schedule I may be amended from time to time pursuant to Section 5. The Company's federal tax identification number is set forth opposite the Company's name in Schedule I hereto. In addition, Schedule I hereto sets forth the addresses where substantially all of the tangible Collateral is located as of the date hereof. The Company is duly organized and validly existing in good standing under the laws of the State of Delaware. The Company shall not move its chief executive office, change its jurisdiction of incorporation or relocate a material portion of the Collateral, in each case in a manner that would result in the failure of the security interest in the Collateral to be perfected, unless the Company provides the Secured Parties with not less than ten (10) days prior written notice of any of the foregoing events and cooperates with the Secured Parties to file any new financing statements and/or amend any existing financing statements as shall be necessary and reasonably requested by the Secured Parties to continue the Secured Parties' perfected security interest in the Collateral.

(b) This Agreement creates in favor of the Secured Parties a valid security interest in all of the Company's right, title and interest in and to the Collateral, securing the payment of the Secured Obligations of the Company, and upon the filing of appropriate UCC financing statements in the jurisdictions listed in Schedule II hereto, such security interest will be duly perfected in all of the Collateral in which a security interest may be perfected by such filing.

4. Further Assurances. The Company agrees that from time to time, at the expense of the Company, the Company will execute and deliver any further instruments and documents, and take any further action, as may be reasonably requested by the Secured Parties that may be necessary under applicable law in order to evidence and perfect any pledge, assignment or security interest granted or purported to be granted by the Company hereunder or to enable the Secured Parties to exercise and enforce its rights and remedies hereunder with respect to any Collateral of the Company. Without limiting the generality of the foregoing, the Company will promptly execute and file such financing or continuation statements, or amendments thereto, with respect to the Collateral and such other instruments or notices, as the Secured Parties may reasonably request that may be necessary under applicable law and practice in order to evidence and perfect the rights and security interest granted by the Company hereunder, and, in the event that the Company fails to execute and file any such statements that may be necessary under applicable law in order to evidence and perfect such rights and security agreement following such request, to the extent permitted by the N.Y. Uniform Commercial Code or the applicable commercial code in effect in the jurisdiction where any Collateral is located, the Company hereby authorizes the Secured Parties to execute and file, on the Company's behalf, any new UCC financing statements or amendments to existing financing statements as may be necessary to perfect the security interest contemplated by this Agreement. Notwithstanding the foregoing, the Company shall not be required to deliver possession of any Collateral to the Secured Parties

except as may be required upon the exercise of the Secured Parties' rights under Section 7 upon an Event of Default.

5. Place of Perfection; Records. The Company will keep its chief executive office at the location therefor specified in Section 3(a) or at such other location in a jurisdiction where all actions required by Section 4 shall have been taken with respect to the Collateral of the Company (and, upon the taking of such action in such jurisdiction, Schedule I hereto shall be automatically amended to include such other location).

6. Transfers and Other Liens; Subordination of Liens; Rights of Third Parties.

(a) Transactions by Company. The Secured Parties each agree that nothing set forth herein is intended or shall be construed to prohibit or limit in any way the right and ability of the Company (i) to sell, assign, transfer, license, sublease or otherwise dispose of, or grant any option or other interest or right with respect to, any of the Collateral (other than dividends to the Company's stockholders that are prohibited under the terms of the Notes), (ii) to grant, create or suffer to exist any Lien, charge or security interest upon or with respect to any of the Collateral; (iii) to amend, modify or replace any contracts included in the Collateral or to waive any rights thereunder, or (iv) other than as expressly set forth herein, to enter into any other transactions with respect to the Collateral, and the consent of the Secured Parties shall not be required for any of the foregoing. Notwithstanding the foregoing, the Company may not sell, assign, transfer or otherwise dispose of any Collateral having a book value (i) in excess of $2.5 million in a single transaction or series of related transactions or (ii) in excess of $10 million in the aggregate during the term of the Notes, unless either (x) the proceeds thereof shall constitute Collateral in which the Secured Parties shall have a valid and perfected security interest; (y) the Company applies the proceeds thereof to repay indebtedness that is secured by a Lien which is senior to the Secured Parties' security interest in the Collateral, or (z) after giving effect to such sale, assignment, transfer or other disposition, the total book value of the Collateral securing the Secured Obligations pursuant to this Agreement, less the total aggregate principal amount of all secured indebtedness of the Company for money borrowed (excluding the Secured Obligations) which is secured by the Collateral, in each case determined in accordance with generally accepted accounting principles, would exceed the then-outstanding principal amount of the Notes.

(b) Subordination of Liens. The Secured Parties' rights and security interest in the Collateral are hereby (and shall automatically be) subordinated to all other Liens, security interests, mortgages, claims and rights of any kind that may be granted from time to time after the date hereof to secure obligations arising after the date hereof, including Liens and security interests securing the repayment of the principal of and accrued interest on, and other obligations with respect to, indebtedness for money borrowed (other than indebtedness for money borrowed under the Indenture dated as of December 28, 1998 and the Indenture dated as of December 1, 1999, each between the Company and State Street Bank and Trust Company of California, N.A. (the "Indentures") and any refinancings of the Indentures). Each Secured Party hereby agrees to enter into any subordination or inter-creditor agreement reasonably requested by the Company or any other lender to or creditor of the Company, in customary form for comparable transactions by such lender or creditor to evidence or confirm such Lien subordination with respect to the Collateral and
with respect to any exercise of the Secured Parties' rights hereunder; provided, however, that such subordination agreement or inter-creditor agreement shall relate only to the Lien of the Secured Parties and shall in no way limit or restrict the rights of the Secured Parties pursuant to the Notes. Furthermore, the foregoing shall in no way limit or prejudice any rights that the Secured Parties may have pursuant to the terms of the Notes or the Securities Purchase Agreement.

Notwithstanding the foregoing, the Secured Parties' rights and security interest in the Collateral shall not be subordinated to (i) the Indentures or any refinancing of the Indentures or (ii) any indebtedness if, at the time such indebtedness is first incurred (or, in the case of indebtedness that refinances or refunds other indebtedness, at the time such refinanced or refunded indebtedness was first incurred), after giving effect to the incurrence of such indebtedness, the total book value of the Collateral securing the Secured Obligations pursuant to this Agreement, less the total aggregate principal amount of all secured indebtedness of the Company for money borrowed (excluding the Secured Obligations) which is secured by the Collateral, in each case determined in accordance with generally accepted accounting principles, would exceed the then-outstanding principal amount of the Notes.

(c) Rights of Third Parties. The terms of this Agreement and the rights of Secured Parties shall not limit or prejudice in any manner the exercise by any third party of any rights pursuant to the terms of any contracts that such third party may have with the Company.

7. Remedies. If both (a) any Event of Default (as defined in the Notes) shall have occurred and be continuing under Section (10)(a) (i), 10(a)(iv) or 10(a)(v) of the Notes, or if any other Event of Default shall have occurred and be continuing under the Notes as a result of which the Secured Parties shall have declared the Notes to be due and payable, and (b) either (i) any Event of Default shall have occurred and be continuing with respect to the Company's Convertible Subordinated Notes due 2006 and Convertible Subordinated Debentures due 2018 or any other indebtedness that is subordinated in right of payment to the Notes in an aggregate principal amount of at least $50 million (collectively "Subordinated Debt"), other than as a result of any cross-default or cross-acceleration resulting from an Event of Default under the Notes, or (ii) while such Event of Default under the Notes shall be continuing, the Company shall have made (or shall have attempted to make) any payments to any holders of Subordinated Debt in respect of principal or interest or other amounts payable on such Subordinated Debt, then:

(a) The Secured Parties may exercise in respect of the Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of the Secured Parties upon default under the N.Y. Uniform Commercial Code whether or not the NY. Uniform Commercial Code applies to the affected Collateral) and, to the extent permitted by the N.Y. Uniform Commercial Code, also may exercise any and all rights and remedies of the Company in respect of the Collateral, in each case subject to the terms hereof. The Company agrees that, to the extent notice of sale shall be required by law, at least ten days' notice to the Company of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Secured Party shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Secured Party may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(b) Any cash held by or on behalf of the Secured Parties and all cash proceeds received by or on behalf of the Secured Parties in respect of any sale of, collection from, or other realization upon all or any part of the Collateral may, in the discretion of the Secured Parties, be held by the Secured Parties as collateral for, and/or then or at any time thereafter applied in whole or in part by the Secured Parties against, all or any part of the Secured Obligations. Any surplus of such cash or cash proceeds held by or on behalf of the Secured Parties and remaining after payment in full of all the Secured Obligations shall be paid over to the Company or to whomsoever may be lawfully entitled to receive such surplus.

(c) The remedies provided in this Section 7 shall only be exercised or otherwise enforced with the written consent of Secured Parties holding at least 66-2/3% of the outstanding aggregate principal amount of the Secured Obligations ("Majority Secured Parties"). The Majority Secured Parties may appoint an agent (the "Agent") that, at the direction of Majority Secured Parties, shall have the right to exercise any right or remedy of the Secured Parties, on behalf of all Secured Parties, under this Agreement, including, without limitation, all rights and remedies of a secured party under the N.Y. Uniform Commercial Code. If an Agent is so appointed:

(i) At the direction of the Majority Secured Parties, the Agent shall proceed with the enforcement of the Secured Parties' rights against the Collateral for the benefit of the Secured Parties under the Notes. Any repossession, sale or distribution of proceeds of Collateral shall be accomplished as required by this Agreement, the other Transaction Documents (as defined in the Securities Purchase Agreement) and applicable law. The Agent is authorized to exercise all rights and remedies of the Secured Parties under the Transaction Documents, provided that, absent exigent circumstances where action is determined by the Agent to be necessary to protect Collateral, the Agent shall not proceed to enforce the Secured Parties' rights and remedies against the Collateral or the Company by foreclosure, judicial action or the like ("Enforcement Action"), unless and until directed to do so by the Majority Secured Parties. Unless the Agent shall request further guidance or consents, any direction by the Majority Secured Parties to begin Enforcement Action may merely state that the Agent shall begin enforcement, and need not specify the manner in which enforcement should proceed. Once the Agent receives an enforcement direction from the Majority Secured Parties, all decisions as to how to proceed to enforce the Secured Parties' rights and remedies, including, without limitation, the methods and timing of proceeding, may be made by the Agent in its good faith business judgment, with such consultation with the Secured Parties as the Agent in its sole discretion deems reasonable under the circumstances. In the event of one or more foreclosure sales, the Agent shall have the right to bid in the claim of each Secured Party on behalf of each Secured Party in respect of its respective Note.

(ii) Unless consented to by all of the Secured Parties, no Secured Party shall, except through the Agent, collect, take possession of, foreclose upon, or exercise any rights or remedies with respect to the
Collateral or the Company, judicially or non-judicially, in order to satisfy or collect any Secured Obligations or attempt to do any of the foregoing.

(iii) If the Collateral is acquired by the Agent by foreclosure sale or otherwise, at the option of the Agent, title may be taken in the name of the Agent or in the name of a corporation affiliated with the Agent or other nominee designated by the Agent, in any case, for the ratable benefit of the Secured Parties subject to the terms of this Agreement. Although the Agent shall consult with the Secured Parties as to the general operation and disposition of any Collateral for which title has been acquired through foreclosure or otherwise, the consent of the Secured Parties shall not be required for matters and decisions by the Agent relating to the management, operation, or repair of the Collateral so acquired.

(iv) The costs of repossession, sale, possession and management (including, without limitation, any costs of holding any Collateral the title to which is acquired by the Agent on behalf of the Secured Parties), and distribution pursuant to this Section 7 shall be an obligation of the Company, and to the extent the Company does not cover such costs, shall be borne Pro Rata by the Secured Parties until repaid by the Company. Each Secured Party shall reimburse the Agent for its Pro Rata share of all such costs promptly upon demand. Without limiting any obligations of one Secured Party to reimburse the Agent as contained herein, in the event of the Company's failure to pay taxes, assessments, insurance premiums, claims against the Collateral or

any other amount required to be paid by the Company pursuant to any Transaction Documents, the Agent may (but shall not be obligated to) advance amounts necessary to pay the same, and each Secured Party agrees to reimburse the Agent promptly upon demand for its Pro Rata share of any such payments, provided Agent has advanced such amounts with the approval of the Majority Secured Parties. "Pro Rata" means, as to any Secured Party at any time, (a) with respect to the Secured Obligations, the percentage equivalent at such time of (i) such Secured Party's aggregate unpaid Secured Obligation amount under the Notes, divided by (ii) the combined aggregate unpaid Secured Obligation amount of all Notes of all Secured Parties.

8. Amendments; Waivers; Etc. No amendment or waiver of any provision of this Agreement, and no consent to any departure by the Company herefrom, shall in any event be effective unless the same shall be in writing and signed by Secured Parties holding at least 66-2/3% in interest of the outstanding principal amount of the Notes, and any such amendment, waiver or consent shall be binding upon all Secured Parties, provided that such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No failure on the part of any of the Secured Parties to exercise, and no delay in exercising any right hereunder, shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right.

9. Notices; Etc. All notices and other communications provided for hereunder shall be in writing (including telegraphic, telecopier or telex communication) and mailed, telegraphed, telecopied, telexed or delivered to, in the case of the Company and the Secured Parties, addressed to it at its respective address as provided in the Securities Purchase Agreement. All such notices and other communications shall, when mailed, telegraphed, telecopied or telexed, be effective when deposited in the mails, delivered to the telegraph company, telecopied or confirmed by telex answerback, respectively, addressed as aforesaid. Delivery by telecopier of an executed counterpart of any amendment or waiver of any provision of this Agreement or of Schedule I hereto shall be effective as delivery of an original executed counterpart thereof.

10. Continuing Security Interest; Assignments under the Notes. This Agreement shall create a continuing security interest in the Collateral and shall (a) remain in full force and effect until the indefeasible payment in full of the Secured Obligations, (b) be binding upon the Company, its successors and assigns and (c) inure, together with the rights and remedies of the Secured Parties hereunder, to the benefit of the Secured Parties and its respective successors, transferees and assigns. Without limiting the generality of the foregoing clause (c), if any of the Secured Parties transfers all or any portion of its rights and obligations under its Note to any other Person, such other Person shall thereupon become vested with all the benefits in respect thereof granted to a Secured Party herein or otherwise.

11. Release; Termination.

(a) Upon any sale, lease, transfer or other disposition of any item of Collateral of the Company to any Person, such Collateral shall be automatically deemed released from the rights, pledge, assignment and security interest of the Secured Parties hereunder. The Secured Parties will, at the Company's expense, within five (5) Business Days, execute and deliver to the Company such documents as the Company shall reasonably request to evidence the release of such item of Collateral from the assignment and security interest granted hereby; provided, however, that the Company shall have delivered to the Secured Parties a written request for release together with a form of release for execution by the Secured Parties.

(b) Upon the indefeasible payment in full of the Secured Obligations, the pledge, assignment and security interest granted hereby shall terminate and all rights to the Collateral shall revert to the Company. Upon any such termination, the Secured Parties will execute and deliver to the Company such documents as the Company shall reasonably request to evidence such termination.

