

authorized and approved in all respects (subject to the provisions of the Plan) On or prior to the Effective Date, the appropriate officers and directors of Reorganized MFN or the Reorganized Entities are authorized and directed to issue, execute and deliver the agreements, documents, securities, and instruments contemplated by the Plan or Plan Supplement

6 Securities Exemption

Except as otherwise provided for in the Plan, any securities issued pursuant to the Plan shall be exempt from securities registration pursuant to, and to the extent provided in, section 1145 of the Bankruptcy Code

7 Exemption from Taxation

In accordance with section 1146(c) of the Bankruptcy Code, the making, delivery, filing or recording of leases and/or the various instruments and documents of transfer as specified in or contemplated by the Plan, the exhibits thereto and/or the Plan Assumption Motion(s) are hereby exempt from taxation under any law imposing a recording tax, stamp tax, transfer tax, or any similar tax The Debtors, Reorganized MFN or the Reorganized Entities, are hereby authorized to serve upon filing and recording officers (i) this Confirmation Order and the Term Sheet as valid and sufficient evidence of the Liens granted therein and (ii) a notice, in connection with the filing and recording of any mortgages, deeds of trust, leasehold mortgages, leases (whether recorded or unrecorded) and/or instruments of transfer in accordance with the Plan, exhibits thereto and/or Plan Supplement (including the Term Sheet), to evidence and implement this paragraph The appropriate state or local government filing and recording officers are hereby directed to accept for filing or recording all instruments of transfer or other documents of transfer to be filed and recorded in accordance with the Plan, the exhibits thereto and/or the Plan Supplement, including this Confirmation Order and the Term Sheet as evidence of the Liens granted therein, without payment of any such tax or government assessment, and

without the presentation of any affidavits, instruments, or returns otherwise required for recording, other than this Confirmation Order. The Court retains jurisdiction to enforce the foregoing direction, by contempt proceedings or otherwise.

8 Procedures for Treatment of Disputed, Contingent, and Unliquidated Claims

Article X of the Plan is hereby approved. As soon as practicable, but in no event later than 180 days after the Effective Date (unless extended by an order of the Court), the Debtors or Reorganized MFN, as the case may be, shall file objections to Claims with the Court and serve such objections upon the holders of each of the Claims to which objections are made. Nothing contained herein, however, shall limit Reorganized MFN's right to object to Claims filed or amended more than 180 days after the Effective Date. The foregoing shall apply to any and all Claims that are listed in the Schedules as disputed, contingent and/or unliquidated only if the holder of any such Claim filed a proof of Claim on account of such Claim on or before the Bar Date. The Debtors reserve their rights to seek an order expunging and disallowing any Claim that is listed in the Schedules as disputed, contingent, and/or unliquidated, and for which no proof of Claim was timely filed, no later than 180 days after the Effective Date (unless extended by an Order of the Court).

Except as expressly provided in the Plan (as amended) or in any order entered in the Chapter 11 Cases prior to the Effective Date, no Claim shall be deemed Allowed unless and until such Claim or Interest is deemed Allowed under the Bankruptcy Code or by the Debtors, Reorganized MFN or the Reorganized Entities, or the Court enters a Final Order in the Chapter 11 Cases allowing such Claim. Reorganized MFN or the Reorganized Entities after Confirmation shall have and retain any and all rights and defenses the Debtors had with respect to any Claim or Interest as of the date the appropriate Debtor filed its petition for relief under the Bankruptcy Code.

9 Plan Distributions

The Disbursing Agent shall make all distributions required under the Plan. Except as otherwise provided for in the Plan, Distributions shall be made on the next succeeding Interim Distribution Date after the date that the order or judgment of the Court allowing all or part of such Claim becomes a Final Order, the Disbursing Agent shall distribute such Cash or other property or New Common Stock to the holder of such Claim from the reserve. The Disbursing Agent, as applicable, shall withhold from any assets or property distributed under the Plan any assets or property which must be withheld for foreign, federal, state, and local taxes payable with respect thereto or payable by the Person entitled to such assets to the extent required by applicable law. The Senior Secured Notes described in the Term Sheet shall be paid in accordance with the Term Sheet or, when issued, in accordance with the actual New Senior Secured Notes themselves, subject to any relief awarded by the Court.

