

(n) to the extent their transfer is not prohibited by Law, all Authorizations held by Seller or any of its Affiliates and all applications therefor;

(o) all guaranties, representations, warranties, indemnities and similar rights in favor of Seller or any of its Affiliates to the extent related to any Transferred Asset, except to the extent included in Excluded Assets;

(p) all other current assets; and

(q) all rights of Seller set forth in Section 5.12 of the Friendco Purchase Agreement;

provided, that the sale, conveyance, transfer, assignment or delivery of a Transferred Asset shall, except as otherwise directed by Buyer in a manner consistent with the like allocations of Friendco pursuant to the Friendco Purchase Agreement (provided, that the effect of any such allocation so directed by Buyer that is different than the allocation that would occur in the absence of such direction shall be disregarded for the purposes of making any determination with respect to (x) the representations, warranties or covenants of Seller herein, (y) the Closing Adjustment Amount and (z) the satisfaction of the conditions set forth in Article VI, in each case, to the extent such determination would be different (but in the case of the Closing Adjustment Amount, only to the extent the aggregate Closing Adjustment Amount and the Closing Adjustment Amount (as defined in the Friendco Purchase Agreement) would be different) as a result of such direction), be allocated among each of the Specified Businesses and the Friendco Business in the following manner (provided, that (A) in no event will any of the following allocations result in the transfer of subscribers from one System Group to another and (B) any allocation of capital expenditures shall be made in accordance with Schedule 5.2(s) of the Seller Disclosure Schedule or, if not addressed in such Schedule as set forth below): if such Transferred Asset is (i) Related only to a single Specified Business and not to the Friendco Business, to such Specified Business, (ii) included in the Group 1 Shared Assets and Liabilities pursuant to Schedule 1.1(h) of the Seller Disclosure Schedule, to the Group 1 Business, (iii) included in the Group 2 Shared Assets and Liabilities pursuant to Schedule 1.1(h) of the Seller Disclosure Schedule, to the Group 2 Business, (iv) solely Related to the Friendco Business or allocated to the Friendco Business pursuant to Schedule 1.1(f) of the Seller Disclosure Schedule (as defined in the Friendco Purchase Agreement), to the Friendco Business, (v) is readily divisible, Related to more than one of the Group 1 Business, the Group 2 Business and the Friendco Business and not allocated pursuant to clause (i), (ii), (iii) or (iv), allocated to such Group 1 Business, Group 2 Business and/or Friendco Business to which it is Related pro rata based on the number of Basic Subscribers served by such Group 1 Business, Group 2 Business or Friendco Business (as applicable) as of the Closing and (vi) not allocated pursuant to clause (i), (ii), (iii), (iv) or (v) and is (A) Primarily Related to the Friendco Business, to the Friendco Business, (B) Primarily Related to the Group 1 Business, to the Group 1 Business or (C) not Primarily Related to the Friendco Business or the Group 1 Business, to the Group 2 Business (the allocation of such assets pursuant to this proviso to this Section 2.1, the "Designated Allocation"). Notwithstanding anything to the contrary in this Section 2.1, any Asset included in the Unallocated Shared Assets and Liabilities that

is not a Transferred Asset pursuant to the Designated Allocation shall not be deemed to be a Transferred Asset.

Section 2.2 Excluded Assets. Notwithstanding anything herein to the contrary, from and after the Closing, Seller and its Affiliates shall retain, and there shall be excluded from the sale, conveyance, assignment or transfer to Buyer hereunder, and the Transferred Assets shall not include, any of the Friendco Transferred Assets (except as set forth in Section 5.15) or the following Assets (collectively, the "Excluded Assets"):

- (a) all Assets with respect to Taxes (including duty and tax refunds and prepayments) and net operating losses of Seller or any of its Affiliates;
- (b) except to the extent set forth in Section 5.1(d), all Tax Returns of Seller or any of its Affiliates and all Books and Records (including working papers) and tax software to the extent directly related thereto;
- (c) all insurance policies and rights thereunder other than the Insurance Claims;
- (d) all credits, prepaid expenses, deferred charges, advance payments, security deposits and prepaid items, in each case, only to the extent related to any Asset that is not a Transferred Asset;
- (e) all cash and cash equivalents, except for the Transferred Cash;
- (f) all Intercompany Receivables;
- (g) all Contracts (including all Third Party Confidentiality Agreements) other than Assigned Contracts;
- (h) (i) any Owned Real Property that, and any lease (other than a lease designated by Buyer as an Assigned Contract) for real property that, (A) is vacant, (B) contains only inactive headends, inactive hubsites or inactive optical transition nodes or (C) is solely residential in nature and (ii) the Owned Real Property set forth on Schedule 2.2(h) of the Seller Disclosure Schedule; provided, however, that, from time to time prior to the Closing but no later than ten Business Days prior to the Closing, Buyer may designate any other Owned Real Property to be included on such Schedule 2.2(h) of the Seller Disclosure Schedule;
- (i) all Programming Agreements (other than any retransmission consent agreement that is an Assigned Contract);
- (j) all Assets listed on Schedule 2.2(j) of the Seller Disclosure Schedule;
- (k) (i) all claims (and proceeds related thereto) set forth on Schedule 2.2(k) of the Seller Disclosure Schedule relating to (A) the Rigas Litigation or (B) the Designated Litigation, (ii) all other claims (and proceeds related thereto) that