12. Security Interest Absolute. The rights hereunder of the Secured Parties and the obligations hereunder of the Company, shall be not deemed modified or waived by, and the Company hereby irrevocably waives (to the maximum extent permitted by applicable law) any defenses it may now have or may hereafter acquire in any way to the exercise of the rights hereunder of the Secured Parties resulting from, any or all of the following:

(a) any taking, exchange, release or non-perfection of any Collateral or any other collateral, or any taking, release or amendment or waiver of or consent to departure from any guaranty, for all or any of the Secured Obligations;

(b) any manner of application of any Collateral or any other collateral, or proceeds thereof, to all or any of the Secured Obligations, or any manner of sale or other disposition of any Collateral, in each case so long as the same is effected in accordance with Secured Parties' rights under Section 7 hereof and the NY. Uniform Commercial Code;

(c) any change, restructuring or termination of the corporate structure or existence of the Company;

(d) any change in the time, manner or place of payment of, or in any other term of, all or any of the Secured Obligations or any other obligations or any consent to any departure from the Notes, including, without limitation, any increase in the Secured Obligations resulting from the extension of additional credit to the Company; or

(e) any other circumstance (including, without limitation, any statute of limitations) or any existence of or reliance on any representation by the Secured Parties that might otherwise constitute a defense available to, or a discharge of, the Company of any security interest granted hereunder.

This Agreement shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Secured Obligations is rescinded or must otherwise be returned by the Secured Parties or by any other Person upon the insolvency, bankruptcy or reorganization of the Company or otherwise, all as though such payment had not been made.

13. Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by telecopier shall be effective as delivery of an original executed counterpart of this Agreement.

14. Governing Law; Terms; Submission to Jurisdiction. All questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by the internal laws of the State of New York, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of New York or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of New York. Each party hereby irrevocably submits to the non-exclusive jurisdiction of the state and federal courts sitting

in the City of New York, borough of Manhattan, for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof to such party at the address for such notices to it under the Securities Purchase Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Such service shall be deemed effective five (5) Business Days after mailing. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. EACH PARTY HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION HEREWITH OR ARISING OUT OF THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREBY.

IN WITNESS WHEREOF, the Company and the Secured Parties have caused this Agreement to be duly executed and delivered as of the date first above written.

COMPANY:

AT HOME CORPORATION

By:_____ __
Name:_____
Title:_____ __
_____

SECURED PARTIES:

HFTP INVESTMENT L.L.C.

By: Promethean Asset Management, L.L.C.
Its: Investment Manager

By:_____
Name:_____
Title:_____

GAIA OFFSHORE MASTER FUND, LTD.

By: Promethean Asset Management L.L.C
Its: Investment Manager

By:_____
Name:_____
Title:_____

LEONARDO, L.P.

By: Angelo, Gordon & Co., L.P.
Its: General Partner

By:_____

Name:_____
Title:_____

[Signature Page to Security Agreement]

Schedule I to the
Security Agreement

CHIEF EXECUTIVE OFFICE
AND FEDERAL TAX IDENTIFICATION NUMBER

Chief Executive Office	Federal Tax Identification Number
At Home Corporation 450 Broadway Street Redwood City, California 94063 Telephone: (650) 556-5000 Facsimile: (650) 556-3430	77-0408542

Schedule II to the
Security Agreement

UCC FILING OFFICES

Secretary of State of State of California

County Recorder's Office, San Mateo County

Secretary of State of Delaware

CORIO, INC.

INVESTOR RIGHTS AGREEMENT

This Investor Rights Agreement (this "AGREEMENT") is made and entered into as of April 20, 2000, by and between Corio, Inc., a Delaware corporation (the "COMPANY"), and the consulting services division of Ernst & Young LLP, as the same may hereafter be constituted as an entity separate from Ernst & Young LLP (the "INVESTOR").

R E C I T A L S

A. The Investor desires to obtain from the Company, and the Company has agreed to grant to the Investor, the right to acquire warrants (the "WARRANTS") to purchase shares of the Company's Common Stock (the "WARRANT SHARES") on the terms and conditions set forth in the Warrant Rights Agreement, dated of even date herewith by and between the Company and the Investor (the "WARRANT RIGHTS AGREEMENT").

B. The Company and the Investor are also entering into certain commercial arrangements of mutual benefit, pursuant to the Alliance and Co-Marketing Agreement referred to in the Warrant Rights Agreement (the "JOINT MARKETING AGREEMENT," together with the Warrant Rights Agreement and this Agreement, the "OPERATIVE AGREEMENTS").

C. The Warrant Rights Agreement provides that the Investor and the Company shall each be granted certain rights, all as more fully set forth herein.

NOW, THEREFORE, in consideration of the foregoing, the mutual promises hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. STANDSTILL AGREEMENT.

1.1 Standstill. The Investor agrees that the Investor (as defined below) shall not acquire, or enter into discussions, negotiations, arrangements or understandings with any third party to acquire, beneficial ownership (as defined in Rule 13d-3 promulgated under the Securities Exchange Act of 1934, as amended) of any Company Securities (as defined below) without the prior written consent of the Board of Directors of the Company, except, in any case, (i) shares issued upon the due exercise of the Warrants, and (ii) shares issued by way of stock dividends or other distributions or offerings made available to the Investor by the Company as a result of such distribution or offering being made by the Company to all holders generally of the same class or classes of Company Securities held by the Investor.

1.2 Company Securities Defined: As used in this Section 1, the term "COMPANY SECURITIES" means shares of Preferred Stock or Common Stock of the Company and any other securities issued by the Company having the ordinary power to vote in the election of directors of the Company ("EQUITY SECURITIES"), as well as any securities convertible into or exchangeable for Equity Securities or any other right to acquire Equity Securities. The term Company Securities includes, without limiting the foregoing, securities and instruments issued by the Company having such power only upon the happening of a contingency that has not yet occurred. This provision shall not prevent, however, the due exercise of the Warrants issued pursuant to the Warrant Rights Agreement in accordance with the terms of such respective Warrants.

1.3 Additional Terms Defined: In this Agreement, the term "PERSON" shall mean a person, partnership, trust or other entity and the term "PERSONS" shall have a corresponding meaning, and the term "AFFILIATE" of a Person shall mean any other Person directly or indirectly controlling, controlled by or under common control with the first Person, where for the purposes hereof "control" shall have the meaning ascribed under the Securities Act of 1933, as amended, and the rules and regulations thereunder. In this Agreement, the terms "WARRANTS", "WARRANT SHARES", "FIRST WARRANT", "SECOND WARRANT", "THIRD WARRANT" and "FOURTH WARRANT" shall have the respective meanings specified in the Warrant Rights Agreement. For the purposes of Sections 1 and 2, the "INVESTOR" shall refer to the Investor and any Affiliate of the Investor (including any Person that may become an Affiliate of the Investor hereafter), individually and collectively.

2. COMPANY FIRST REFUSAL ON SALE OF SHARES BY INVESTOR.

2.1 Company Right of First Refusal. The Investor may not sell, transfer or otherwise dispose or attempt to sell, transfer or otherwise dispose of any Company Securities (referred to as a "PROPOSED DISPOSITION") without first providing written notice (the "NOTICE") of such intention to the Company. Such Notice shall specify in reasonable detail the Company Securities to be disposed, the identity of the proposed transferee, the proposed means and timing of disposition, and the purchase price. The Company shall have sixty (60) days from delivery of such Notice to elect to purchase all or any portion of such Company Securities from the Investor at the Purchase Price (as defined below) by delivering to the Investor an irrevocable written election by the Company to purchase such Company Securities at such Purchase Price (the "ELECTION"). In the event the Company delivers such Election, the Company shall be obligated to purchase, and the Investor shall be obligated to sell, such Company Securities at a closing to be held at such time and place as the Company and the Investor shall agree, not more than thirty (30) days following the date of the Company's Election.

2.2 Exception for Certain Transfers. The following transactions shall be excluded from the provisions of Section 2.1:

(a) Investor may transfer Company Securities (i) to any wholly-owned subsidiary of the Investor, in a transaction for no consideration, and (ii) subject to prior written notice to the Company and compliance with applicable securities, to individual constituent partners of the Investor pursuant to compensatory arrangements, in an amount not exceeding 10,000 shares of Company Securities to any individual constituent partner in any one year or 20,000 shares of Company Securities to any individual constituent partner in the aggregate (subject in each case to appropriate adjustment for all stock splits, dividends, combinations, recapitalizations and the like), provided in each case that the transferee agrees to be bound by the provisions of this Agreement;

(b) Subject to the restrictions herein, at such time as the Company's Common Stock is publicly traded on a national securities exchange or the Nasdaq National Market, the Investor may sell Common Stock in open market transactions through a broker dealer, in an aggregate amount not to exceed in any 90 day period 1% of the aggregate number of outstanding shares of Common Stock of the Company; and

(c) Subject to the restrictions herein, at such time as the Company's Common Stock is publicly traded on a national securities exchange or the Nasdaq National Market, any

individual constituent partner of the Investor who receives shares pursuant to subparagraph 2.2(a)(ii) above may resell such shares in open market transactions through a broker dealer.

2.3 Additional Exception. Notwithstanding Section 2.1, the Investor may dispose of its Company Securities in response to a "SPECIFIED TENDER OFFER." In this Section 2.3 a Specified Tender Offer shall mean (a) an offer to purchase or exchange for cash or other consideration any Company Securities which is made by another Person or Related Group of Persons pursuant to a tender offer which is not opposed by the Board of Directors of the Company within the time such Board is required by the applicable law to advise the Company's stockholders of the Board's position on such offer; and (b) any other offer made by another Person or Related Group of Persons to purchase or exchange for cash or other consideration any Company Securities which, if successful, would result in such Person or Related Group of Persons owning or having the right to acquire Company Securities entitling the holders thereof to more than ninety percent (90%) of the Total Voting Power of the Company (as defined below).

2.4 Forfeiture of Company Right of First Refusal. If the Company fails to deliver an Election within the sixty (60) day period specified in Section 2.1, the Company shall forfeit its rights under Section 2.1 with respect to such Proposed Disposition, provided the terms and conditions of such Proposed Disposition are not subsequently modified. If the terms and conditions of a Proposed Disposition are modified subsequent to the sixty (60) day period within which the Company can deliver the Election referred to in Section 2.1, such Proposed Disposition shall be deemed to be a new Proposed Disposition subject to the rights of the Company contained in Section 2.1.

2.5 Investor Sale Right Upon Forfeiture. If the Company forfeits its rights to acquire Company Securities under the terms of and in accordance with Section 2.4, the member or members of the Investor that shall have provided the Notice to the Company shall be free to Dispose all or a portion of the Company Securities referenced in the Notice in the manner and at the price provided in the Notice, provided that such Disposition must be made to a Person who (together with any Related Group of Persons) would not, to the Investor's knowledge, own or have the right to acquire 5% or more of the Company Securities outstanding immediately after such Disposition. In other than an open market sale of a block of shares representing less than 2% of the Total Voting Power of the Company, the Investor shall obtain from the transferee a written representation (on which the Company shall expressly be entitled to rely) to the effect that the transferee together with any Related Group of Persons shall not beneficially own following the Disposition 5% or more of the Total Voting Power of the Company.

2.6 Definitions. In this Section 2, the following terms shall have these meanings:

(a) "PURCHASE PRICE" means the lesser of (i) the value of the consideration to be received by the Investor in a Proposed Disposition of Company Securities, as specified in the Notice, and (ii) the Market Price of such Company Securities at the time of such Proposed Disposition. In this Agreement, the term "MARKET PRICE" means, as to a Company Security, the average of the closing prices of sales on all domestic securities exchanges and national markets on which the Company Security may at the time be listed, or, if there have been no sales on any such exchange on any day, the average of the highest bid and lowest asked prices on all such exchanges at the end of such day, or, if on any day the Company Security is not so listed, the average of the representative bid and asked prices quoted in the Nasdaq National Market as of 4:00 P.M., New York time, on such day, or, if on any day the Company Security is not quoted in the Nasdaq National Market, the average of the highest bid and lowest asked prices on such day

in the domestic over-the-counter market as reported by the National Quotation Bureau, Incorporated, or any similar successor organization, in each such case averaged over a period of thirty (30) Trading Days immediately preceding the date of the Proposed Disposition; PROVIDED, HOWEVER, that if the Company Security is listed on any domestic securities exchange the term "TRADING DAYS" as used in this sentence means days on which such exchange is open for trading. If at any time the Company Security is not listed on any domestic securities exchange or quoted in the Nasdaq National Market or the domestic over-the counter market, the "MARKET PRICE" shall be the fair value thereof determined jointly by the Company and the Investor, PROVIDED, HOWEVER that if such parties are unable to reach agreement within fifteen (15) business days following written notice from the Investor to the Company setting forth the Investor's determination of such fair value, such fair value shall be determined by an appraiser jointly selected by the Company and the Investor. The determination of such appraiser shall be final and binding on the Company and the Investor, and the Company and the Investor shall pay in equal proportions the fees and expenses of such appraiser.

(b) "RELATED GROUP OF PERSONS". A person is "RELATED" to another person if such person controls the other person, directly or indirectly, in any manner whatsoever or if the person is so controlled by the other person. A person is also related to another person if both are controlled, directly or indirectly in any manner whatsoever, by the same person. Persons who are related to the same person are related to one another. A "RELATED GROUP OF PERSONS" is a group comprising Persons each one of whom is related to the other.

(c) "TOTAL VOTING POWER" of any Person means the total number of votes that can be cast in the election of directors (or similar managing authority) of such Person at any meeting of stockholders (or equity owners) of such Person if all outstanding securities of such Person entitled to vote in such election were present and voted at such meeting.

3. COMPANY RIGHT TO ACQUIRE WARRANT SHARES ON CERTAIN EVENTS.

3.1 Repurchase Right on Change in Control or Breach.

(a) Repurchase Right. The Company shall have the right to repurchase certain Warrant Shares issued under the First Warrant at a purchase price per share equal to the Per Share Purchase Price specified in such Warrant, subject to appropriate adjustment for all stock splits, dividends, combinations, recapitalizations and the like, upon the occurrence of any of the following events (herein, each referred to as a "SPECIFIED EVENT"):

(i) Change in Control. Any transaction or series of related transactions by which a Person or Related Group of Persons, other than Ernst & Young LLP and its Affiliates and other than Cap Gemini S.A. or its Affiliates (collectively, "CAP GEMINI"), acquires 40% or more of the equity interest in or Total Voting Power of the Investor or the High Growth Middle Market (as defined under the Joint Marketing Agreement) implementation business of the Investor (or a similar transaction affecting a successor to any of the foregoing businesses);

(ii) Failure to Assume by Cap Gemini. Any transaction or series of related transactions by which Cap Gemini acquires 40% or more of the equity interests in or Total Voting Power of the Investor or the High Growth Middle Market implementation business of the Investor, unless Cap Gemini and Cap Gemini Ernst & Young U.S. LLC, the entity organized by Cap Gemini to conduct the business of the Investor, or such other entity organized for that

purpose (each, an "ONGOING ENTITY") assume all obligations of the Investor under the Operative Agreements;

(iii) Formation of Competitor. The creation by the Investor or any successor to the Investor (including, following any acquisition by Cap Gemini of a controlling equity interest in the Investor, the Ongoing Entity or Cap Gemini) of a High Growth Middle Market hosting business that the Company reasonably concludes competes with the Company; or

(iv) Breach of Joint Marketing Agreement. The occurrence of a material breach of the Joint Marketing Agreement by the Investor or any successor to the Investor (including, following any acquisition by Cap Gemini of a controlling equity interest in the Investor, the Ongoing Entity or Cap Gemini), including, among others, a breach of Section 4 (concerning exclusivity), of such agreement, which breach remains uncured for a period of thirty (30) days after the giving of notice thereof.