10 Compliance with Tax Requirements

In connection with the Plan, the Debtors, Reorganized MFN, the Reorganized Entities and Disbursing Agent shall comply with all applicable withholding and reporting requirements imposed by federal, state, local, and foreign taxing authorities.

11 Authority to Prosecute or Settle Avoidance Litigation

The Debtors, the Reorganized Entities, or any representative thereof, including but not limited to the Litigation Trust, shall be authorized to prosecute any avoidance or recovery actions under section 544, 545, 547, 549, or 550 of the Bankruptcy Code. All such avoidance actions, shall be prosecuted, settled, or compromised as deemed appropriate by Reorganized MFN or the Reorganized Entities in an exercise of its business judgment under applicable corporate law.

12 Authority to Pursue Other Litigation

Reorganized MFN or the Reorganized Entities shall be vested with all causes of action belonging to any of the Debtors or their Estates on the Effective Date and may pursue such action in its own name or the name of the Debtor entity originally having the right to assert such claim, including the assignment of certain actions to the Litigation Trust in accordance with the Plan and the Trust Agreement annexed as Exhibit H to the Plan Supplement

13 Release, Injunctive, and Related Provisions

Article XIV of the Plan is hereby approved as it relates to provisions including, without limitation, (i) releases, (ii) exculpation and other releases, (iii) indemnifications, and (iv) injunctions. The Term Sheet is hereby approved as it relates to the Mutual Releases described therein, subject to the provisions of the implementation paragraph therein.

I. Retention of Jurisdiction

Notwithstanding the entry of this Confirmation Order or the occurrence of the Effective Date, this Court shall retain the fullest and most extensive jurisdiction over the Chapter 11 Cases after the Confirmation Date and after the Effective Date as legally permissible, including all jurisdiction necessary to ensure that the purposes and intent of the Plan are carried out, including, without limitation:

- (i) Allow, disallow, determine, liquidate, classify, estimate, or establish the priority or secured or unsecured status of any Claim, including the resolution of any request for payment of any Administrative Claim and the resolution of any objections to the allowance or priority of Claims,
- (ii) Hear and determine all applications for compensation and reimbursement of expenses of Professionals under the Plan or under Sections 330, 331, 503(b), 1103, and 1129(a)(4) of the Bankruptcy Code, *provided, however*, that from and after the Effective Date, the payment of the fees and expenses of the retained Professionals of the Reorganized Entities shall be made in the ordinary course of business and shall not be subject to the approval of the Court,
- (iii) Hear and determine all matters with respect to the assumption or rejection of any Executory Contract or Unexpired Lease to which the Debtors are a

party or with respect to which the Debtors may be liable, including, if necessary, the nature or amount of any required Cure or the liquidation or allowance of any Claims arising therefrom,

- (iv) Effectuate performance of and payments under the provisions of the Plan,
- (v) Hear and determine any and all adversary proceedings including those proceedings, if any, instituted pursuant to Chapter 5 of the Bankruptcy Code, motions, applications, and contested or litigated matters arising out of, under, or related to, the Chapter 11 Cases,
- (vi) Enter such orders as may be necessary or appropriate to execute, implement or consummate the provisions of the Plan and all contracts, instruments, releases, and other agreements or documents created in connection with the Plan, the Disclosure Statement, the Term Sheet or the Confirmation Order,
- (vii) Hear and determine disputes arising in connection with the interpretation, implementation, consummation or enforcement of the Plan, including disputes arising under agreements, documents or instruments executed in connection with the Plan,
- (viii) Consider any modifications of the Plan, cure any defect or omission, or reconcile any inconsistency in any order of the Court including, without limitation, the Confirmation Order.
- (ix) Issue injunctions, enter and implement other orders, or take such other actions as may be necessary or appropriate to restrain interference by any Person with implementation, consummation or enforcement of the Plan or the Confirmation Order.
- (x) Enter and implement such orders as may be necessary or appropriate if the Confirmation Order is for any reason reversed, stayed, revoked, modified or vacated, or if distributions pursuant to the Plan are enjoined or stayed,
- (xi) Hear and determine any matters arising in connection with or relating to the Plan, the Disclosure Statement, the Confirmation Order or any contract, instrument, release, or other agreement or document created in connection with the Plan, the Disclosure Statement or the Confirmation Order,
- (xii) Enforce all orders, judgments, injunctions, releases, exculpations, indemnifications and rulings entered in connection with the Chapter 11 Cases,
- (xiii) Recover all assets of the Debtors and property of the Debtors' Estates, wherever located,