Seller or any of its Affiliates may make after the date hereof to the extent not affecting any Specified Business (including any Transferred Asset or Assumed Liability) in any material respect and (iii) any claims of Seller or its Affiliates against Seller or any of its Affiliates (other than any claim against any Investment Entity) to the extent not affecting any Specified Business (including any Transferred Asset or Assumed Liability);

(l) all personnel records, other than the Transferred Employees' Records;

(m) all rights in connection with and Assets of the Benefit Plans;

(n) except for the Transferred Investments, all Equity Securities or other rights of Seller or any of its Affiliates in any other Person, including any Asset Transferring Subsidiary;

(o) Assets allocated to the Friendco Business pursuant to the Designated Allocation; and

(p) state certificates of public convenience and necessity or similar state telecommunication Authorizations except for those that Buyer designates in writing as Transferred Assets at least ten Business Days prior to the Closing.

Section 2.3 Assumption of Liabilities. On the terms and subject to the conditions set forth herein and in partial consideration of the sale of the Transferred Assets, at the Closing, Buyer shall assume and discharge or perform when due all the Assumed Liabilities; it being understood that the assumption of an Assumed Liability shall, except as otherwise allocated by Buyer in a manner consistent with the like allocations of Friendco pursuant to the Friendco Purchase Agreement (provided, that the effect of any such allocation so directed by Buyer that is different than the allocation that would occur in the absence of such direction shall be disregarded for the purposes of making any determination with respect to (x) the representations, warranties or covenants of Seller herein, (y) the Closing Adjustment Amount and (z) the satisfaction of the conditions set forth in Article VI, in each case, to the extent such determination would be different (but in the case of the Closing Adjustment Amount, only to the extent the aggregate Closing Adjustment Amount and the Closing Adjustment Amount (as defined in the Friendco Purchase Agreement) would be different) as a result of such direction), be allocated among each of the Specified Businesses and the Friendco Business in the following manner: if such Assumed Liability is (i) Related only to a single Specified Business and not to the Friendco Business, to such Specified Business, (ii) included in the Group 1 Shared Assets and Liabilities pursuant to Schedule 1.1(h) of the Seller Disclosure Schedule, to the Group 1 Business, (iii) included in the Group 2 Shared Assets and Liabilities pursuant to Schedule 1.1(h) of the Seller Disclosure Schedule, to the Group 2 Business, (iv) solely Related to the Friendco Business or allocated to the Friendco Business pursuant to Schedule 1.1(f) of the Seller Disclosure Schedule (as defined in the Friendco Purchase Agreement), to the Friendco Business and (v) not allocated pursuant to clause

(i), (ii), (iii) or (iv), then to the Friendco Business, to the extent Related to the Friendco Business, to the Group 1 Business, to the extent Related to

the Group 1 Business, and to the Group 2 Business, to the extent Related to the Group 2 Business (which allocations shall be made in each case after giving effect to the allocations to each such Friendco Business and Specified Business pursuant to the Designated Allocation).

**Section 2.4 Excluded Liabilities.** Seller and its Affiliates shall retain and be responsible for all Excluded Liabilities. Notwithstanding anything to the contrary in this Agreement, Buyer shall not assume, and neither Buyer nor any of its Affiliates shall have any Liability for, any Liability of Seller or any Affiliate of Seller that is not expressly assumed by Buyer pursuant to Section 2.3.