(b) Number of Shares That May Be Purchased. (i) Except as provided in paragraph (ii) hereof, the number of Warrant Shares issuable under the First Warrant that the Company shall be entitled to repurchase from the Investor upon the occurrence of a Specified Event shall be calculated as follows (appropriately adjusted in each case for all stock splits, dividends, combinations, recapitalizations and the like): (i) if the Specified Event occurs within three (3) years from the date hereof, 4,666,666 Warrant Shares; (ii) if the Specified Event occurs more than three (3) years but less than five (5) years from the date hereof, 2,333,333 Warrant Shares; and (iii) if the Specified Event occurs more than five (5) years but less than seven (7) years from the date hereof, 1,666,667 Warrant Shares.

(c) Notwithstanding the foregoing, in the event that the Company shall have repurchased Warrant Shares issuable under the First Warrant pursuant to Section 3.2 hereof (or the total number of shares issuable under the First Warrant shall have been reduced pursuant to Sections 3.2 and 3.3 hereof), then the number of Warrant Shares that the Company shall have the right to repurchase pursuant to this Section 3.1 shall be reduced. In such event, the number of Warrant Shares that the Company may repurchase under this Section 3.1 shall be reduced proportionately based on the ratio of the number of Warrant Shares repurchased under Section 3.2 (or cancelled under Sections 3.2 and 3.3) to the total number of Warrant Shares originally issuable under the First Warrant (in each case appropriately adjusted for all stock splits, dividends, combinations, recapitalizations and the like). As an example, if the Company repurchases one-fourth of the Warrant Shares originally issuable under the First Warrant pursuant to Section 3.2, then the number of Warrant Shares that otherwise may be repurchased under this Section 3.1 shall be reduced by one-fourth.

3.2 Repurchase Rights on Investor Election of NonExclusivity.

(a) Investor Election. In the event that the Company shall not have completed its initial underwritten offering of equity securities to the public (a "QUALIFIED IPO") by December 31, 2000, then at any time prior to April ___, 2002 the Investor may elect, by written notice to the Company, to terminate the exclusivity provisions set forth in Sections 4.1 and 4.2 of the Joint Marketing Agreement. In such event, the Company shall have the right to repurchase from the Investor 2,333,333 Warrant Shares issuable under the First Warrant at a purchase price per share equal to the Per Share Purchase Price specified in the First Warrant (subject to appropriate adjustment in the case of such number and purchase price per share for all stock splits, dividends, combinations, recapitalizations and the like). The Company shall effect such

repurchase by written notice to the Investor within ninety (90) days following the date of notice from the Investor terminating exclusivity.

3.3 Cancellation of Warrant or Payment in Cash in Lieu of Purchase of Shares. If upon the occurrence of any event specified in Section 3.1 or 3.2 and the election by the Company to repurchase Warrant Shares from the Investor the Investor shall not have previously exercised the First Warrant for a sufficient number of Warrant Shares to satisfy the obligation to sell Warrant Shares to the Company, then the Company shall have the right to cancel the First Warrant (for no consideration) for a number of shares equal to the shortfall in the number of Warrant Shares to be so repurchased.

3.4 Repurchase Rights on Independence Issue and Accounting Issue.

(a) Independence Issue. The parties hereto acknowledge that the U. S. Securities and Exchange Commission (the "SEC") continues to review certain issues relating to the "INDEPENDENCE" of independent public accountants and that this review could result in an assessment by the SEC of the impact on independence of the transactions contemplated by the Operative Agreements (collectively, the "OPERATIVE TRANSACTIONS"). The parties hereto further acknowledge that the Operative Transactions could create an issue regarding Ernst & Young LLP's independence ("INDEPENDENCE") under the SEC's rules and interpretations relating to auditor independence, under any federal or state governmental or regulatory rules or under professional guidelines applicable to independent public accountants. The parties agree that in the event that after the Company's initial public offering it becomes known to either party that the Staff of the SEC shall have made any pronouncement or taken any action which, in the reasonable, good faith judgment of Ernst & Young LLP or the Company indicates that the Operative Transactions have or are reasonably likely to have a material adverse effect on the Independence of Ernst & Young LLP, then such party shall notify the other party of such pronouncement or action (each, an "INDEPENDENCE ISSUE") by telephone and facsimile notice.

(b) Accounting Issue. The parties acknowledge that the SEC continues to review the appropriate accounting treatment associated with warrants issued by a corporation in connection with commercial relationships such as those contemplated by the Joint Marketing Agreement and the Warrants (collectively, the "COMMERCIAL WARRANT TRANSACTIONS"). In the event that the Company shall determine that, as a result of SEC requirements or changes in accounting principles, the Commercial Warrant Transactions require accounting treatment that differs materially and adversely from the accounting for the Commercial Warrant Transactions reflected in the Company's registration statement on Form S-1 initially filed with the SEC in connection with the Company's initial public offering (which accounting shall be reviewed with the Investor for information purposes prior to the filing of such form), then the Company shall notify Ernst & Young LLP of such accounting change (an "ACCOUNTING ISSUE") by telephone and facsimile notice.

(c) Disposition and Termination of Rights. If the Independence Issue or the Accounting Issue, as the case may be, shall not have been satisfactorily resolved within ninety (90) business days following the date of the notices referred to in Section 3.4(a) and 3.4(b) (deemed to be the date of the telephone and facsimile transmission, which date is herein referred to as the "PARTICULAR DATE") and, in the good faith and reasonable opinion of a majority of the Board of Directors, the Independence Issue or Accounting Issue is interfering with, or appears reasonably likely to interfere with, the ability of the Company to conduct its business in the

ordinary course or is resulting in, or appears reasonably likely to result in a material and adverse impact on the Company's business, financial condition or reported financial results, then:

(i) the Company may, at its election, by written notice to the Investor, terminate the Investor's rights upon a proposed sale of the Company specified in Section 7.1 hereof;

(ii) the Company may, at its election, by written notice to the Investor: (A) terminate and cancel in their entirety all rights of the Investor to receive Warrant Shares under the First Warrant to the extent the First Warrant shall not previously have been exercised and (B) to the extent the First Warrant shall previously have been exercised, the Company shall have the right to acquire each Warrant Share issued upon such exercise and then held by the Investor at a price of $6.50 per Warrant Share (subject to adjustment for all stock splits, dividends, combinations, recapitablizations and the like); provided, however, that a certain portion of the Warrant Shares which shall have theretofore been issued on exercise of the First Warrant and described below as the "FIRST WARRANT RETAINED SHARES" may not be so repurchased by the Company. The number of Warrant Shares issued under the First Warrant and which the Company shall not be entitled to repurchase as provided in this Section 3.4(c)(ii) (such retained shares being referred to as the "FIRST WARRANT RETAINED SHARES") shall be determined as follows:

a) If the Particular Date is before April 20, 2001, the Investor's First Warrant Retained Shares shall be nil shares;

b) If the Particular Date is on or after April 20, 2001 and before April 20, 2002, the Investor's First Warrant Retained Shares as of such Particular Date shall be 777,777 shares (subject to adjustment for all stock splits, dividends, combinations, recapitablizations and the like);

c) If the Particular Date is on or after April 20, 2002 and before April 20, 2003, the Investor's First Warrant Retained Shares as of such Particular Date shall be 1,555,555 shares (subject to adjustment for all stock splits, dividends, combinations, recapitablizations and the like);

d) If the Particular Date is on or after April 20, 2003 and before April 20, 2004 the Investor's First Warrant Retained Shares shall be 2,166,666 shares (subject to adjustment for all stock splits, dividends, combinations, recapitablizations and the like);

e) If the Particular Date is on or after April 20, 2004 and before April 20, 2005 the Investor's First Warrant Retained Shares as of such Particular Date shall be 2,333,333 shares (subject to adjustment for all stock splits, dividends, combinations, recapitablizations and the like);

f) If the Particular Date is on or after April 20, 2005 and before April 20, 2006 the Investor's First Warrant Retained Shares as of such Particular Date shall be 2,666,666 shares (subject to adjustment for all stock splits, dividends, combinations, recapitablizations and the like);

g) If the Particular Date is on or after April 20, 2006 and before April 20, 2007 the Investor's First Warrant Retained Shares as of such Particular Date shall be 2,999,999 shares (subject to adjustment for all stock splits, dividends, combinations, recapitablizations and the like); and

h) If the Particular Date is on or after April 20, 2007, the Investor's First Warrant Retained Shares as of such Particular Date shall be 4,666,666 shares (subject to adjustment for all stock splits, dividends, combinations, recapitablizations and the like).

(iii) the Company may, at its election, by written notice to the Investor require the Investor to sell to the Company, at a price per share equal to the Market Price (determined as provided in Section 2 hereof) all the Investor's First Warrant Retained Shares;

(iv) the Company may at its election, by written notice to the Investor, terminate and cancel in their entirety all rights of the Investor to receive Warrant Shares, respectively, under the Second Warrant, the Third Warrant and the Fourth Warrant and shall have the right to acquire at the Market Price (determined as provided in Section 2 hereof) each Warrant Share that shall have theretofore been issued upon the exercise of the Second Warrant, the Third Warrant or the Fourth Warrant, respectively, and are then held by the Investor; and

(v) to the extent that the Company has not acquired from the Investor all of the Warrant Shares that it may elect to acquire under Section 3.4(c)(iii) and Section 3.4(c)(iv), the Company may, at its election, by written notice to the Investor require the Investor to sell such shares within sixty (60) days to a "FINANCIAL INSTITUTION" acceptable to the Company. For the purpose of this Section 3.4(c)(v), a "FINANCIAL INSTITUTION" shall mean a financial institution such as a bank, investment company, broker-dealer or similar institution, which is not an operating entity, acquires the shares solely for passive investment purposes, and agrees in writing to the Company that the Warrant Shares may only be resold in open market sales through a broker-dealer or to a market maker.

3.5 Investor Election on Company Exercise of Disposition and Termination Rights. If the Company elects under Sections 3.4(c) to terminate the rights of the Investor specified therein and to require the Investor to dispose of its Warrant Shares as specified therein, the Investor may, at its election, by written notice to the Company, terminate the exclusivity provisions set forth in Sections 4.1 and 4.2 of the Joint Marketing Agreement and terminate the Company's right of first refusal on the sale of the Investor's Business specified in Section 4 hereof.

3.6 No Sale of Shares Subject to Repurchase Rights. Neither the Investor nor any Person to whom the First Warrant (or Warrant Shares issuable on exercise of the First Warrant) may properly be transferred or assigned under the terms of the Warrant Rights Agreement, this Agreement and the First Warrant shall sell, assign or otherwise transfer any Warrant Shares issued or issuable under the First Warrant to the extent that, and for so long as, such Warrant Shares remain subject to any potential repurchase rights of the Company under this Section 3.

4. COMPANY RIGHT OF FIRST REFUSAL ON SALE OF HGMM BUSINESS.

4.1 Company Right of First Refusal. The Investor may not dispose or attempt to dispose of all or any material portion of its High Growth Middle Market implementation business (such business, or the portion of such business and assets, proposed to be sold is referred to as the "BUSINESS") (such disposition or attempted disposition herein referred to as a "PROPOSED DISPOSITION") without first providing written notice (the "NOTICE") of such intention to the Company. Such Notice shall specify in reasonable detail the Business proposed to be disposed, the identity of the proposed transferee, the proposed means and timing of disposition, and the proposed purchase price (the "BUSINESS PURCHASE PRICE"), and shall also include a copy of all due diligence materials provided to the proposed purchaser of the Business. In addition, the Investor shall promptly provide to the Company and its representatives the opportunity to

perform full due diligence (including without limitation business, financial and legal due diligence) with respect to the Business. The Company shall have fifteen (15) days from delivery of such Notice to elect to purchase such Business from the Investor at the Business Purchase Price by delivering to the Investor an irrevocable written election by the Company to purchase such Business at such price (the "ELECTION"). In the event the Company delivers such Election, the Company shall be obligated to purchase, and the Investor shall be obligated to sell, such Business at a closing date mutually agreed by the parties not more than sixty (60) days following the date of the Company's Election (or as soon as practicable thereafter following completion of all requisite regulatory procedures).

4.2 Forfeiture of Company Right of First Refusal. If the Company fails to deliver an Election within the fifteen (15) day period specified in Section 4.1, the Company shall forfeit its rights under Section 4.1 with respect to such Proposed Disposition, the Investor shall be free to dispose of all or a portion of its Business, to the Person and on the terms described in the Notice, provided the terms and conditions of such Proposed Disposition are not subsequently modified. If the terms and conditions of a Proposed Disposition
are modified subsequent to the fifteen (15) day period within which the Company can deliver the Election referred to in Section 4.1, such Proposed Disposition shall be deemed to be a new Proposed Disposition subject to the rights of the Company contained in Section 4.1.

4.3 Exception. Ernst & Young LLP has entered into an agreement to sell its consulting services division, which division includes the Business, to Cap Gemini, which intends to carry on the Business through an Ongoing Entity. The Company shall not have a right of first refusal pursuant to this Section 4 on any such transaction with Cap Gemini, provided that Cap Gemini, on behalf of Cap Gemini and its Affiliates, and the Ongoing Entity each agree to be bound by and subject to all of the terms and provisions of this Agreement, the Warrant Rights Agreement and the Joint Marketing Agreement on the same basis as the obligations of the Investor hereunder and thereunder.

5. LEGENDS; STOP TRANSFER RESTRICTIONS.

The Warrants and the certificates evidencing Warrant Shares issued on exercise of the Warrants (as well as any securities issued in respect thereof) shall bear restrictive legends referring to the restrictions set forth in this Agreement. In addition, the Company shall be entitled to issue stop transfer instructions to the transfer agent for the Warrants, Warrant Shares and any other securities issued in respect thereof to ensure compliance with the restrictions set forth in this Agreement.

6. INVESTOR BOARD REPRESENTATION.

(a) Subject to Section 6.1(b), until the Company's Qualified IPO, and thereafter for so long as the Investor beneficially owns ten percent (10%) or more of the Total Voting Power of the Company, the Board of Directors of the Company shall include in the slate of nominees presented to the stockholders of the Company for election one (1) nominee designated by the Investor. Such director (herein referred to as the "INVESTOR DIRECTOR") shall have the customary and usual rights of a member of the Company's Board of Directors to participate in the management of Company affairs, PROVIDED, HOWEVER, that in the event the Company's Board of Directors votes on an acquisition, merger or other combination with and proposed by Arthur Anderson, Andersen Consulting, PricewaterhouseCoopers, KPMG or Deloitte & Touch (a "STRATEGIC ACQUISITION PROPOSAL"), the Investor Director shall at the request of the

Board of Directors recuse himself or herself from the deliberations of such proposal and any vote thereon.

(b) The Board of Directors rights herein shall terminate upon the first to occur of (i) termination of the Joint Marketing Agreement (ii) the acquisition by any Person other than Ernst & Young LLP or Cap Gemini of 40% or more of the equity interests in or Total Voting Power of the Investor. In addition, following any acquisition by Cap Gemini of 40% or more of the equity interests in or Total Voting Power of the Investor, and the assignment of this Board of Director right to Cap Gemini, any director nominee of Cap Gemini other than David Shpilberg must be an individual deemed acceptable by the Company.

7. INVESTOR RIGHTS UPON PROPOSED SALE OF COMPANY.

7.1 Right of First Refusal on Sale of Company. In the event that the Company receives a Strategic Acquisition Proposal, the Company must provide written notice (the "NOTICE") of such Strategic Acquisition Proposal to the Investor specifying in reasonable detail the terms and conditions of such proposal, including the identity of the proposed purchaser and the purchase price. The Investor shall have fifteen (15) days from delivery of such Notice to elect to undertake the acquisition described in the Notice (the "ACQUISITION") on the same terms as specified in the Notice, by delivering to the Company an irrevocable written election to undertake the Acquisition at such price so (the "ELECTION"). In the event the Investor delivers such Election, the Investor shall be obligated to undertake the Acquisition, and the Company shall be obligated to undertake the Acquisition subject to applicable stockholder approval requirements, at a closing date mutually agreed by the parties not more than fifteen (15) days following the date of the Investor's Election (or as soon as practicable thereafter following completion of all requisite regulatory procedures).