- (xiv) Hear and determine matters concerning federal, state and local taxes in accordance with Sections 346, 505, and 1146 of the Bankruptcy Code,
- (xv) Hear and determine all disputes involving the existence, nature or scope of the Debtors' discharge,
- (xvi) Hear and determine such other matters as may be provided in the Confirmation Order or as may be authorized under, or not inconsistent with, provisions of the Bankruptcy Code, and
- (xvii) Enter a final decree closing the Chapter 11 cases

F Dissolution of Committee

Except as otherwise provided in the Plan, effective 30 days after the Effective Date, the Committee shall cease to exist, and its members and employees or agents (including attorneys, investment bankers, financial advisors, accountants and other Professionals) shall be released and discharged from any further authority, duties, responsibilities and obligations relating to, arising from, or in connection with their service on the Committee. The Committee will continue to exist after such date solely with respect to (i) applications filed pursuant to Section 330 and 331 of the Bankruptcy Code seeking payment of fees and expenses incurred by any Professional, including objections and appeals therefrom, (ii) any post-confirmation modifications to, or motions seeking the enforcement of, this Plan or the Confirmation Order, and (iii) any matters pending as of the Effective Date in the Chapter 11 Cases, until such matters are finally resolved.

G Payment of Statutory Fees

On or before the Effective Date, the Debtors shall pay or have paid in Cash in full all Allowed Administrative Claims for fees payable pursuant to 28 U.S.C. §1930 and fees payable to the Court, which are due and payable on or before the Effective Date. All fees payable pursuant to 28 U.S.C. §1930 after the Effective Date shall be paid by Reorganized MFN until the Chapter 11 Cases are closed pursuant to a final decree, dismissed or converted by entry

of an order of the Court. Until entry of such an order, Reorganized MFN and the other Reorganized Entities shall file with the Court and serve upon the Office of the United States Trustee for the Southern District of New York, a financial report for each quarter, or portion thereof.

II Post-Effective Professional Fees

Payment of fees and expenses incurred after the Effective Date by professionals retained pursuant to sections 327, 328, and 1103 of the Bankruptcy Code shall not be subject to court approval and shall be paid by the Debtors or Reorganized Entities, as the case may be, as those obligations become due. Fees and expenses payable to professionals and experts retained by the holders of the Class 1(a) Claim shall be paid as described in the Fees and Expenses section of the Term Sheet without further order of this Court.

I Post-Confirmation Notices And Reports

1 Notice of Entry of Confirmation Order

Pursuant to Bankruptcy Rules 2002(f)(7) and 3020(c), the Debtors shall be, and hereby are, directed to serve a notice of the entry of this Confirmation Order on all holders of Claims to whom the notice of the Confirmation Hearing was mailed and the Master Service List on file with the Court.

2 Administrative Claims Bar Date

The Confirmation Order establishes a Bar Date for the filing of all Administrative Claims (not including Professional Fee Claims or the expenses of the members of the Committee), which date is 30 days after the Confirmation Date. Holders of asserted Administrative Claims, other than Professional Fee Claims, United States Trustee fees, or the expenses of the members of the Committee, not paid prior to the Confirmation Date must submit

proofs of Administrative Claim on or before such Administrative Claims Bar Date or forever be barred from doing so. Any notice of Confirmation to be delivered pursuant to Bankruptcy Rule 3020(c) and 2002(f) will set forth such date and constitute notice of this Administrative Claims Bar Date. The Debtors or Reorganized MFN, as the case may be, will have 180 days (or such longer period as may be allowed by order of the Court) following the Administrative Claims Bar Date to review and object to such Administrative Claims. If no objection is made, Reorganized MFN will pay such Administrative Claim as soon as practicable.

J Filing or Recording of Order

This Confirmation Order and the Term Sheet shall be deemed to be in recordable form and shall be accepted by any federal, state, or local recording officer for filing and recording purposes when this Confirmation Order is certified by the clerk of this Court.