**Section 2.5 Purchase Price.** On the terms and subject to the conditions set forth herein, in consideration of the sale of the Transferred Assets, at the Closing, Buyer shall:

(a) assume the Assumed Liabilities;

(b) pay to Seller an aggregate amount in cash equal to \$9,154,000,000, as adjusted pursuant to Sections 2.6(a) and 2.6(f) (as so adjusted, the "Cash Consideration"); and

(c) cause Parent to issue and deliver, on behalf of Buyer, to Seller such number of shares of Parent's Class A Common Stock, par value \$0.01 per share (the "Parent Class A Common Stock"), as shall represent 16% of the outstanding Equity Securities of Parent calculated on a Fully Diluted Basis (after giving effect to such issuance and assuming for purposes of such calculation the completion of the Redemption pursuant to the Parent Redemption Agreement but without giving effect to any adjustment pursuant to Section 2.6 or 2.7), subject to adjustment of such number of shares pursuant to Sections 2.6(f) and 2.7 (as so adjusted, the "Purchase Shares" and, together with the Cash Consideration, the "Purchase Price");

provided, however, that, in lieu of payment to Seller, Buyer shall deliver or cause to be delivered, at the Closing, 4% of the Purchase Price in the form of a Pro Rata Payment (after giving effect to any adjustment thereof that is effected as of the Closing) (collectively, as such amount may be increased in accordance with Section 2.6(f) or 2.7(c), the "Escrow Amount") to be held by the Escrow Agent in an account, the cash component of which shall bear interest (the "Escrow Account"), pursuant to the Escrow Agreement, which Escrow Amount shall be paid in whole or in part in accordance with the terms of the Escrow Agreement to (i) the Buyer Indemnified Parties to the extent necessary to satisfy any obligation of Seller pursuant to Section 7.2(a), (ii) Buyer to the extent necessary to satisfy a payment obligation of Seller, if any, pursuant to Section 2.6(f) or 2.7(d), (iii) Seller, on the date that is six months following the Closing Date, to the extent of the excess, if any, of 33% of the Escrow Amount deposited at the Closing over the sum of (A) all amounts paid pursuant to the immediately preceding clauses (i) and (ii), plus (B) the maximum amount that could reasonably be expected to be necessary to satisfy all claims by the Buyer Indemnified Parties pursuant to Section 7.2(a) asserted on or prior to such date, and (iv) Seller to the extent of any

remaining funds and/or shares in the Escrow Account as of the Buyer Indemnification Deadline (subject, with respect only to the MCE Purchase Shares, to Section 2.7(d)), except to the extent of the maximum amount that could reasonably be expected to be necessary to satisfy all claims by the Buyer Indemnified Parties pursuant to Section 7.2(a) asserted on or prior to the Buyer Indemnification Deadline (subject, with respect only to the MCE Purchase Shares, to Section 2.7(d)). All amounts payable from the Escrow Account shall be paid in the form of an Escrow Payment. Any Escrow Payment or Pro Rata Payment to be made hereunder shall be made (x) in respect of any distribution of shares of Parent Class A Common Stock by (I) delivery of stock certificates representing such shares, registered in the name of Buyer or Seller, as the case may be, or (II) confirmation of a book-entry transfer of such shares in form and substance reasonably satisfactory to Buyer or Seller, as the case may be, and the Escrow Agent, and (y) in respect of any distribution of cash, by wire transfer of immediately available funds to an account designated by Buyer or Seller, as the case may be, at least five Business Days prior to such payment.

Section 2.5A Purchase Shares. For the avoidance of doubt, 156.380952 shares of Parent Class A Common Stock would be the number of shares required to be delivered pursuant to Section 2.5(c) at the Closing (before giving effect to any adjustment under Section 2.6 or 2.7) assuming that (a) the number of outstanding Equity Securities as of the date hereof is as represented in Sections 4.4(b)(i) and (b)(ii), (b) the Equity Securities subject to redemption under the Parent Redemption Agreement is 179 shares of Parent Class A Common Stock, and (c) no additional Equity Securities were issued by Parent on or after the date hereof in violation of Section 5.3 hereof; provided that if any pro rata stock dividend (or any stock split or similar recapitalization) is effected between the date hereof and Closing as permitted hereunder then such number of shares would be adjusted accordingly (by operation of the definition of Fully Diluted Basis).

Section 2.6 Closing Adjustment Amount.

(a) No later than ten Business Days prior to the Closing Date, Seller shall prepare, or cause to be prepared, and deliver to Buyer, with respect to each Specified Business, a statement (each, a "Seller's Statement"), which shall set forth Seller's good faith estimate of the Closing Adjustment Amount which shall be determined in accordance with this Agreement (the "Estimated Closing Adjustment Amount"). Each Seller's Statement shall be accompanied by a certification of Seller's Chief Financial Officer to the effect that such Seller's Statement has been prepared in good faith in accordance with this Agreement based on the books and records of such Specified Business and be reasonably satisfactory to Buyer. If the sum of the Estimated Closing Adjustment Amounts for the Specified Businesses is a negative number, then the Cash Consideration payable at the Closing shall be decreased by the absolute value of such sum. If the sum of the Estimated Closing Adjustment Amounts for the Specified Businesses is a positive number, then the Cash Consideration payable at the Closing shall be increased by such sum.