7.2 Forfeiture of Right of First Refusal. If the Investor fails to deliver an Election within the fifteen (15) day period specified in Section 7.1, the Investor shall forfeit its rights under Section 7.1 with respect to the proposed Acquisition, and the Company shall be free to undertake the Acquisition with the Person and on the terms described in the Notice, provided the terms and conditions of such proposed Acquisition are not subsequently modified. If the terms and conditions of the proposed Acquisition are modified subsequent to the fifteen (15) day period within which the Investor can deliver the Election referred to in Section 7.1, the proposed Acquisition shall be deemed to be a new Strategic Acquisition Proposal subject to the rights of the Investor contained in Section 7.1.

7.3 Termination. The rights of the Investor pursuant to this Section 7 shall terminate upon the Company's Qualified IPO.

8. REGISTRATION RIGHTS.

8.1 Definitions. For purposes of this Section 8:

(a) The term "1934 ACT" means the Securities Exchange Act of 1934, as amended.

(b) The term "ACT" means the Securities Act of 1933, as amended.

(c) "COMMON STOCK" means the Company's common stock, par value per share of $0.001.

(d) The term "FORM S-3" means such form under the Act as in effect on the date hereof or any registration form under the Act subsequently adopted by the SEC which permits inclusion or incorporation of substantial information by reference to other documents filed by the Company with the SEC.

(e) The term "HOLDER" means any person owning or having the right to acquire Registrable Securities or any assignee thereof in accordance with Section 8.11 hereof.

(f) The terms "REGISTER", "REGISTERED" and "REGISTRATION" refer to a registration effected by preparing and filing a registration statement or similar document in compliance with the Act, and the declaration or ordering of effectiveness of such registration statement or document by the SEC.

(g) The term "REGISTRABLE SECURITIES" means (i) Common Stock of the Company issuable or issued upon exercise of the Warrants, and (ii) any Common Stock of the Company issued as a dividend or other distribution with respect to, or in exchange for or in replacement of the shares referenced in clause (i), excluding in all cases, however, any Registrable Securities sold by a person in a transaction in which his rights under this Section 8 are not duly assigned as provided herein or any Registrable Securities after such securities have been sold to the public or sold pursuant to Rule 144 promulgated under the Act.

8.2 Company Registration.

(a) Registration Rights. If (but without any obligation to do so) the Company proposes to register (including for this purpose a registration effected by the Company for stockholders other than the Holders) any of its stock or other securities under the Act in connection with the public offering of such securities solely for cash (other than a registration relating solely to the sale of securities to participants in a Company stock plan, a registration pursuant to a Rule 145 transaction, a registration on any form which does not include substantially the same information as would be required to be included in a registration statement covering the sale of the Registrable Securities or a registration in which the only Common Stock being registered is Common Stock issuable upon conversion of debt securities which are also being registered), the Company shall, at such time, promptly give each Holder written notice of such registration. Upon the written request of each Holder given within fifteen (15) days after the date of such notice by the Company, the Company shall, subject to the provisions of paragraph 8.2(b) below, cause to be registered under the Act all of the Registrable Securities that each such Holder has requested to be registered.

(b) Underwriting Requirements. In connection with any offering involving an underwriting of shares of the Company's capital stock, the Company shall not be required under this Section 8.2 to include any of Holder's securities in such underwriting unless the Holder accepts the terms of the underwriting as agreed upon between the Company and the underwriters selected by it (or by other persons entitled to select the underwriters), provided such terms are reasonable and customary in an underwriting of similar securities and of a similar amount, and then only in such quantity as the underwriters determine in their sole discretion will not jeopardize the success of the offering by the Company. If the total amount of securities, including Registrable Securities, requested by stockholders to be included in such offering exceeds the amount of securities sold other than by the Company that the underwriters determine in their sole discretion is compatible with the success of the offering, then the Company shall be required to include in the offering only that number of such securities, including Registrable Securities,

which the underwriters determine in their sole discretion will not jeopardize the success of the offering, and the underwriters may exclude Registrable Securities from the offering entirely if the underwriters make the determination described above and no other stockholder's securities are included. Allocation of securities to be sold in any such offering shall be made on a pro-rata basis among the selling stockholders according to the total number of securities held by each such selling stockholder and entitled to inclusion therein on the basis of a registration rights agreement with the Company. For purposes of allocation of securities to be included in any offering, for any selling stockholder which is a partnership or corporation, the "affiliates" (as defined in Rule 405 under the Act), partners, retired partners and stockholders of such holder (and in the case of a partnership, any affiliated partnerships), or the estates and family members of any such partners and retired partners and any trusts for the benefit of any of the foregoing persons shall be deemed to be a single "selling stockholder," and any pro-rata reduction with respect to such "selling stockholder" shall be based upon the aggregate amount of shares carrying registration rights owned by all entities and individuals included in such "selling stockholder," as defined in this sentence.

8.3 Form S-3 Registration. In case the Company shall receive from any Holder or Holders a written request or requests that the Company effect a registration on Form S-3 and any related qualification or compliance with respect to all or a part of the Registrable Securities owned by such Holder or Holders, the Company will:

(a) promptly give written notice of the proposed registration, and any related qualification or compliance, to all other Holders; and

(b) as soon as practicable, effect such registration and all such qualifications and compliance as may be so requested and as would permit or facilitate the sale and distribution of all or such portion of such Holder's or Holders' Registrable Securities as are specified in such request, together with all or such portion of the Registrable Securities of any other Holder or Holders joining in such request as are specified in a written request given within fifteen (15) days after receipt of such written notice from the Company; provided, however, that the Company shall not be obligated to effect any such registration, qualification or compliance, pursuant to this Section 8.3: (1) if the Registrable Securities requested by all Holders to be registered pursuant to this Section 8.3 have an anticipated aggregate offering price to the public (before deducting any underwriter discounts, concessions or commissions) of less than $2,000,000; (2) if Form S-3 is not available for such offering by the Holders; (3) if the Company shall furnish to the Holders a certificate signed by the President of the Company stating that in the good faith judgment of the Board of Directors of the Company, it would be seriously detrimental to the Company and its stockholders for such Form S-3 Registration to be effected at such time, in which event the Company shall have the right to defer the filing of the Form S-3 registration statement for a period of not more than ninety (90) days after receipt of the request of the Holder or Holders under this Section 8.3; provided, however, that the Company shall not utilize this right more than twice in any twelve month period; (4) if the Company has, within the twelve (12) month period preceding the date of such request, already effected a registration on Form S-3 for the Holders pursuant to this Section 8.3; or (5) in any particular jurisdiction in which the Company would be required to qualify to do business or to execute a general consent to service of process in effecting such registration, qualification or compliance.

(c) Subject to the foregoing, the Company shall file a registration statement covering the Registrable Securities and other securities so requested to be registered as soon as practicable after receipt of the request or requests of the Holders.

8.4 Obligations of the Company. Whenever required under this Section 8 to effect the registration of any Registrable Securities, the Company shall, as expeditiously as reasonably possible:

(a) Prepare and file with the SEC a registration statement with respect to such Registrable Securities and use its best efforts to cause such registration statement to become effective, and, upon the request of the Holders of a majority of the Registrable Securities registered thereunder, keep such registration statement effective for a period of up to ninety (90) days or until the distribution contemplated in the Registration Statement has been completed; provided, however, that such 90-day period shall be extended for a period of time equal to the period the Holder refrains from selling any securities included in such registration at the request of an underwriter of Common Stock (or other securities) of the Company.

(b) Prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection with such registration statement as may be necessary to comply with the provisions of the Act with respect to the disposition of all securities covered by such registration statement.

(c) Furnish to the Holders such numbers of copies of a prospectus, including a preliminary prospectus, in conformity with the requirements of the Act, and such other documents as they may reasonably request in order to facilitate the disposition of Registrable Securities owned by them.

(d) Use its best efforts to register and qualify the securities covered by such registration statement under such other securities or Blue Sky laws of such jurisdictions as shall be reasonably requested by the Holders; provided that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdictions.

(e) In the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in usual and customary form, with the managing underwriter of such offering. Each Holder participating in such underwriting shall also enter into and perform its obligations under such an agreement.

(f) Notify each Holder of Registrable Securities covered by such registration statement at any time when a prospectus relating thereto is required to be delivered under the Act of the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing.

(g) Cause all such Registrable Securities registered pursuant hereunder to be listed on each securities exchange on which similar securities issued by the Company are then listed.

(h) Provide a transfer agent and registrar for all Registrable Securities registered pursuant hereunder and a CUSIP number for all such Registrable Securities, in each case not later than the effective date of such registration.

(i) In the event of any underwritten public offering, cooperate with the selling Holders, the underwriters participating in the offering and their counsel in any due diligence investigation reasonably requested by the selling Holders or the underwriters in connection

therewith, and participate, to the extent reasonably requested by the managing underwriter for the offering or the selling Holder, in efforts to sell the Registrable Securities under the offering (including, without limitation, participating in "roadshow" meetings with prospective investors) that would be customary for underwritten primary offerings of a comparable amount of equity securities by the Company.

8.5 Furnish Information.

(a) It shall be a condition precedent to the obligations of the Company to take any action pursuant to this Section 1 with respect to the Registrable Securities of any selling Holder that such Holder shall furnish to the Company such information regarding itself, the Registrable Securities held by it, and the intended method of disposition of such securities as shall be required to effect the registration of such Holder's Registrable Securities.

(b) The Company shall have no obligation with respect to any registration requested pursuant to Section 8.3 if, due to the operation of Section 8.5(a), the number of shares or the anticipated aggregate offering price of the Registrable Securities to be included in the registration does not equal or exceed the number of shares or the anticipated aggregate offering price required to originally trigger the Company's obligation to initiate such registration as specified in Section 8.3.

8.6 Expenses of Company or S-3 Registration. All expenses (exclusive of underwriting discounts and commissions and stock transfer taxes) incurred in connection with registrations, filings or qualifications pursuant to this Section 8 including (without limitation) all registration, filing and qualification fees, printers' and accounting fees, fees and disbursements of counsel for the Company and the reasonable fees and disbursements of one counsel for all selling holders, including Holders of Registrable Securities, shall be borne by the Company; provided, however, that the Company shall not be required to pay for any expenses of any registrations effected pursuant to Section 8.3 if the Company has already undertaken five (5) such registrations in the aggregate under this and all other registration rights agreements.

8.7 Delay of Registration. No Holder shall have any right to obtain or seek an injunction restraining or otherwise delaying any such registration as the result of any controversy that might arise with respect to the interpretation or implementation of this Section 8.

8.8 Indemnification. In the event any Registrable Securities are included in a registration statement under this Section 8:

(a) To the extent permitted by law, the Company will indemnify and hold harmless each Holder, the constituent partners and members, or officers and directors of each Holder, any underwriter (as defined in the Act) and each person, if any, who controls such Holder or underwriter within the meaning of the Act or the 1934 Act, against any losses, claims, damages, or liabilities (joint or several) to which they may become subject under the Act, the 1934 Act or other federal or state law, insofar as such losses, claims, damages, or liabilities (or actions in respect thereof) arise out of or are based upon any of the following statements, omissions or violations (collectively a "VIOLATION"): (i) any untrue statement or alleged untrue statement of a material fact contained in such registration statement, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto, (ii) the omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading, or (iii) any violation or alleged violation by the Company of the Act, the 1934 Act, any state securities law or any rule or regulation promulgated under the

Act, the 1934 Act or any state securities law; and the Company will pay to each such Holder, underwriter or controlling person any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability, or action, as such expenses are incurred; provided, however, that the indemnity agreement contained in this subsection 8.8(a) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability, or action if such settlement is effected without the consent of the Company (which consent shall not be unreasonably withheld), nor shall the Company be liable in any such case for any such loss, claim, damage, liability, or action to the extent that it arises out of or is based upon a Violation which occurs in reliance upon and in conformity with written information furnished expressly for use in connection with such registration by any such Holder, underwriter or controlling person.

(b) To the extent permitted by law, each selling Holder will indemnify and hold harmless the Company, each of its directors, each of its officers who has signed the registration statement, each person, if any, who controls the Company within the meaning of the Act, any underwriter, any other Holder selling securities in such registration statement and any controlling person of any such underwriter or other Holder, severally but not jointly, against any losses, claims, damages, or liabilities (joint or several) to which any of the foregoing persons may become subject, under the Act, the 1934 Act or other federal or state law, insofar as such losses, claims, damages, or liabilities (or actions in respect thereto) arise out of or are based upon any Violation, in each case to the extent (and only to the extent) that such Violation occurs in reliance upon and in conformity with written information furnished by such Holder expressly for use in connection with such registration; and each such Holder will pay any legal or other expenses reasonably incurred by any person intended to be indemnified pursuant to this Section 8.8(b), in connection with investigating or defending any such loss, claim, damage, liability, or action; provided, however, that the indemnity agreement contained in this Section 8.8(b) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Holder, which consent shall not be unreasonably withheld; provided, that, in no event shall a Holder's cumulative, aggregate liability under this Section 8.8(b), under Section 8.8(d), or under such sections together, exceed the net proceeds received by such Holder from the offering out of which such Violation arises.

(c) Promptly after receipt by an indemnified party under this Section 8.8 of notice of the commencement of any action (including any governmental action), such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Section 8.8, deliver to the indemnifying party a written notice of the commencement thereof and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume the defense thereof with one counsel mutually satisfactory to the parties; provided, however, that an indemnified party (together with all other indemnified parties which may be represented without conflict by one counsel) shall have the right to retain one separate counsel, with the fees and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interests between such indemnified party and any other party represented by such counsel in such proceeding. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action shall not relieve such indemnifying party of any liability to the indemnified party under this Section 8.8 unless the failure to deliver notice is materially prejudicial to its ability to defend such action. Any omission to so deliver

written notice to the indemnifying party will not relieve it of any liability that it may have to any indemnified party otherwise than under this Section 8.8.

(d) If the indemnification provided for in this Section 8.8 is held by a court of competent jurisdiction to be unavailable to an indemnified party with respect to any loss, liability, claim, damage, or expense referred to herein, then the indemnifying party, in lieu of indemnifying such indemnified party hereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such loss, liability, claim, damage, or expense in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand, and of the indemnified party on the other, in connection with the statements or omissions that resulted in such loss, liability, claim, damage, or expense as well as any other relevant equitable considerations. The relative fault of the indemnifying party and of the indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission.

(e) Notwithstanding the foregoing, to the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with the underwritten public offering are in conflict with the foregoing provisions, the provisions in the underwriting agreement shall control.

(f) The obligations of the Company and Holders under this Section 8.8 shall survive the completion of any offering of Registrable Securities in a registration statement under this Section 8, and otherwise.