RESOLUTION OF OBJECTIONS TO CONFIRMATION

- A The objections of the City of Arlington et al (Doc No 1902), County of Brazos et al (Doc No 1850) and Spring Branch Independent School District et al (Doc No 1897) to the Plan are settled and the parties shall submit a stipulation to the Court memorializing the resolution of said objections.
- B The objections of the Commonwealth of Pennsylvania (Doc No 1832) to the Plan are settled and the parties shall submit a stipulation to the Court memorializing the resolution of said objections.
- C The objections of the City and County of San Francisco (Doc No 1886) to the Plan are settled and the parties shall submit a stipulation to the Court memorializing the resolution of said objections.

- D The objections of the County of Santa Clara (Doc No 1873) to the Plan are resolved as follows (i) Pending further order of the Court, the Reorganized Entities, as the case may be, shall not elect to satisfy any Allowed Class 3 Claim held by the County of Santa Clara through the provision of a Cash payment six (6) years after the date of assessment of such Allowed Class 3 Claim, in an amount equal to the amount of such Allowed Class 3 Claim, plus interest paid annually in arrears at the Case Interest Rate (Sec Plan Article IV, Treatment and Distributions for Class 3 (page A-31)) Unless otherwise agreed to by the parties, the Court, after notice and hearing shall determine the length of the payment period, the payment schedule, the amount of the payments, including interest, if any, and (ii) the Debtors shall object to the proofs of claim filed by the County of Santa Clara within 60 days of the Confirmation Date
- E The objections of the City of New York (Doc No 1870) to the Plan are resolved as follows (i) Pending further order of the Court, the Reorganized Entities, as the case may be, shall not elect to satisfy any Allowed Class 3 Claim held by the City of New York through the provision of a Cash payment six (6) years after the date of assessment of such Allowed Class 3 Claim, in an amount equal to the amount of such Allowed Class 3 Claim, plus interest paid annually in arrears at the Case Interest Rate (See Plan Article IV, Treatment and Distributions for Class 3 (page A-31)) Unless otherwise agreed to by the parties, the Court, after notice and hearing shall determine the length of the payment period, the payment schedule, the amount of the payments, including interest, if any, (ii) Pending further order of the Court, the Reorganized Entities, as the case may be, shall not elect to satisfy any Allowed Priority Tax Claim held by the City of New York through the provision of paying

such Allowed Priority Tax Claim six (6) years from the date of assessment of such Allowed Priority Tax Claim, with interest payable annually in arrears at the Case Interest Rate (See Plan Article III A 4 (page A-28)) Unless otherwise agreed to by the parties, the Court, after notice and hearing shall determine the payment schedule and the amount of the payments, including interest, if any, and (iii) the Debtors shall object to the proofs of claim filed by the City of New York within 60 days of the Confirmation Date

- F The objections of Dynamic Cable Construction Co , Inc (Doc No 1899) to the Plan are settled and the parties previously submitted a stipulation to the Court memorializing the resolution of said objections
- G The objections of Deutsche Bank A G et al (Doc No 1887) to the Plan are overruled
- H The objections of U S Bank National Association, as Subordinated Indenture Trustee (Doc No 1888) to the Plan are resolved by providing that the fees and expenses of the Subordinated Indenture Trustee, if any, shall be treated as a Class 6(b) Claim under the Plan and the Subordinated Indenture Trustee shall be treated as a holder of a Class 6(b) Claim, with respect to such fees and expenses only Nothing contained herein shall deem such claim an Allowed Claim and the Debtor shall have the right to object to such Claim in accordance with the Plan The balance of the Subordinated Indenture Trustee's objections, including as to the joinder of such party's objection with the Deutsche Bank objection, are overruled
- I The objections filed by VCI Telecom, Inc (Doc No 1904) to the Plan are resolved as follows (i) Pending further order of the Court, the Reorganized Entities, as the

case may be, shall not elect to satisfy any Allowed Class 4 Claim held by VCI Telecom, Inc through the provision of deferred Cash payments over a period of not to exceed five (5) years after the Effective Date, plus interest on the unpaid portion thereof at the Case Interest Rate (See Plan Article IV, Treatment and Distributions for Class 4 (page A-32)) Unless otherwise agreed to by the parties, the Court, after notice and hearing shall determine the length of the payment period, the payment schedule, the amount of the payments, including interest, if any, and (ii) the Debtors shall object to the proofs of claim filed by VCI Telecom, Inc within 60 days of the Confirmation Date