(b) As soon as practicable but in no event more than 90 days following the Closing, Buyer shall prepare, or cause to be prepared, and deliver to Seller, with

respect to each Specified Business, a statement (each, a "Buyer's Statement") of the actual Closing Adjustment Amount, as of the Closing Date, which shall be determined in accordance with this Agreement. Each Buyer's Statement shall be accompanied by a certification of Buyer's Chief Financial Officer to the effect that such Buyer's Statement has been prepared in accordance with this Agreement based on the books and records of such Specified Business.

(c) Seller and Seller's accountants shall complete their review of each of the Buyer's Statements and Buyer's calculations of the Closing Adjustment Amount within 30 days after delivery thereof by Buyer. In the event that Seller determines in good faith that any Buyer's Statement has not been prepared in accordance with this Agreement, Seller shall, on or before the last day of such 30-day period, so inform Buyer in writing setting forth a specific description of the basis of Seller's determination and the adjustments to such Buyer's Statement and the corresponding adjustments to the applicable Closing Adjustment Amount that Seller believes should be made in accordance with this Agreement (a "Seller's Objection"). If no Seller's Objection is received by Buyer on or before the last day of such 30-day period, then the Closing Adjustment Amount set forth in a Buyer's Statement shall be final and binding upon Seller. Buyer shall have 30 days from its receipt of a Seller's Objection to review and respond to such Seller's Objection.

(d) If Seller and Buyer are unable to resolve all of their disagreements with respect to the proposed adjustments set forth in any Seller's Objection within 15 days following the completion of Buyer's review of such Seller's Objection, they shall refer any remaining disagreements to the CPA Firm which, acting as experts and not as arbitrators, shall determine, in accordance with this Agreement based on the books and records of the applicable Specified Business, and only with respect to the remaining differences so submitted (and within the range of dispute between Buyer's Statement and Seller's Objection with respect to each such difference), whether and to what extent, if any, any Closing Adjustment Amount requires adjustment. Buyer and Seller shall instruct the CPA Firm to deliver its written determination to Buyer and Seller no later than 30 days after the remaining differences underlying any such Seller's Objection are referred to the CPA Firm. The CPA Firm's determination shall be conclusive and binding upon Buyer and Seller and their respective Affiliates. With respect to each Seller's Objection, the fees and disbursements of the CPA Firm shall be borne equally by Seller and Buyer. Buyer and Seller shall make readily available to the CPA Firm all relevant books and records and any work papers (including those of the parties' respective accountants, to the extent permitted by such accountants) relating to the determination of any Closing Adjustment Amount and all other items reasonably requested by the CPA Firm in connection therewith.

(e) Buyer shall provide to Seller and its accountants full access to the books and records of each Specified Business and to any other information, including work papers of its accountants (to the extent permitted by such accountants), and to any employees during regular business hours and on reasonable advance notice, to the extent reasonably necessary for Seller to review each Buyer's Statement, to prepare a Seller's Objection, if any, and to prepare materials for presentation to the CPA Firm in connection

with Section 2.6(d). Seller and its accountants shall have full access to all information used by Buyer in preparing such Buyer's Statement, including the work papers of its accountants (to the extent permitted by such accountants).

(f) Upon satisfaction of the applicable procedures of this Section 2.6, the Purchase Price shall be adjusted with respect to each Specified Business by an amount equal to (i) the Final Adjustment Amount of such Specified Business minus (ii) the Estimated Closing Adjustment Amount of such Specified Business (the "Subsequent Adjustment Amount"). If the Subsequent Adjustment Amount is a positive number, then the Purchase Price allocated to such Specified Business shall be increased by the Subsequent Adjustment Amount and Buyer shall promptly (and in any event within five Business Days) after the final determination thereof pay to the Escrow Agent, for deposit into the Escrow Account, a Pro Rata Payment equal to the Subsequent Adjustment Amount. If the Subsequent Adjustment Amount is a negative number, then the Purchase Price allocated to such Specified Business shall be decreased by the absolute value of the Subsequent Adjustment Amount and Buyer shall be entitled to an Escrow Payment equal to the Subsequent Adjustment Amount from the Escrow Account promptly (and in any event within five Business Days) after the final determination of the Subsequent Adjustment Amount; provided, however, that, to the extent the payment obligations pursuant to this sentence exceed the remaining funds in the Escrow Account, Seller shall promptly (and in any event with five Business Days) after the final determination of the Subsequent Adjustment Amount, pay such excess amount to Buyer by wire transfer of immediately available funds to an account designated by Buyer.