8.9 Reports under Securities Exchange Act of 1934. With a view to making available to the Holders the benefits of Rule 144 promulgated under the Act and any then rule or regulation of the SEC that may at any time permit a Holder to sell securities of the Company to the public without registration or pursuant to a registration on Form S-3, the Company agrees to:

(a) make and keep public information available, as those terms are understood and defined in SEC Rule 144, at all times after ninety (90) days after the effective date of the first registration statement filed by the Company for the offering of its securities to the general public;

(b) take such action, including the voluntary registration of its Common Stock under Section 12 of the 1934 Act, as is necessary to enable the Holders to utilize Form S-3 for the sale of their Registrable Securities, such action to be taken as soon as practicable after the end of the fiscal year in which the first registration statement filed by the Company for the offering of its securities to the general public is declared effective;

(c) file with the SEC in a timely manner all reports and other documents required of the Company under the Act and the 1934 Act; and

(d) furnish to any Holder, so long as the Holder owns any Registrable Securities, forthwith upon request (i) a written statement by the Company that it has complied with the reporting requirements of SEC Rule 144 (at any time after ninety (90) days after the effective date of the first registration statement filed by the Company), the Act and the 1934 Act (at any time after it has become subject to such reporting requirements), or that it qualifies as a registrant whose securities may be resold pursuant to Form S-3 (at any time after it so qualifies), (ii) a copy of the most recent annual or quarterly report of the Company and such other reports and

documents so filed by the Company, and (iii) such other information as may be reasonably requested in availing any Holder of any rule or regulation of the SEC which permits the selling of any such securities without registration or pursuant to such form.

8.10 Assignment of Registration Rights. The rights to cause the Company to register Registrable Securities pursuant to this Section 8 may only be assigned (but only with all related obligations), (i) upon prior written notice to the Company, to an Affiliate of the Investor or to Cap Gemini, or (ii) with the prior written consent of the Company.

8.11 "Market Stand-Off" Agreement. Each Holder hereby agrees that, during the period of duration specified by the Company and an underwriter of common stock or other securities of the Company, following the effective date of a registration statement of the Company filed under the Act, it shall not, to the extent requested by the Company and such underwriter, directly or indirectly sell, offer to sell, contract to sell (including, without limitation, any short sale), grant any option to purchase or otherwise transfer or dispose of (other than to donees who agree to be similarly bound) any securities of the Company held by it at any time during such period except common stock included in such registration; provided, however, that:

(a) all officers and directors of the Company and all other persons with registration rights (whether or not pursuant to this Agreement) enter into similar agreements;

(b) the Company uses all reasonable efforts to obtain from persons who hold one percent (1%) or greater of the Company's outstanding capital stock, a lock-up agreement similar to that set forth in this Section 8.11; and

(c) such market stand-off time period shall not exceed one hundred eighty (180) days for the Company's initial public offering, and ninety (90) days for any subsequent public offerings.

Each Holder agrees to provide to the other underwriters of any public offering such further agreements as such underwriter may reasonably request in connection with this market stand-off agreement, provided that the terms of such agreements are substantially consistent with the provisions of this Section 8.11. In order to enforce the foregoing covenant, the Company may impose stop-transfer instructions with respect to the Registrable Securities of each Holder (and the shares or securities of every other person subject to the foregoing restriction) until the end of such period.

Notwithstanding the foregoing, the obligations described in this Section 8.11 shall not apply to a registration relating solely to employee benefit plans on Form S-1 or Form S-8 or similar forms which may be promulgated in the future, or a registration relating solely to an SEC Rule 145 transaction.

8.12 Termination of Registration Rights. The right of any Holder to request registration or to include Registrable Securities in any registration pursuant to this Section 8 shall terminate upon the earlier of (i) the date which is five (5) years after the effective date of the first registration statement for an initial public offering of securities of the Company (other than a registration statement relating either to the sale of securities to employees of the Company pursuant to a stock option, stock purchase or similar plan or SEC Rule 145 transaction), or (ii) such date as a public trading market shall exist for the Company's Common Stock and all shares of Registrable Securities beneficially owned and subject to Rule 144 aggregation by such Holder may immediately be sold under Rule 144 (without regard to Rule 144(k)) during any 90-day

period, provided that such Holder is not then an "affiliate" of the Company within the meaning of Rule 144 and such Holder owns less than 1% of the then outstanding shares of capital stock.

9. GENERAL PROVISIONS.

9.1 Notices and Elections. Any notice or election required or permitted under this Agreement will be given in writing, shall be effective when received, and shall in any event be deemed received and effectively given upon personal delivery to the party to be notified or three (3) business days after deposit with the United States Post Office, by registered or certified mail, postage prepaid, or one (1) business day after deposit with a nationally recognized courier service such as FedEx for next business day delivery, or one (1) business day after facsimile with copy delivered by registered or certified mail, postage prepaid and addressed to the party to be notified at the address indicated for such party on the signature page hereof or at such other address as the Investor or the Company may designate by giving at least ten (10) days advance written notice pursuant to this Section 9.1.

(a) If to the Investor, at:

Ernst & Young LLP
787 7th Avenue, 24th Floor
New York, New York 10019
Attention: Doug Galin
Telephone No.:_____
Facsimile No.:_____

with a copy to:

Foley Hoag & Eliot LLP
One Post Office Square
Boston, MA 02109
Attention: Adam Sonnenschein, Esq.
Telephone No.: (617) 832-1000
Facsimile No.: (617) 832-7000

(b) If to the Company, at:

Corio, Inc.
700 Bay Road, Suite 210
Redwood City, CA 94063
Telephone No.: (650) 298-4800

Facsimile No.: (650) _____

with a copy to:
Wilson Sonsini Goodrich & Rosati, P.C.
650 Page Mill Road

Palo Alto, California 94304-1050
Attention: Howard Zeprun
Telephone No.: (650) 493-9300
Facsimile No.: (650) 493-6811

Any party hereto may by notice so given change its address for future notices hereunder. Notice shall conclusively be deemed to have been given when personally delivered or when deposited in the mail in the manner set forth above.

9.2 Entire Agreement. This Agreement, together with all the Exhibits hereto, constitutes and contains the entire agreement and understanding of the parties with respect to the subject matter hereof and supersedes any and all prior negotiations, correspondence, agreements, understandings, duties or obligations between the parties respecting the subject matter hereof.

9.3 Limitation on Liability. In the event of the occurrence of a Specified Event (but without limiting any other liability that one party may otherwise have to the other party for matters other than the occurrence of a Specified Event), the Company's sole recourse and the Investor's sole liability or obligation arising out of such event, and the Investor's sole recourse and the Company's sole liability or obligation arising out of such event, shall be limited to repurchase or termination of the Warrants and Warrant Shares and termination of certain provisions in the Joint Marketing Agreement and this Agreement, as provided in Section 3 and 4 hereof (to the extent provided in such sections). With respect to any such event (but only with respect to each event and without limiting any liability that one party may otherwise have to the other), neither party shall be liable to the other for compensation, reimbursement or damages on account of lost profits or other expenses, or be liable to the other party for any special, consequential, punitive, incidental or indirect damages, howsoever caused, on any theory of liability. These limits shall apply notwithstanding any failure of essential purpose of any limited remedy.

9.4 Governing Law. This Agreement shall be governed by and construed exclusively in accordance with the General Corporation Law of the State of Delaware, with respect to matters of corporate law, and, with respect to matters of law other than corporate law, in accordance with the internal laws of the State of California as they apply to agreements entered into and to be performed entirely within the State of California by residents thereof.

9.5 Severability. If one or more provisions of this Agreement are held to be unenforceable under applicable law, then such provision(s) shall be excluded from this Agreement and the balance of this Agreement shall be interpreted as if such provision(s) were so excluded and shall be enforceable in accordance with its terms.

9.6 Third Parties. Nothing in this Agreement, express or implied, is intended to confer upon any person, other than the parties hereto and their permitted successors and assigns, any rights or remedies under or by reason of this Agreement.

9.7 Successors and Assigns. Neither this Agreement nor any of the obligations or benefits specified herein may be assigned by the Investor except as expressly provided herein or as the Company may otherwise agree in writing. Notwithstanding the foregoing, it is expressly understood (i) that this Agreement is being entered into by the consulting services division of Ernst & Young LLP, as the same may hereafter be constituted as an entity separate from Ernst &

Young LLP, (ii) that Ernst & Young LLP may transfer its consulting services division into a limited liability company, corporation or other entity separate from Ernst & Young LLP, (iii) that Ernst & Young LLP may thereafter sell, transfer or otherwise assign its interest in such entity to Cap Gemini, and (iv) that this Agreement may be assigned to any of the foregoing specified entities as a successor to the business and assets of the consulting services division of Ernst & Young LLP, upon written notice to the Company but without any required consent by the Company, provided that such successor agrees to be bound by all of the terms and conditions of the Warrant Rights Agreement, the Joint Marketing Agreement and this Agreement. Subject to the foregoing, the provisions of this Agreement shall inure to the benefit of, and shall be binding upon, the respective successors and assigns of the parties hereto.

9.8 Captions. The captions to sections of this Agreement have been inserted for identification and reference purposes only and shall not be used to construe or interpret this Agreement.

9.9 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year first above written. CORIO, INC.

By:

Name:

Title:

ERNST & YOUNG LLP, ON BEHALF OF
ITS CONSULTING SERVICE DIVISION AS THE
SAME MAY BE SEPARATELY CONSTRUED

By:

Name:

Title:

Exhibit 4.02 REGISTRATION RIGHTS AGREEMENT REGISTRATION RIGHTS AGREEMENT (this "Agreement"), dated as of June 8, 2001, by and among At Home Corporation, a Delaware corporation, with headquarters located at 450 Broadway Street,

Redwood City, California 94063 (the "Company"), and the undersigned buyers (each, a "Buyer" and collectively, the "Buyers").

WHEREAS: A. In connection with the Securities Purchase Agreement by and among the parties hereto of even date herewith (the "Securities Purchase Agreement"), the Company has agreed, upon the terms and subject to the conditions of the Securities Purchase Agreement, to issue and sell to the Buyers convertible notes of the Company (the "Notes"), which will be convertible into shares of the Company's Series A common stock, par value $0.01 per share (the "Common Stock") (as converted, the "Conversion Shares") in accordance with the terms of the Notes. B. To induce the Buyers to execute and deliver the Securities Purchase Agreement, the Company has agreed to provide certain registration rights under the Securities Act of 1933, as amended, and the rules and regulations thereunder, or any similar successor statute (collectively, the "1933 Act"), and applicable state securities laws.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and each of the Buyers hereby agree as follows:

1. DEFINITIONS. ---------- As used in this Agreement, the following terms shall have the following meanings:

a. "Investor" means a Buyer, any transferee or assignee thereof to whom a Buyer assigns its rights under this Agreement and who agrees to become bound by the provisions of this Agreement in accordance with Section 9 and any transferee or assignee thereof to whom a transferee or assignee assigns its rights under this Agreement and who agrees to become bound by the provisions of this Agreement in accordance with Section 9. b.

"Person" means an individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization and a governmental or any department or agency thereof.

c. "Register," "registered," and "registration" refer to a registration effected by preparing and filing one or more Registration Statements (as defined below) in compliance with the 1933 Act and pursuant to Rule 415 under the 1933 Act or any successor rule providing for offering securities on a continuous or delayed basis ("Rule 415"), and the declaration or ordering of effectiveness of such Registration Statement(s) by the United States Securities and Exchange Commission (the "SEC").

d. "Registrable Securities" means the Conversion Shares issued or issuable upon conversion of the Notes and any shares of capital stock issued or issuable with respect to the Conversion Shares or the Notes as a result of any stock split, stock dividend, recapitalization, exchange or similar event or otherwise, without regard to any limitations on conversions of Notes.

e. "Registration Statement" means a registration statement or registration statements of the Company filed under the 1933 Act covering the Registrable Securities. Capitalized terms used herein and not otherwise defined herein shall have the respective meanings set forth in the Securities Purchase Agreement.

2. REGISTRATION. ---------- a. Mandatory Registration. The Company shall prepare, and, as soon ---------- as practicable but in no event later than 45 days after the Closing Date (as defined in the Securities Purchase Agreement) (the "Filing Deadline"), file with the SEC the

Registration Statement on Form S-3 covering the resale of all of the Registrable Securities. In the event that Form S-3 is unavailable for such a registration, the Company shall use such other form as is available for such a registration, subject to the provisions of Section 2(d). The Registration Statement prepared pursuant hereto shall register for resale at least that number of shares of Common Stock equal to the number of Registrable Securities as of the trading day immediately preceding the date the Registration Statement is initially filed with the SEC, subject to adjustment as provided in Section 2(e). The Company shall use all reasonable efforts to have the Registration Statement declared effective by the SEC within 90 days after the Closing Date (the "Effectiveness Deadline").

b. Allocation of Registrable Securities. The initial number of ---------- Registrable Securities included in any Registration Statement and each increase in the number of Registrable Securities included therein shall be allocated pro rata among the Investors based on the number of Registrable Securities held by each Investor at the time the Registration Statement covering such initial number of Registrable Securities or increase thereof is declared effective by the SEC. In the event that an Investor sells or otherwise transfers any of such Investor's Registrable Securities, each transferee shall be allocated a pro rata portion of the then remaining number of Registrable Securities included in such Registration Statement for such transferor. Any shares of Common Stock included in a Registration Statement and which remain allocated to any Person which ceases to hold any Registrable Securities covered by such Registration Statement shall be allocated to the remaining Investors, pro rata based on the number of Registrable Securities then held by such Investors which are covered by such Registration Statement.

c. Legal Counsel. Subject to Section 5 hereof, the Buyers holding at ---------- least two-thirds (2/3) of the Registrable Securities shall have the right to select one legal counsel to review and oversee any offering pursuant to this Section 2 ("Legal Counsel"), which shall be Katten Muchin Zavis or such other counsel as thereafter designated by the holders of at least two-thirds (2/3) of the Registrable Securities. The Company shall reasonably cooperate with Legal Counsel in performing the Company's obligations under this Agreement.