J The objections filed by Securities Class Action Plaintiffs (Doc No 1855) to the Plan are resolved as follows

Article XIV G of the Plan shall be amended to add after the second paragraph the following three paragraphs

Nothing in the foregoing releases or any other provision of this Plan shall effect a release, waiver, compromise, or settlement of Stephen A Garofalo, Nicholas M. Tanzi and Gerard Benedetto's liability arising under or related in any way to the claims set forth in the proceedings styled In re Metromedia Fiber Network, Inc Securities Litigation, 01-Civ-7353 (CLB) and any additional claims that may hereafter properly be set forth in an amended Class Action Complaint directly relating to any restatements made to Metromedia Fiber Network, Inc 's financial statements

The foregoing release shall release all claims that have been or could have been brought against the Kluge Trust or any of the Kluge Insiders in the proceedings styled In re Metromedia Fiber Network, Inc Securities Litigation, 01-Civ-7353 (CLB) (the "MFN Securities Class Action"), except as to the liability, if any, of John Kluge or Stuart Subotnick to the plaintiffs and class members in the MFN Securities Class Action which directly relate to the allegations set forth in the MFN Securities Class Action Notwithstanding the preceding sentence, as to *John Kluge and Stuart Subotnick, liability, if any (any such liability being expressly disclaimed by Messrs Kluge and Subotnick), in connection with the MFN Securities Class Action, shall be limited (a) solely to the claims set forth in the Consolidated Amended Complaint, dated March 1, 2002, filed in the MFN Securities Class Action (the "Class Action Complaint"), and any additional*

claims that may hereafter properly be set forth in an amended Class Action Complaint directly relating to any restatements made to MFN's financial statements for periods prior to the Petition Date, and (b) to a maximum aggregate amount of Three Hundred Million Dollars (\$300,000,000.00) as against both Messrs Kluge and Subotnick (the foregoing amount is inclusive of any and all insurance that may be available to Mr Kluge or Mr Subotnick, and shall not in any way diminish or reduce any such insurance)

For purposes of clarification the Kluge Insiders shall not include any of Stephen A Garofalo, Nicholas M Tanzi and Gerard Benedetto

and

Article XIV H of the Plan shall be amended to add prior to last sentence of the first paragraph the following three paragraphs

The Kluge Comprehensive Release shall release all claims that have been or could have been brought against the Kluge Trust or any of the Kluge Insiders in the proceedings styled In re Metromedia Fiber Network, Inc Securities Litigation, 01-Civ-7353 (CLB) (the "MFN Securities Class Action"), except as to the liability, if any, of John Kluge or Stuart Subotnick to the plaintiffs and class members in the MFN Securities Class Action which directly relate to the allegations set forth in the MFN Securities Class Action Notwithstanding the preceding sentence, as to John Kluge and Stuart Subotnick, liability, if any (any such liability being expressly disclaimed by Messrs Kluge and Subotnick), in connection with the MFN Securities Class Action, shall be limited (a) solely to the claims set forth in the Consolidated Amended Complaint, dated March 1, 2002, filed in the MFN Securities Class Action (the "Class Action Complaint"), and any additional claims that may hereafter properly be set forth in an amended Class Action Complaint directly relating to any restatements made to MFN's financial statements for periods prior to the Petition Date, and (b) to a maximum aggregate amount of Three Hundred Million Dollars (\$300,000,000.00) as against both Messrs Kluge and Subotnick (the foregoing amount is inclusive of any and all insurance that may be available to Mr Kluge or Mr Subotnick, and shall not in any way diminish or reduce any such insurance)

For purposes of clarification the Kluge Insiders shall not include any of Stephen A Garofalo, Nicholas M Tanzi and Gerard Benedetto

- K Each of the objections filed by holders of equity interests (including but not limited to those indicated at Doc Nos 1863, 1864, 1866, 1865, 1894, 1895, 1900, 1901, 1903, 1928 and 1929) is overruled
- L All other objections not addressed above are overruled

IT IS SO ORDERED

Dated August 21, 2003, 4 00 P M
White Plains, New York

/s/ Adlai S. Hardin, Jr
HONORABLE ADLAI S. HARDIN, JR
UNITED STATES BANKRUPTCY JUDGE