#### Section 2.7 MCE Systems.

(a) Notwithstanding anything to the contrary contained herein, if any MCE System has not been finally determined to be wholly owned by Seller or its wholly owned Subsidiaries (it being understood that, for purposes of this Section 2.7(a), if Seller has the right to cause the transfer of good and marketable title to the Assets of any MCE System (free and clear of all Encumbrances other than Permitted Encumbrances) to Buyer (or has otherwise arranged for such transfer to occur at the Closing to the reasonable satisfaction of Buyer), such Disputed MCE System shall be deemed to be wholly owned by Seller) or has been finally determined to be so owned but as to which there has not been an MCE Discharge as of the date on which the Seller's Statements are delivered under Section 2.6(a) (each such MCE System, a "Disputed MCE System"), then (i) the geographical areas serviced by such Disputed MCE System shall be deemed not to be listed on Schedule A of the Seller Disclosure Schedule and such Disputed MCE System shall be deemed not to be included in the Group 2 Business or otherwise Related to the Group 2 Business or the Acquired Business, (ii) any Assets, Liabilities or Employees that would, but for clause

(i) above, have been Transferred Assets, Assumed Liabilities or Transferred Employees shall be deemed not to be Transferred Assets, Assumed Liabilities or Transferred Employees, respectively, (iii) the Closing shall be effected without such Disputed MCE System, (iv) the Purchase Price (before adjustment under

Section 2.6) shall be reduced by an aggregate amount equal to the product of (A) the MCE Purchase Price multiplied by (B) the quotient obtained by dividing (1) the aggregate number of Basic Subscribers served by all such Disputed MCE Systems as of

December 31, 2004 by (2) the aggregate number of Basic Subscribers served by all MCE Systems as of December 31, 2004, such reduction to be applied solely to the Purchase Shares (where each Purchase Share is valued at the Per Share Value of the Purchase Shares) (the amount of such Purchase Share reduction with respect to each such Disputed MCE System, the "Initial MCE Purchase Price"), (v) the Seller's Statement delivered in respect of the Group 2 Business shall be prepared to reflect the foregoing and (vi) with respect to the Disputed MCE Systems, the determination of the Closing Adjustment Amount (calculated as to each such Disputed MCE System separately as if it were its own Specified Business and assuming the Net Liabilities Adjustment Amount for each such Disputed MCE System is zero) shall be made in accordance with Section 2.6 except that the Subscriber Cap shall not apply to the determination of the Subscriber Adjustment Amount and there shall be no adjustment to the Purchase Price at the Closing as a result of such determination (the amount by which the Purchase Price would have been adjusted (expressed as a negative if decreased and as a positive if increased) in respect of each such Disputed MCE System as determined pursuant to this clause (vi), the "Initial Disputed MCE System Adjustment Amount").

(b) With respect to any Disputed MCE System, Seller shall (i) use commercially reasonable efforts to cause each such Disputed MCE System to be bound by a written management agreement with Buyer (or its designee) as of the Closing, in form and substance reasonably acceptable to Buyer and Seller (each such agreement, an "MCE Management Agreement"), and (ii) continue during the succeeding 15 months (the "MCE Period") using commercially reasonable efforts to obtain full direct or indirect ownership of, and an MCE Discharge with respect to, such Disputed MCE System (it being understood that, for purposes of this Section 2.7(b), if Seller has the right to cause the transfer of good and marketable title to the Assets of any MCE System (free and clear of all Encumbrances other than Permitted Encumbrances) to Buyer (or has otherwise arranged for such transfer to occur at the MCE Closing to the reasonable satisfaction of Buyer), such Disputed MCE System shall be deemed to be wholly owned by Seller) (an "MCE Resolution"). Buyer shall not have any obligation to enter into an MCE Management Agreement unless Buyer is provided with reasonably satisfactory evidence of (A) the enforceability of such MCE Management Agreement from and after the Closing, (B) the authority of the counterpart(ies) to enter into and perform such MCE Management Agreement and to bind such Disputed MCE System and (C) the creditworthiness of such MCE System (or such other Person who or such instrument that guarantees the Liabilities of such MCE System pursuant to the applicable MCE Management Agreement). Seller shall notify Buyer of any MCE Resolution as promptly as practicable and in any event within three Business Days of obtaining any such MCE Resolution and shall provide Buyer with such information and documentation related thereto as Buyer reasonably requests.