2d. Ineligibility for Form S-3. In the event that Form S-3 is not ---------- available for the registration of the resale of Registrable Securities hereunder, the Company shall (i) register the resale of the Registrable Securities on another appropriate form and (ii) undertake to register the Registrable Securities on Form S-3 as soon as such form is available, provided that the Company shall maintain the effectiveness of the Registration Statement then in effect until such time as a Registration Statement on Form S-3 covering the Registrable Securities has been declared effective by the SEC.

e. Sufficient Number of Shares Registered. In the event the number ---------- of shares available under a Registration Statement filed pursuant to Section 2(a) is insufficient to cover all of the Registrable Securities required to be covered by such Registration Statement or an Investor's allocated portion of the Registrable Securities pursuant to Section 2(b), the Company shall amend the Registration Statement, or file a new Registration Statement (on the short form available therefor, if applicable), or both, so as to cover at least 100% of the number of such Registrable Securities as of the trading day immediately preceding the date of the filing of such amendment or new Registration Statement, in each case, as soon as practicable, but in any event not later than fifteen (15) days after the necessity therefor arises. The Company shall use all reasonable efforts to cause such amendment and/or new Registration Statement to become effective as soon as practicable following the filing thereof. For purposes of the foregoing provision, the number of shares available under a Registration Statement shall be deemed "insufficient to cover all of the Registrable Securities" if at any time the number of Registrable

Securities issued or issuable upon conversion of the Notes covered by such Registration Statement is greater than the number of shares of Common Stock available for resale under such Registration Statement. The calculation set forth in the foregoing sentence shall be made without regard to any limitations on the conversion of the Notes and such calculation shall assume that the Notes are then convertible into shares of Common Stock at the then prevailing Conversion Rate (as defined in the Notes).

f. Effect of Failure to file and Obtain and Maintain Effectiveness ---------- of Registration Statement. If (i) a Registration Statement covering all the ---------- Registrable Securities and required to be filed by the Company pursuant to this Agreement is not (A) filed with the SEC on or before the Filing Deadline or (B) declared effective by the SEC on or before the Effectiveness Deadline or (ii) on any day after the Registration Statement has been declared effective by the SEC sales of all the Registrable Securities required to be included on such Registration Statement cannot be made (other than during an Allowable Grace Period (as defined in Section 3(r)) pursuant to the Registration Statement (including, without limitation, because of a failure to keep the Registration Statement effective, to disclose such information as is necessary for sales to be made pursuant to the Registration Statement or to register sufficient shares of Common Stock), then, as partial relief for the damages to any holder by reason of any such delay in or reduction of its ability to sell the underlying shares of Common Stock (which remedy shall not be exclusive of any other remedies available at law or in equity), the Company shall pay to each holder of Notes an amount in cash equal to the product of (A) the Conversion Amount (as defined in the Notes) of the Notes held by such holder multiplied by (B) the sum of (i) the product of (I) 0.00033 multiplied by (II) the sum of (x) the number of days after the Filing Deadline but prior to and including the date which is 120 days after the Closing Date that such Registration Statement is not filed with the SEC, plus (y) the number of days after the date which is 120 days after the Closing Date but prior to and including the date which is 180 days after the 3 <PAGE> Closing Date that the Registration Statement is not declared effective by the SEC, plus (z) the number of days after the Registration Statement has been declared effective by the SEC that such Registration Statement is not available (other than during an Allowable Grace Period) for the sale of at least all the Registrable Securities required to be included on such Registration Statement pursuant to section 2(e), plus (ii) the product of (I) 0.0005 multiplied by (II) the number of days after the date which is 180 days after the Closing Date that such Registration Statement is not declared effective by the SEC. The payments to which a holder shall be entitled pursuant to this Section 2(f) are referred to herein as "Registration Delay Payments." Registration Delay Payments shall be paid on the earlier of (I) the last day of the calendar month during which such Registration Delay Payments are incurred and (II) the third business day after the event or failure giving rise to the Registration Delayed Payments is cured. In the event the Company fails to make Registration Delay Payments in a timely manner, such Registration Delay Payments shall bear interest at the rate of 1.5% per month (prorated for partial months) until paid in full.

3. RELATED OBLIGATIONS. ---------- At such time as the Company is obligated to file a Registration Statement with the SEC pursuant to Section 2(a) or 2(e), the Company will use its best efforts to effect the registration of the Registrable Securities in accordance with the intended method of disposition thereof and, pursuant thereto, the Company shall have the following obligations:

a. The Company shall promptly prepare and file with the SEC a Registration Statement with respect to the Registrable Securities (but in no event later than the Filing Deadline) and use all reasonable efforts to cause such Registration Statement relating to the Registrable Securities to become effective as soon as practicable after such filing (but in no event later than the

Effectiveness Deadline). The Company shall keep each Registration Statement effective pursuant to Rule 415 at all times until the earlier of (i) the date as of which the Investors may sell all of the Registrable Securities covered by such Registration Statement without restriction pursuant to Rule 144(k) (or successor thereto) promulgated under the 1933 Act or (ii) the date on which the Investors shall have sold all the Registrable Securities covered by such Registration Statement (the "Registration Period"), which Registration Statement (including any amendments or supplements thereto and prospectuses contained therein) shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein, or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading. The term "all reasonable efforts" shall mean, among other things, that the Company shall submit to the SEC, within two (2) business days after the Company learns that no review of a particular Registration Statement will be made by the staff of the SEC or that the staff has no further comments on the Registration Statement, as the case may be, a request for acceleration of effectiveness of such Registration Statement to a time and date not later than 48 hours after the submission of such request.

b. Subject to Section 3(r), the Company shall prepare and file with the SEC such amendments (including post-effective amendments) and supplements to a Registration Statement and the prospectus used in connection with such Registration Statement, which prospectus is to be filed pursuant to Rule 424 promulgated under the 1933 Act, as may be necessary to keep such Registration Statement effective at all times during the Registration Period, and, during such period, comply with the provisions of the 1933 Act with respect to the 4 <PAGE> disposition of all Registrable Securities of the Company covered by such Registration Statement until such time as all of such Registrable Securities shall have been disposed of in accordance with the intended methods of disposition by the seller or sellers thereof as set forth in such Registration Statement. In the case of amendments and supplements to a Registration Statement which are required to be filed pursuant to this Agreement (including pursuant to this Section 3(b)) by reason of the Company filing a report on Form 10-K, Form 10-Q or Form 8-K or any analogous report under the Securities Exchange Act of 1934, as amended (the "1934 Act"), the Company shall have incorporated such report by reference into the Registration Statement, if applicable, or shall file such amendments or supplements with the SEC on the same day on which the 1934 Act report is filed which created the requirement for the Company to amend or supplement the Registration Statement.

c. The Company shall permit Legal Counsel to review and comment upon (i) the Registration Statement at least five (5) days prior to its filing with the SEC and (ii) all other Registration Statements and all amendments and supplements to all Registration Statements (except for Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K and any similar or successor reports) within a reasonable number of days prior to their filing with the SEC. The Company shall furnish to Legal Counsel, without charge, (i) any correspondence from the SEC or the staff of the SEC to the Company or its representatives relating to any Registration Statement, (ii) promptly after the same is prepared and filed with the SEC, one copy of any Registration Statement and any amendment(s) thereto, including financial statements and schedules, all documents incorporated therein by reference and all exhibits and (iii) upon the effectiveness of any Registration Statement, one copy of the prospectus included in such Registration Statement and all amendments and supplements thereto. The Company shall reasonably cooperate with Legal Counsel in performing the Company's obligations pursuant to this Section 3.

d. The Company shall furnish to each Investor whose Registrable Securities are included in any Registration Statement, without charge, (i) promptly after the same is prepared and filed with the

SEC, at least one copy of such Registration Statement and any amendment(s) thereto, including financial statements and schedules, all documents incorporated therein by reference, all exhibits and each preliminary prospectus, (ii) upon the effectiveness of any Registration Statement, one (1) copy of the prospectus included in such Registration Statement and all amendments and supplements thereto (or such other number of copies as such Investor may reasonably request) and (iii) such other documents, including copies of any preliminary or final prospectus, as such Investor may reasonably request from time to time in order to facilitate the disposition of the Registrable Securities owned by such Investor.

e. Subject to Section 3(r), the Company shall use all reasonable efforts to (i) register and qualify, unless an exemption from registration and qualification applies, the resale by Investors of the Registrable Securities covered by a Registration Statement under such other securities or "blue sky" laws of all the jurisdictions in the United States, (ii) prepare and file in those jurisdictions, such amendments (including post-effective amendments) and supplements to such registrations and qualifications as may be necessary to maintain the effectiveness thereof during the Registration Period, (iii) take such other actions as may be necessary to maintain such registrations and qualifications in effect at all times during the Registration Period, and (iv) take all other actions reasonably necessary or advisable to qualify the Registrable Securities for sale 5 <PAGE> in such jurisdictions; provided, however, that the Company shall not be required in connection therewith or as a condition thereto to (w) register or otherwise qualify as a broker or dealer in any state, (x) qualify to do business in any jurisdiction where it would not otherwise be required to qualify but for this Section 3(e), (y) subject itself to general taxation in any such jurisdiction, or (z) file a general consent to service of process in any such jurisdiction. The Company shall promptly notify Legal Counsel and each Investor who holds Registrable Securities of the receipt by the Company of any notification with respect to the suspension of the registration or qualification of any of the Registrable Securities for sale under the securities or "blue sky" laws of any jurisdiction in the United States or its receipt of actual notice of the initiation or threatening of any proceeding for such purpose.

f. The Company shall notify Legal Counsel and each Investor in writing of the happening of any event, as promptly as practicable after becoming aware of such event, as a result of which the prospectus included in a Registration Statement, as then in effect, includes an untrue statement of a material fact or omission to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (provided that in no event shall such notice contain any material, nonpublic information), and, subject to Section 3(r), promptly prepare a supplement or amendment to such Registration Statement to correct such untrue statement or omission, and deliver one (1) copy of such supplement or amendment to Legal Counsel and each Investor (or such other number of copies as Legal Counsel or such Investor may reasonably request). The Company shall also promptly notify Legal Counsel and each Investor in writing (i) when a prospectus or any prospectus supplement or post-effective amendment has been filed, and when a Registration Statement or any post-effective amendment has become effective (notification of such effectiveness shall be delivered to Legal Counsel and each Investor by facsimile on the same day of such effectiveness and by overnight mail), (ii) of any request by the SEC for amendments or supplements to a Registration Statement or related prospectus or related information, and (iii) of the Company's reasonable determination that a post-effective amendment to a Registration Statement would be appropriate.

g. Subject to Section 3(r), the Company shall use all reasonable efforts to prevent the issuance of any stop order or other suspension of effectiveness of a Registration Statement, or the suspension of the qualification of any of the Registrable Securities for sale in any jurisdiction and, if such an

order or suspension is issued, to obtain the withdrawal of such order or suspension at the earliest possible moment and to notify Legal Counsel and each Investor who holds Registrable Securities being sold of the issuance of such order and the resolution thereof or its receipt of actual notice of the initiation or threat of any proceeding for such purpose.

h. At the reasonable request of any Investor, the Company shall furnish to such Investor, at such Investor's expense, on the date of the effectiveness of the Registration Statement and thereafter from time to time on such dates as an Investor may reasonably request (i) a letter, dated such date, from the Company's independent certified public accountants in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering, addressed to the Investors, and (ii) an opinion, dated as of such date, of counsel representing the Company for purposes of such Registration 6 <PAGE> Statement, in form, scope and substance as is customarily given in an underwritten public offering, addressed to the Investors.

i. The Company shall make available for inspection by (i) any Investor, (ii) Legal Counsel and (iii) one firm of accountants or other agents retained by the Investors (collectively, the "Inspectors"), all pertinent financial and other records, and pertinent corporate documents and properties of the Company (collectively, the "Records"), as shall be reasonably deemed necessary by each Inspector, and cause the Company's officers, directors and employees to supply all information which any Inspector may reasonably request; provided, however, that each Inspector and Investor exercising its rights under this Section 3(i) shall agree to hold in strict confidence and shall not make any disclosure (except to an Investor who is subject to the non-disclosure and other obligations set forth in this paragraph) or use of any Record or of any other information which the Company determines in good faith to be confidential, and of which determination the Inspectors are so notified, unless (a) the release of such Records is ordered pursuant to a final, non-appealable subpoena or order from a court or government body of competent jurisdiction, or (b) the information in such Records has been made generally available to the public other than by disclosure in violation of this or any other agreement of which the Inspector has knowledge. Each Investor agrees that it shall, upon learning that disclosure of such Records is sought in or by a court or governmental body of competent jurisdiction or through other means, give prompt notice to the Company and allow the Company, at its expense, to undertake appropriate action to prevent disclosure of, or to obtain a protective order for, the Records deemed confidential. Each Investor which exercises rights under this Section 3(i) shall be obligated to execute a non-disclosure agreement containing such reasonable terms as the Company may request and covering the specific information disclosed.

j. The Company shall hold in confidence and not make any disclosure of confidential information concerning an Investor provided to the Company unless (i) the disclosure of such information is necessary to avoid or correct a misstatement or omission in any Registration Statement, (ii) the release of such information is ordered pursuant to a subpoena or other final, non-appealable order from a court or governmental body of competent jurisdiction, or (iii) such information has been made generally available to the public other than by disclosure in violation of this Agreement or any other agreement. The Company agrees that it shall, upon learning that disclosure of such information concerning an Investor is sought in or by a court or governmental body of competent jurisdiction or through other means, give prompt written notice to such Investor and allow such Investor, at the Investor's expense, to undertake appropriate action to prevent disclosure of, or to obtain a protective order for, such information.

k. The Company shall use all reasonable efforts either to (i) cause all the Registrable Securities covered by a Registration Statement to be listed on each securities exchange on which securities

of the same class or series issued by the Company are then listed, if any, if the listing of such Registrable Securities is then permitted under the rules of such exchange, or (ii) secure designation and quotation of all the Registrable Securities covered by the Registration Statement on the Nasdaq National Market, or (iii) if, despite the Company's using all reasonable efforts to satisfy the preceding clause (i) or (ii), the Company is unsuccessful in satisfying the preceding clause (i) or (ii), to secure the inclusion for quotation on The Nasdaq SmallCap Market for such Registrable Securities and, without limiting the generality of the foregoing, to arrange for at least two market makers to register with the National Association of 7 <PAGE> Securities Dealers, Inc. ("NASD") as such with respect to such Registrable Securities. The Company shall pay all fees and expenses in connection with satisfying its obligation under this Section 3(k).

l. The Company shall cooperate with the Investors who hold Registrable Securities being offered and, to the extent applicable, facilitate the timely preparation and delivery of certificates (not bearing any restrictive legend) representing the Registrable Securities to be offered pursuant to a Registration Statement and enable such certificates to be in such denominations or amounts, as the case may be, as the Investors may reasonably request and registered in such names as the Investors may request.

m. If requested by an Investor, the Company shall (i) as soon as practicable incorporate in a prospectus supplement or post-effective amendment such information as an Investor requests to be included therein relating to the sale and distribution of Registrable Securities, including, without limitation, information with respect to the number of Registrable Securities being offered or sold, the purchase price being paid therefor and any other terms of the offering of the Registrable Securities to be sold in such offering; (ii) as soon as practicable make all required filings of such prospectus supplement or post- effective amendment after being notified of the matters to be incorporated in such prospectus supplement or post-effective amendment; and (iii) as soon as practicable, supplement or make amendments to any Registration Statement if reasonably requested by an Investor of such Registrable Securities.

n. The Company shall use its best efforts to cause the Registrable Securities covered by the Registration Statement to be registered with or approved by such other governmental agencies or authorities in the United States as may be necessary to consummate the disposition of such Registrable Securities in the United States.

o. The Company shall make generally available to its security holders as soon as practical, but not later than 90 days after the close of the period covered thereby, an earnings statement (in form complying with the provisions of Rule 158 under the 1933 Act) covering a twelve-month period beginning not later than the first day of the Company's fiscal quarter next following the effective date of the Registration Statement.

p. The Company shall otherwise use its best efforts to comply with all applicable rules and regulations of the SEC in connection with any registration hereunder.

q. Within two (2) business days after a Registration Statement which covers Registrable Securities is ordered effective by the SEC, the Company shall deliver, and shall cause legal counsel for the Company to deliver, to the transfer agent for such Registrable Securities (with copies to the Investors whose Registrable Securities are included in such Registration Statement) confirmation that such Registration Statement has been declared effective by the SEC in the form attached hereto as Exhibit A. ---------

r. Notwithstanding anything to the contrary herein, at any time after the Registration Statement has been declared effective by the SEC, the Company may delay the disclosure of material non-public information concerning the Company the disclosure of which at the time is not, in the good faith opinion of the Chairperson and Chief Executive Officer of the 8 <PAGE> Company after consultation with its counsel, in the best interest of the Company and, in the opinion of counsel to the Company, otherwise required (a "Grace Period"); provided, that the Company shall promptly (i) notify the Investors in writing of the existence of material non-public information giving rise to a Grace Period (provided that in each notice the Company will not disclose the content of such material non-public information to the Investors) and the date on which the Grace Period will begin, and (ii) notify the Investors in writing of the date on which the Grace Period ends; and, provided further, that no Grace Period shall exceed 25 consecutive days and during any 365 day period such Grace Periods shall not exceed an aggregate of 50 days and the first day of any Grace Period must be at least two trading days after the last day of any prior Grace Period (an "Allowable Grace Period"); provided, however, that such 25 and 50 day periods shall be extended to 45 and 90 days, respectively, in the event that such Grace Period is pursuant to an acquisition by the Company which is required to be reported under Item 2 of Form 8-K and for which pro forma financial information is required to be reported pursuant to Regulation S-X promulgated under the 1933 Act. For purposes of determining the length of a Grace Period above, the Grace Period shall begin on and include the date the holders receive the notice referred to in clause (i) and shall end on and include the later of the date the holders receive the notice referred to in clause (ii) and the date referred to in such notice. The provisions of Section 3(g) hereof shall not be applicable during the period of any Allowable Grace Period. Upon expiration of the Grace Period, the Company shall again be bound by the first sentence of Section 3(f) with respect to the information giving rise thereto unless such material non-public information is no longer applicable.