(c) As to any Disputed MCE System that is the subject of an MCE Resolution that occurs prior to the expiration of the MCE Period, and with respect to which (i) Buyer (or its designee) enters into an MCE Management Agreement that has not been terminated in accordance with its terms (other than by Seller as a direct result of a breach by Buyer (or its designee)) or rejected and remains in full force and effect until the completion of the MCE Closing (a "Buyer Managed MCE System") or (ii) Buyer (or

its designee) does not enter into such an MCE Management Agreement but, within 60 days of such MCE Resolution, Buyer makes an election to purchase such Disputed MCE System, the parties agree that Seller shall sell, or cause to be sold, to Buyer and Buyer shall purchase from Seller (or the applicable transferor which Seller causes to sell) the Assets of such Disputed MCE Systems in exchange for shares (the "MCE Purchase Shares") of Parent Class A Common Stock (where each such share is valued at the Per Share Value of the Purchase Shares) in an amount equal to the Final MCE Purchase Price to be delivered by Buyer at a single closing (the "MCE Closing"), plus any Interim Dividends thereon, that, subject to satisfaction of the conditions set forth in Sections 6.1, 6.2 (other than, without limiting Section 2.7(d)(ii), Sections 6.2 (a),

6.2(f) (but only if Buyer is a Proximate Cause Party) and 6.2(h) and 6.3 (other than, without limiting Section 2.7(d)(ii), Sections 6.3(a) and 6.3 (c)) (applied with respect to such Disputed MCE Systems (treating such Systems as a Specified Business) and applied with respect to the MCE Purchase Shares (treating such MCE Purchase Shares as Purchase Shares) mutatis mutandis), shall occur on the fifth Business Day following the earlier of (A) the expiration of the MCE Period and (B) the date all Disputed MCE Systems have been subject to an MCE Resolution; provided, however, that 4% of the MCE Purchase Shares so delivered plus any Interim Dividends thereon will be deposited in the Escrow Account. At the MCE Closing, the parties will assign or assume, as applicable, the Transferred Assets and Assumed Liabilities with respect to each such Disputed MCE System (treating such System as a Specified Business) that would have been assigned and assumed as if the Closing had been delayed until the date of the MCE Closing and shall execute such conveyance, assumption and other instruments as are required pursuant to Sections 2.9 and 2.10 (applied with respect to such Disputed MCE Systems (treating such Systems as a Specified Business) and applied with respect to the MCE Purchase Shares (treating such MCE Purchase Shares as Purchase Shares) mutatis mutandis. For purposes of determining the Disputed MCE System Adjustment Amount, the Net Liabilities Adjustment Amount in respect of each such Disputed MCE System shall be determined as of the date of the MCE Closing in accordance with Section 2.6 applied mutatis mutandis (treating each such System as a Specified Business) except that any resulting adjustments shall be made solely in MCE Purchase Shares, where each MCE Purchase Share is valued at the Per Share Value of the Purchase Shares.

(d) In connection with the transfer to Buyer of any Disputed MCE Systems, (i) Assumed Liabilities related to such Disputed MCE Systems shall be deemed to have been assumed effective as of the date of the MCE Closing only, and (ii) at, and as a condition to, the MCE Closing, (A) Seller shall be deemed to have restated the representations and warranties in Article III in respect of such Disputed MCE Systems (x) with respect to the Class 2 Representations and Warranties, as of the date made and as of the Closing, and (y) with respect to the Class 1 Representations and Warranties, as of the date made and as of the MCE Closing, (B) Seller shall deliver to Buyer a certificate certifying to the satisfaction of Section 6.2(a) with respect to such Disputed MCE Systems (treating such Disputed MCE Systems as if they were a Specified Business and multiplying all applicable monetary and materiality thresholds by the MCE Fraction) (x) with respect to the Class 2 Representations and Warranties, as of the Closing, and (y) with respect to the Class 1 Representations and Warranties, as of the MCE Closing, (C) Article VII shall apply to such Disputed MCE Systems mutatis mutandis (including

by multiplying the applicable basket and cap amounts by the MCE Fraction), provided, that, notwithstanding Section 7.1, all the representations and warranties in Article III shall, with respect to such Disputed MCE Systems, survive the MCE Closing until the expiration of the later of the survival period in Section 7.1 and twelve months after the date of the MCE Closing (and the Buyer Indemnification Deadline shall be extended with respect to such Disputed MCE Systems by a corresponding period), (D) Buyer shall deliver to Seller a certificate certifying as to the truth and accuracy of the first sentence of Section 4.5 as to the MCE Purchase Shares as of the MCE Closing and (E) Sections 2.11 and 5.12 shall apply mutatis mutandis. For purposes of any covenants in this Agreement governing the parties hereto following the Closing and any Ancillary Agreement, any Assets related to any such Disputed MCE Systems which are transferred to Buyer after Closing under this Section 2.7 shall become part of the Group 2 Business as of the time of the MCE Closing.

Section 2.8 Closing. The Closing shall take place at the offices of Paul, Weiss, Rifkind, Wharton & Garrison LLP, 1285 Avenue of the Americas, New York, New York 10019-6064 at 10:00 a.m. New York City time, on the last Business Day of the calendar month in which the conditions set forth in Article VI (other than those conditions that by their nature are to be satisfied at the Closing but subject to the fulfillment or waiver of those conditions) have been satisfied or waived, unless such conditions have not been so satisfied or waived (other than those conditions that by their nature are to be satisfied at the Closing but subject to the fulfillment or waiver of those conditions) by the fifth Business Day preceding the last Business Day of such calendar month, in which case the Closing shall take place on the last Business Day of the next calendar month (or at such other time and place as the parties hereto may mutually agree); provided, however, that the Closing shall not occur prior to the earliest of (a) immediately following the closing of the Redemption under the Parent Redemption Agreement, (b) 30 days following the date on which the conditions set forth in Article VI (other than those conditions that by their nature are to be satisfied at the Closing but subject to the fulfillment or waiver of those conditions) have been satisfied or waived (provided, that the Outside Date or the Extended Outside Date, as the case may be, shall be extended to the last Business Day of the calendar month in which the end of such 30-day period occurs if the Outside Date or Extended Outside Date, as the case may be, would otherwise occur prior to such last Business Day), and (c) the termination of the Parent Redemption Agreement. The date on which the Closing occurs is called the "Closing Date."

Section 2.9 Deliveries by Buyer. At the Closing, Buyer shall:

- (a) deliver to Seller, the Cash Consideration less the cash portion of the Escrow Amount to be delivered at Closing in immediately available funds by wire transfer to an account which has been designated by Seller at least two Business Days prior to the Closing Date;
- (b) deliver, or cause to be delivered, to Seller, (i) stock certificates representing the Purchase Shares (less the stock portion of the Escrow Amount to be delivered at the Closing), duly endorsed for transfer or accompanied by executed stock

transfer powers or other appropriate instruments of assignment and transfer or

(ii) confirmation of a book-entry transfer of the Purchase Shares (less the stock portion of the Escrow Amount to be delivered at the Closing) in form and substance reasonably satisfactory to Buyer and Seller, in each case, free and clear of all Encumbrances, other than those arising as a result of the ownership of such Purchase Shares by the recipient thereunder or under applicable securities Laws;

(c) deliver to the Escrow Agent, (i) the cash portion of the Escrow Amount to be delivered at Closing in immediately available funds by wire transfer to the Escrow Agent and (ii) the stock portion of the Escrow Amount to be delivered at Closing, by (A) delivery of stock certificates representing such stock portion of the Escrow Amount or (B) confirmation of a book-entry transfer of such stock portion of the Escrow Amount in form and substance reasonably satisfactory to Buyer, Seller and the Escrow Agent, each to be held by the Escrow Agent in the Escrow Account;

(d) deliver to Seller (or to the applicable Affiliate of Seller), with respect to each Specified Business, such bills of sale, instruments of assumption and other instruments or documents, in form and substance reasonably acceptable to Seller and Buyer, as may be reasonably necessary to effect, in each case in accordance with the terms of this Agreement (x) the assumption by Buyer of the Assumed Liabilities Related to such Specified Business and (y) the conveyance, transfer and assignment to Buyer of the Transferred Assets Related to such Specified Business, including the following:

(I) a duly executed counterpart of one or more Bills of Sale;

(II) a duly executed counterpart of one or more Assignment and Assumption Agreements;

(III) evidence of the obtaining of, or, with respect to Buyer Required Approvals that only require notice or filing, the notice or filing with respect to, the Buyer Required Approvals;

(IV) a duly executed counterpart of one or more Transferred Investment Assignment Agreements;

(V) a duly executed counterpart of one or more Intellectual Property Assignment Agreements;

(VI) a duly executed counterpart of one or more Lease Assignment Agreements;

(VII) a duly executed counterpart of one or more Sublease Assignment Agreements;

(VIII) a duly executed counterpart of one or more Rights-of-Way Assignment Agreements;

(IX) the certificate to be delivered pursuant to Section 6.3(d);

(X) a duly executed counterpart of the Escrow Agreement;

(XI) duly executed counterparts of such other customary instruments of transfer, assumptions, filings or documents, in form and substance reasonably satisfactory to Buyer and Seller, as may be reasonably required to give effect to this Agreement; and

(e) deliver to Seller the opinion of counsel referred to in Section 6.3(f).