4. OBLIGATIONS OF THE INVESTORS. ---------- a. At least seven (7) business days prior to the first anticipated filing date of a Registration Statement, the Company shall notify each Investor in writing of the information the Company requires from each such Investor if such Investor elects to have any of such Investor's Registrable Securities included in such Registration Statement. It shall be a condition precedent to the obligations of the Company to complete the registration pursuant to this Agreement with respect to the Registrable Securities of a particular Investor that such Investor shall furnish to the Company such information regarding itself, the Registrable Securities held by it and the intended method of disposition of the Registrable Securities held by it as shall be reasonably required to effect the registration of such Registrable Securities and shall execute such documents in connection with such registration as the Company may reasonably request.

b. Each Investor, by such Investor's acceptance of the Registrable Securities, agrees to cooperate with the Company as reasonably requested by the Company in connection with the preparation and filing of any Registration Statement hereunder, unless such Investor has notified the Company in writing of such Investor's election to exclude all of such Investor's Registrable Securities from such Registration Statement.

c. Each Investor agrees that, upon receipt of any notice from the Company of a Grace Period under Section 3(r) or of the happening of any event of the kind described in Section 3(g) or the first sentence of 3(f), such Investor will immediately discontinue disposition of Registrable Securities pursuant to any Registration Statement(s) covering such Registrable Securities until such Investor's receipt of the copies of the supplemented or amended prospectus contemplated by

Section 3(g) or the first sentence of 3(f) or receipt of notice that no supplement 9 <PAGE> or amendment is required. Notwithstanding anything to the contrary, the Company shall cause its transfer agent to deliver unlegended shares of Common Stock to a transferee of an Investor in accordance with the terms of the Securities Purchase Agreement in connection with any sale of Registrable Securities with respect to which an Investor has entered into a contract for sale prior to the Investor's receipt of a notice from the Company of the happening of any event of the kind described in Section 3(g) or the first sentence of 3(f) and for which the Investor has not yet settled.

5. EXPENSES OF REGISTRATION. ---------- All reasonable expenses, other than underwriting discounts and commissions, incurred in connection with registrations, filings or qualifications pursuant to Sections 2 and 3, including, without limitation, all registration, listing and qualifications fees, printers and accounting fees, and fees and disbursements of counsel for the Company shall be paid by the Company.

6. INDEMNIFICATION. ---------- In the event any Registrable Securities are included in a Registration Statement under this Agreement: a. To the fullest extent permitted by law, the Company will, and hereby does, indemnify, hold harmless and defend each Investor, the directors, officers, partners, employees, agents, representatives of, and each Person, if any, who controls any Investor within the meaning of the 1933 Act or the 1934 Act (each, an "Indemnified Person"), against any losses, claims, damages, liabilities, judgments, fines, penalties, charges, costs, reasonable attorneys' fees, amounts paid in settlement or expenses, joint or several, (collectively, "Claims") incurred in investigating, preparing or defending any action, claim, suit, inquiry, proceeding, investigation or appeal taken from the foregoing by or before any court or governmental, administrative or other regulatory agency, body or the SEC, whether pending or threatened, whether or not an indemnified party is or may be a party thereto ("Indemnified Damages"), to which any of them may become subject insofar as such Claims (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon: (i) any untrue statement or alleged untrue statement of a material fact in a Registration Statement or any post-effective amendment thereto or in any filing made in connection with the qualification of the offering under the securities or other "blue sky" laws of any jurisdiction in which Registrable Securities are offered ("Blue Sky Filing"), or the omission or alleged omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, (ii) any untrue statement or alleged untrue statement of a material fact contained in any preliminary prospectus if used prior to the effective date of such Registration Statement, or contained in the final prospectus (as amended or supplemented, if the Company files any amendment thereof or supplement thereto with the SEC) or the omission or alleged omission to state therein any material fact necessary to make the statements made therein, in light of the circumstances under which the statements therein were made, not misleading, (iii) any violation or alleged violation by the Company of the 1933 Act, the 1934 Act, any other law, including, without limitation, any state securities law, or any rule or regulation thereunder relating to the offer or sale of the Registrable Securities pursuant to a Registration Statement or (iv) any material violation of this 10 <PAGE> Agreement by the Company (the matters in the foregoing clauses (i) through (iv) being, collectively, "Violations"). Subject to Section 6(c), the Company shall reimburse the Indemnified Persons, promptly as such expenses are incurred and are due and payable, for any legal fees or other reasonable expenses incurred by them in connection with investigating or defending any such Claim. Notwithstanding anything to the contrary contained herein, the indemnification agreement contained in this Section 6(a): (i) shall not apply to a Claim by an Indemnified Person arising out of or based upon a Violation which occurs in reliance upon and in conformity with information furnished in writing to the Company by such Indemnified

Person for such Indemnified Person expressly for use in connection with the preparation of the Registration Statement or any such amendment thereof or supplement thereto, if such prospectus was timely made available by the Company pursuant to Section 3(d); (ii) with respect to any preliminary prospectus, shall not inure to the benefit of any such person from whom the person asserting any such Claim purchased the Registrable Securities that are the subject thereof (or to the benefit of any person controlling such person) if the untrue statement or omission of material fact contained in the preliminary prospectus was corrected in the prospectus, as then amended or supplemented, if such prospectus was timely made available by the Company pursuant to Section 3(d), and the Indemnified Person was promptly advised in writing not to use the incorrect prospectus prior to the use giving rise to a violation and such Indemnified Person, notwithstanding such advice, used it or failed to deliver the correct prospectus as required by the 1933 Act and such correct prospectus was timely made available pursuant to Section 3(d); (iii) shall not be available to the extent such Claim is based on a failure of the Investor to deliver or to cause to be delivered the prospectus made available by the Company, including a corrected prospectus, if such prospectus or corrected prospectus was timely made available by the Company pursuant to Section 3(d); and (iv) shall not apply to amounts paid in settlement of any Claim if such settlement is effected without the prior written consent of the Company, which consent shall not be unreasonably withheld. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the Indemnified Person and shall survive the transfer of the Registrable Securities by the Investors pursuant to Section 9. b. In connection with any Registration Statement in which an Investor is participating, each such Investor agrees to severally and not jointly indemnify, hold harmless and defend, to the same extent and in the same manner as is set forth in Section 6(a), the Company, each of its directors, each of its officers who signs the Registration Statement each Person, if any, who controls the Company within the meaning of the 1933 Act or the 1934 Act (each an "Indemnified Party"), against any Claim or Indemnified Damages to which any of them may become subject, under the 1933 Act, the 1934 Act or otherwise, insofar as such Claim or Indemnified Damages arise out of or are based upon any Violation, in each case to the extent, and only to the extent, that such Violation occurs in reliance upon and in conformity with written information furnished to the Company by such Investor expressly for use in connection with such Registration Statement; and, subject to Section 6(c), such Investor will reimburse any legal or other expenses reasonably incurred by an Indemnified Party in connection with investigating or defending any such Claim; provided, however, that the indemnity agreement contained in this Section 6(b) and the agreement with respect to contribution contained in Section 7 shall not apply to amounts paid in settlement of any Claim if such settlement is effected without the prior written consent of such Investor, which consent shall not be unreasonably withheld; provided, further, however, that the Investor shall be liable under this Section 6(b) for only that amount of a Claim or Indemnified Damages as does not exceed the net proceeds to such Investor as a result of the sale of Registrable Securities pursuant to such Registration Statement. Such indemnity 11 <PAGE> shall remain in full force and effect regardless of any investigation made by or on behalf of such Indemnified Party and shall survive the transfer of the Registrable Securities by the Investors pursuant to Section 9. Notwithstanding anything to the contrary contained herein, the indemnification agreement contained in this Section 6(b) with respect to any preliminary prospectus shall not inure to the benefit of any Indemnified Party if the untrue statement or omission of material fact contained in the preliminary prospectus was corrected on a timely basis in the prospectus, as then amended or supplemented. c. Promptly after receipt by an Indemnified Person or Indemnified Party under this Section 6 of notice of the commencement of any action or proceeding (including any governmental action or proceeding) involving a Claim, such Indemnified Person or Indemnified Party shall, if a Claim in respect thereof is to be made against any indemnifying party under this Section 6, deliver to the indemnifying party a written notice of the commencement thereof, and the indemnifying party shall have the right to participate at its own expense in, and, to the extent

the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume control of the defense thereof with counsel mutually satisfactory to the indemnifying party and the Indemnified Person or the Indemnified Party, as the case may be; provided, however, that an Indemnified Person or Indemnified Party shall have the right to retain its own counsel with the fees and expenses of not more than one counsel for all such Indemnified Persons or Indemnified Parties to be paid by the indemnifying party, if, in the reasonable opinion of counsel retained by the indemnifying party, the representation by such counsel of the Indemnified Person or Indemnified Party and the indemnifying party would be inappropriate due to actual or potential differing interests between such Indemnified Person or Indemnified Party and any other party represented by such counsel in such proceeding. In the case of an Indemnified Person, legal counsel referred to in the immediately preceding sentence shall be selected by the Investors holding at least two-thirds (2/3) in interest of the Registrable Securities included in the Registration Statement to which the Claim relates. The Indemnified Party or Indemnified Person shall cooperate fully with the indemnifying party in connection with any negotiation or defense of any such action or Claim by the indemnifying party and shall furnish to the indemnifying party all information reasonably available to the Indemnified Party or Indemnified Person which relates to such action or Claim. The indemnifying party shall keep the Indemnified Party or Indemnified Person fully apprized at all times as to the status of the defense or any settlement negotiations with respect thereto. No indemnifying party shall be liable for any settlement of any action, claim or proceeding effected without its prior written consent, provided, however, that the indemnifying party shall not unreasonably withhold, delay or condition its consent. No indemnifying party shall, without the prior written consent of the Indemnified Party or Indemnified Person, consent to entry of any judgment or enter into any settlement or other compromise which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party or Indemnified Person of a release from all liability in respect to such Claim or litigation. Following indemnification as provided for hereunder, the indemnifying party shall be subrogated to all rights of the Indemnified Party or Indemnified Person with respect to all third parties, firms or corporations relating to the matter for which indemnification has been made. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action shall not relieve such indemnifying party of any liability to the Indemnified Person or Indemnified Party under this Section 6, except to the extent that the indemnifying party is prejudiced in its ability to defend such action. 12 <PAGE> d. The indemnification of costs, expenses and reasonable attorneys' fees required by this Section 6 shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as and when bills are received or such costs, expenses or fees are incurred. e. The indemnity agreements contained herein shall be in addition to (i) any cause of action or similar right of the Indemnified Party or Indemnified Person against the indemnifying party or others, and (ii) any liabilities the indemnifying party may be subject to pursuant to the law.

7. CONTRIBUTION. ---------- To the extent any indemnification by an indemnifying party is prohibited or limited by law, the indemnifying party agrees to make the maximum contribution with respect to any amounts for which it would otherwise be liable under Section 6 to the fullest extent permitted by law; provided, however, that: (i) no person involved in the sale of Registrable Securities which person is guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) in connection with such sale shall be entitled to contribution from any person involved in such sale of Registrable Securities who was not guilty of fraudulent misrepresentation; and (ii) contribution by any seller of Registrable Securities shall be limited in amount to the net amount of proceeds received by such seller from the sale of such Registrable Securities pursuant to such Registration Statement.

8. REPORTS UNDER THE 1934 ACT. ---------- With a view to making available to the Investors the benefits of Rule 144 promulgated under the 1933 Act or any other similar rule or regulation of the SEC that may at any time permit the Investors to sell securities of the Company to the public without registration ("Rule 144"), the Company agrees to: a. make and keep public information available, as those terms are understood and defined in Rule 144; b. file with the SEC in a timely manner all reports and other documents required of the Company under the 1933 Act and the 1934 Act so long as the Company remains subject to such requirements (it being understood that nothing herein shall limit the Company's obligations under Section 4(c) of the Securities Purchase Agreement) and the filing of such reports and other documents is required for the applicable provisions of Rule 144; and c. furnish to each Investor so long as such Investor owns Registrable Securities, promptly upon request, (i) a written statement by the Company, if true, that it has complied with the reporting requirements of Rule 144, the 1933 Act and the 1934 Act, (ii) a copy of the most recent annual or quarterly report of the Company and such other reports and documents so filed by the Company, and (iii) such other information as may be reasonably requested to permit the investors to sell such securities pursuant to Rule 144 without registration. 13 <PAGE>

9. ASSIGNMENT OF REGISTRATION RIGHTS. ---------- The rights under this Agreement shall be automatically assignable by the Investors to any transferee of all or any portion of the Registrable Securities if: (i) the Investor agrees in writing with the transferee or assignee to assign such rights, and a copy of such agreement is furnished to the Company within ten (10) days after such assignment; (ii) the Company is, within ten (10) days after such transfer or assignment, furnished with written notice of (a) the name and address of such transferee or assignee, and (b) the securities with respect to which such registration rights are being transferred or assigned; (iii) immediately following such transfer or assignment the further disposition of such securities by the transferee or assignee is restricted under the 1933 Act and applicable state securities laws; (iv) at or before the time the Company receives the written notice contemplated by clause (ii) of this sentence the transferee or assignee agrees in writing with the Company to be bound by all of the provisions contained herein; and (v) such transfer shall have been made in accordance with the applicable requirements of the Securities Purchase Agreement.

10. AMENDMENT OF REGISTRATION RIGHTS. ---------- Provisions of this Agreement may be amended and the observance thereof may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Company and Investors who then hold at least two-thirds (2/3) of the Registrable Securities. Any amendment or waiver effected in accordance with this Section 10 shall be binding upon each Investor and the Company. No such amendment shall be effective to the extent that it applies to less than all of the holders of the Registrable Securities. No consideration shall be offered or paid to any Person to amend or consent to a waiver or modification of any provision of any of this Agreement unless the same consideration also is offered to all of the parties to this Agreement.

11. MISCELLANEOUS. ---------- a. A Person is deemed to be a holder of Registrable Securities whenever such Person owns or is deemed to own of record such Registrable Securities. If the Company receives conflicting instructions, notices or elections from two or more Persons with respect to the same Registrable Securities, the Company shall act upon the basis of instructions, notice or election received from the registered owner of such Registrable Securities.

b. Any notices, consents, waivers or other communications required or permitted to be given under the terms of this Agreement must be in writing and will be deemed to have been delivered:

(i) upon receipt, when delivered personally; (ii) upon receipt, when sent by facsimile (provided confirmation of transmission is mechanically or electronically generated and kept on file by the sending party); or (iii) one business day after deposit with a nationally recognized overnight delivery service, in each case properly addressed to the party to receive the same. The addresses and facsimile numbers for such communications shall be: If to the Company:

At Home Corporation
450 Broadway Street
Redwood City, CA 94063
Telephone: (650) 556-5000
Facsimile: (650) 556-3430
Attention: General Counsel

With a copy to:
Fenwick & West LLP
Two Palo Alto Square
Palo Alto, CA 94306
Telephone: (650) 494-0400
Facsimile: (650) 494-1417
Attention: Gordon Davidson, T.J. Hall and David Michaels

If to Legal Counsel:

Katten Muchin Zavis
525 West Monroe Street, Suite 1600
Chicago, Illinois 60661-3693
Telephone: 312-902-5200
Facsimile: 312-902-1061
Attention: Robert J. Brantman, Esq.

If to a Buyer, to its address and facsimile number set forth on the Schedule of Buyers attached hereto, with copies to such Buyer's representatives as set forth on the Schedule of Buyers, or to such other address and/or facsimile number and/or to the attention of such other person as the recipient party has specified by written notice given to each other party five (5) days prior to the effectiveness of such change. The Company may modify its notice information specified above by providing written notice to each other party of such other address and/or facsimile number and/or such other person whose attention a notice should be directed, five days prior to the effectiveness of such change. Written confirmation of receipt (A) given by the recipient of such notice, consent, waiver or other communication, (B) mechanically or electronically generated by the sender's facsimile machine containing the time, date, recipient facsimile number and an image of the first page of such transmission or (C) provided by a courier or overnight courier service shall be rebuttable evidence of personal service, receipt by facsimile or receipt from a nationally recognized overnight delivery service in accordance with clause (i), (ii) or (iii) above, respectively.

c. Failure of any party to exercise any right or remedy under this Agreement or otherwise, or delay by a party in exercising such right or remedy, shall not operate as a waiver thereof.

d. All questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by the internal laws of the State of New York, 15 <PAGE> without giving effect to any choice of law or conflict of law provision or rule (whether of the State of

New York or any other jurisdictions) that would cause the application of the laws of any jurisdictions other than the State of New York. Each party hereby irrevocably submits to the non-exclusive jurisdiction of the state and federal courts sitting the City of New York, borough of Manhattan, for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof to such party at the address for such notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law. If any provision of this Agreement shall be invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability of the remainder of this Agreement in that jurisdiction or the validity or enforceability of any provision of this Agreement in any other jurisdiction.

EACH PARTY HEREBY IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE, AND AGREES NOT TO REQUEST, A JURY TRIAL FOR THE ADJUDICATION OF ANY DISPUTE HEREUNDER OR IN CONNECTION HEREWITH OR ARISING OUT OF THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED HEREBY.

e. This Agreement, the Securities Purchase Agreement and the Notes constitute the entire agreement among the parties hereto with respect to the subject matter hereof and thereof. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein and therein. This Agreement, the Securities Purchase Agreement and the Notes supersede all prior agreements and understandings among the parties hereto with respect to the subject matter hereof and thereof.

f. Subject to the requirements of Section 9, this Agreement shall inure to the benefit of and be binding upon the permitted successors and assigns of each of the parties hereto.

g. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

h. This Agreement may be executed in identical counterparts, each of which shall be deemed an original but all of which shall constitute one and the same agreement. This Agreement, once executed by a party, may be delivered to the other party hereto by facsimile transmission of a copy of this Agreement bearing the signature of the party so delivering this Agreement.

i. Each party shall do and perform, or cause to be done and performed, all such further acts and things, and shall execute and deliver all such other agreements, certificates, instruments and documents, as the other party may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby. 16 <PAGE>

j. All consents and other determinations required to be made by the Investors pursuant to this Agreement shall be made, unless otherwise specified in this Agreement, by Investors holding at least two-thirds (2/3) of the Registrable Securities, determined as if all of the Notes then outstanding have been converted into Registrable Securities without regard to any limitations on conversion of the Notes.

k. The language used in this Agreement will be deemed to be the language chosen by the parties to express their mutual intent and no rules of strict construction will be applied against any party.

l. This Agreement is intended for the benefit of the parties hereto and their respective permitted successors and assigns, and is not for the benefit of, nor may any provision hereof be enforced by, any other Person. * * * * * * 17 <PAGE>

IN WITNESS WHEREOF, the parties have caused this Registration Rights Agreement to be duly executed as of day and year first above written.

COMPANY: BUYERS:

AT HOME CORPORATION
By:_____
Name:_____ Its:
By:_____
Title:_____

HFTP INVESTMENT L.L.C.
By: Promethean Asset Management L.L.C
Its: Investment Manager
Name:_____
GAIA OFFSHORE MASTER FUND, LTD. By: Promethean Asset Management L.L.C Its: Investment Manager
By:_____
Name:_____
Title:_____
LEONARDO, L.P. By: Angelo, Gordon & Co., L.P. Its: General Partner
By:_____
Name:_____ Title:_____ 18 <PAGE>
[Signature Page to Registration Rights Agreement] SCHEDULE OF BUYERS <TABLE> <CAPTION> Buyer's Name Buyer Address Buyer's Legal Representatives' and Facsimile Number Address and Facsimile Number ---------- ---------- ---------- ---------- <S> <C> <C>

HFTP Investment L.L.C.
Promethean Asset Management L.L.C.
750 Lexington Avenue, 22/nd/ Floor
New York, NY 10022
Attention: James F. O'Brien, Jr.
John Floegel
Telephone: (212) 702-5200
Facsimile: (212) 758-9334

Promethean Investment Group, L.L.C.
750 Lexington Ave., 22/nd/ Floor
New York, NY 10022
Attn: James F. O'Brien, Jr.
John Floegel
Telephone: 212-702-5200
Facsimile:212-758-9334
Residence: New York

Katten Muchin Zavis
525 W. Monroe Street

Chicago, Illinois 60661-3693
Attention: Robert J. Brantman, Esq.
Telephone: (312) 902-5200
Facsimile: (312) 902-1061

Gaia Offshore Master Fund, Ltd.
Promethean Asset Management L.L.C.
750 Lexington Avenue, 22/nd/ Floor
New York, NY 10022
Attention: James F. O'Brien, Jr.
John Floegel
Telephone: (212) 702-5200
Facsimile: (212) 758-9334

Promethean Investment Group, L.L.C.
750 Lexington Ave., 22/nd/ Floor
New York, NY 10022
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Telephone: 212-702-5200
Facsimile: 212-758-9334
Residence: New York

Katten Muchin Zavis
525 W. Monroe Street
Chicago, Illinois 60661-3693
Attention: Robert J. Brantman, Esq.
Telephone: (312) 902-5200
Facsimile: (312) 902-1061

Leonardo, L.P.
c/o Angelo, Gordon & Co., L.P.
590 Madison Avenue
New York, New York 10167
Attention: Gary Wolf
Telephone: (212) 692-2058
Facsimile: (212) 867-6449
Residence: Cayman Islands

Akin, Gump, Strauss, Hauer & Feld, L.L.P.
245 Park Avenue - 26/th/ Floor
New York, New York 10022
Attention: Robert S. Matlin, Esq.
Telephone: (212) 872-1000
Facsimile: (212) 872-1002 </TABLE> <PAGE>

EXHIBIT A FORM OF NOTICE OF EFFECTIVENESS OF REGISTRATION STATEMENT [TRANSFER AGENT] Attn:_____ Re: At Home Corporation Ladies and Gentlemen: We are counsel to At Home Corporation, a Delaware corporation (the "Company"), and have represented the Company in connection with that certain Securities Purchase Agreement (the "Purchase Agreement") entered into by and among the Company and the buyers named therein (collectively, the "Holders") pursuant to which the Company issued to the Holders convertible notes which are convertible into shares of the Company's Series A common stock, par value $0.01 per share (the "Common Stock"). Pursuant to the Purchase Agreement, the Company also has entered into a Registration Rights Agreement with the Holders (the "Registration Rights Agreement") pursuant to which the Company agreed, among other things, to register the Registrable Securities (as defined in the Registration Rights Agreement) under the Securities Act of 1933, as amended (the "1933 Act"). In connection with the Company's obligations under the Registration Rights Agreement, on _____ 2001, the Company filed a Registration Statement on Form S-3 (File No. 333-_____) (the "Registration Statement") with the Securities and Exchange Commission (the "SEC") relating to the Registrable Securities which names each of the Holders as a selling stockholder thereunder. In connection with the foregoing, we advise you that a member of the SEC's staff has advised us by telephone that the SEC has entered an order declaring the Registration Statement effective under the 1933 Act at [ENTER TIME OF EFFECTIVENESS] on [ENTER DATE OF EFFECTIVENESS] and we have no knowledge, after telephonic inquiry of a member of the SEC's staff, that any stop order suspending its effectiveness has been issued or that any proceedings for that purpose are pending before, or threatened by, the SEC and the Registrable Securities are available for resale under the 1933 Act pursuant to the Registration Statement (subject to applicable prospectus delivery requirements of the 1933 Act). Very truly yours, [ISSUER'S COUNSEL] By:_____ cc: [LIST NAMES OF HOLDERS]

Respondent Note: Check into Monthly Interview series with HFTP President, John Cahill, CHTP, CHA

Respondent Note: Check into ROCHESTER / Winnick, Kellner DeLeo hedge fund, and BLACKSTONE. Almost all GX securities deals involved multiple parties in Rochester, NY area that were not employees and not Frontier Communications.

ATTACHMENT 2

http://news.com.com/news/0-1004-200-339711.html

AT&T completes megamerger with TCI

By John Borland
Staff Writer, CNET News.com
March 9, 1999, 2:00 PM PT

TCI is the controlling investor in the @Home cable Internet service, which is the leading broadband Net access system with more than 330,000 subscribers.

ATTACHMENT 3

Date: Tuesday, January 19, 1999 9:16 AM

Subject: Excite merges with @Home to create the Media Network of the Next Century!

Morning! A new day has dawned and the competitive landscape of the Internet has seen another tectonic shift! There is tremendous excitement here on Broadway Ave. in Redwood City, where @Home and Excite have their side-by-side headquarters, with only a decorative pond to separate them from this point on!

I wanted you to have the benefit of this news early, before you hear about it in the media, as I am sure you will. Perhaps you already have, and I trust that the word on the street is that Excite and @Home together is a winning combination in the new world of interactive media networks.

I want you to think about how much more powerful our partnerships in the commerce area will become with this move. We honor all our current partnerships, seek to strengthen them, and will find ways to leverage the combined resources of Excite, its 1:1 marketing division (Matchlogic, now with the power of Enliven! rich media), and the broadband distribution power of the @Home network, all to the great advantage of our merchant partners.

AT&T will become the largest shareholder of the combined company. Narrowband access such as Excite Online through AT&T WorldNet is the dial-up network counterpart to @Home's mega-bandwidth network to the home through cable modems. With this new arrangement, Excite's services will reach out to consumers through all bands, all devices, all the time.

Please read the press release online through our link on the home page of Excite (www.excite.com). Also, if you got this early, at 10 a.m. Eastern, 7 a.m. Pacific, you can link from our homepage to the live broadcast of the NY press conference with Tom Jermoluk and George Bell. This conference will be available for later viewing on Excite at any time.

I look forward to discussions with you in the coming weeks and months to explore how we can take online commerce with "Excite@Home" to the next level!

Andy Halliday
VP Commerce
Excite, Inc.

ATTACHMENT 4

http://news.com.com/2100-1033-221801.html?tag=rn

FCC gives green light to AT&T-TCI deal

By John Borland
Staff Writer, CNET News.com
February 17, 1999, 2:00 PM PT

update **The Federal Communications Commission today approved the multibillion-dollar merger between AT&T and Tele-Communications Incorporated.**

ATTACHMENT 5

http://news.com.com/2009-1033-277311.html

AT&T's role: Throwing good money after bad

By Larry Dignan
Staff Writer, CNET News.com
December 26, 2001, 8:00 a.m. PT

Victim or villain? That is the key question when it comes to determining AT&T's role in the Excite@Home debacle.

Yes, AT&T tried to pick up the pieces of the failed broadband provider in bankruptcy court for what many considered a pittance. And yes, AT&T did quietly build a parallel network that allowed it to yank nearly 1 million customers from Excite@Home almost overnight. And yes, AT&T does have a mixed record when it comes to dealing with smaller partners.

That said, AT&T also sank a Titanic-sized wad of money into Excite@Home.

Analysts aren't sure how much AT&T lost on its dealings with Excite@Home, but they agree it can be summed up in two simple words: a lot.

An AT&T representative said the company invested roughly $4 billion in Excite@Home from 1999 to 2001, adding that AT&T didn't sell any of its shares in Excite@Home as its market value soared to some $35 billion.

In theory, if AT&T would have been able to cash out of Excite@Home shares at the April 2000 peak, it would have at least broken even on its investment.

"They didn't get anything out of it," said Guzman analyst Patrick Comack. "A lot of companies made bad investments, but this seems to be one more glaring example."

When you look at how much money and stock AT&T had tied up with Excite@Home, it's not hard to understand why the company was reluctant to raise its bid from $307 million in bankruptcy court, said analysts. In the end, AT&T lost about $4 billion and missed out on major potential investment gains as Excite@Home eventually sank.

According to filings with the Securities and Exchange Commission, AT&T first became what was then an @Home shareholder via its acquisition of TCI in March 1999 for $55 billion. That acquisition, along with MediaOne, became AT&T Broadband.

As a bonus in the TCI deal, AT&T acquired a 40 percent stake in @Home, valued around $1 billion at the time. AT&T inherited the @Home shares, but under accounting parlance booked the value as its first investment in the company.

TCI and Kleiner Perkins Caufield & Byers founded @Home in August 1995. Prior to being acquired by AT&T, TCI made a host of investments in @Home, gobbling

up preferred stock at regular intervals in transactions that totaled more than $60 million.

According to a March 1999 filing, AT&T owned 47 million shares of @Home worth more than $3.7 billion on March 31, 1999. Just a few days later, @Home shares peaked above $94, making AT&T's stake worth about $4.5 billion.

Soon after AT&T had TCI in the fold, the cable Internet venture began taking on water. By the end of the first quarter of 2000, after @Home acquired Excite, AT&T was sitting on 95 million shares of the combined company. As of March 31, 2000, AT&T's stake in Excite@Home was worth about $3.1 billion.

Through a series of complicated dealings, AT&T acquired a controlling stake in Excite@Home and gave its cable partners, Comcast and Cox Communications, the right to sell their shares to AT&T anytime between Jan. 1, 2001, and June 4, 2002, at a price of $1.4 billion and $1.5 billion, respectively, or a minimum of $48 a share.

When AT&T made the deal in March 2000, it may have believed it had an America Online killer on its hands--fat Internet pipes that would bring in subscription revenue and content from Excite that would attract advertisers. But that thinking quickly backfired when advertising money dried up and Excite@Home shares began to plummet along with dot-com stocks.

Last January, Cox and Comcast told AT&T they wanted to cash in as it became clear Excite@Home wasn't going to see $48 a share anytime soon.

AT&T decided to issue $2.9 billion worth of its own stock to buy Cox and Comcast out. When AT&T announced it would issue shares to Cox and Comcast, Excite@Home was trading at $8.71, well below the $48 mark.

Following the transaction, AT&T owned 38 percent of Excite@Home, up from 23 percent, and Comcast and Cox pocketed a nice profit. AT&T also entered an $85 million lease agreement that brought its total investment in Excite@Home to about $4 billion.

When the dealing was done, AT&T was left holding millions of shares in Excite@Home, which are likely to be worthless after the bankruptcy proceedings are finished and Excite@Home shut its doors in February.

"They lost a lot, but there are too many moving parts to be conclusive," said Comack. "All of that money and stock didn't buy them anything."