Section 2.10 Deliveries by Seller. At the Closing, Seller shall deliver, or cause to be delivered, to Buyer, with respect to each Specified Business, such bills of sale, instruments of assumption and other instruments or documents, in form and substance reasonably acceptable to Seller and Buyer, as may be reasonably necessary to effect, in each case in accordance with the terms of this Agreement (x) the assumption by Buyer of the Assumed Liabilities Related to such Specified Business and (y) the conveyance, transfer and assignment to Buyer of the Transferred Assets Related to such Specified Business, including the following:

(a) a duly executed counterpart of one or more Bills of Sale;

(b) a duly executed counterpart of one or more Assignment and Assumption Agreements;

(c) a duly executed counterpart of one or more Transferred Investment Assignment Agreements;

(d) a duly executed counterpart of one or more Intellectual Property Assignment Agreements;

(e) a duly executed counterpart of one or more Lease Assignment Agreements;

(f) a duly executed counterpart of one or more Sublease Assignment Agreements;

(g) a duly executed counterpart of one or more Rights-of-Way Assignment Agreements;

(h) special warranty deeds (or local equivalent) in respect of the Transferred Owned Real Property Related to such Specified Business;

(i) duly executed certifications from Seller and each Subsidiary that in this Transaction will be a transferor described in Treasury Regulations Section 1.1445-1(g)(3) that Seller and such Subsidiaries are not foreign Persons within the meaning set forth in Treasury Regulation Section 1.1445-2(b)(2)(iii)(A); it being understood that, notwithstanding anything to the contrary contained herein, if Seller fails to provide Buyer with such certifications, Buyer shall be entitled to withhold a portion of

the Purchase Price in accordance with Section 1445 of the Code and the applicable Treasury Regulations;

(j) the Books and Records Related to such Specified Business that are Transferred Assets (it being understood that Books and Records located on real property interests conveyed to Buyer at the Closing shall be deemed delivered pursuant to this Section 2.10(j));

(k) evidence of the obtaining of, or, with respect to Seller Required Approvals that only require notice or filing, the notice or filing with respect to, the Seller Required Approvals or any LFA Approvals, in each case, Related to such Specified Business;

(l) the certificate to be delivered pursuant to Section 6.2(d);

(m) a certified copy of the Confirmation Order (including any amendments thereto);

(n) duly executed counterparts of instruments providing Buyer the limited, irrevocable right, in the name, place and stead of Seller and any of its Affiliates, as attorney-in-fact of Seller and any of its Affiliates, to cash, deposit, endorse or negotiate checks received on or after the Closing Date made out to Seller or any of its Affiliates in payment for cable television, high speed Internet, telephony and related services and charges provided by the Specified Systems Related to such Specified Business, and evidence of written instructions to the lock-box service provider or similar agents of Seller and any of its Affiliates to promptly forward to Buyer upon receipt all such cash, deposits and checks representing accounts receivable of such Specified Systems;

(o) to the extent available using commercially reasonable efforts,

(i) subject only to Permitted Encumbrances, such certificates and affidavits of Seller or its applicable Affiliate as may be reasonably requested by Buyer's title insurance company necessary and satisfactory to Buyer in connection with the issuance of title insurance with respect to any Owned Real Property or Leased Real Property Related to such Specified Business and (ii) customary gap indemnities covering Seller's acts for the period between Closing and the recording of the applicable deed or assignment of lease with respect to such Owned Real Property or Leased Real Property; provided, that, except with respect to the customary gap indemnities described in clause (ii) above, such certificates or affidavits shall be deemed not to have been reasonably requested if they would increase, in each case other than in a de minimis manner, the Liability of Seller or any of its Affiliates beyond the liability that would be incurred by Seller or its applicable Affiliates under a special warranty deed or would contain representations that are more extensive than those set forth in this Agreement;

(p) the Transferred Cash Related to such Specified Business in immediately available funds by wire transfer to an account which has been designated by Buyer at least two Business Days prior to the Closing Date (it being understood that Transferred Cash shall be deemed delivered if it is either

(i) located on real property

interests being conveyed to Buyer at Closing or (ii) held in accounts assigned to Buyer pursuant to duly executed instruments of assignment that are reasonably satisfactory to Buyer);

(q) stock certificates (or other comparable evidence of ownership, if issued) representing the Transferred Investments Related to such Specified Business, duly endorsed for transfer or accompanied by executed stock transfer powers or other appropriate instruments of assignment and transfer;

(r) a duly executed counterpart of the Escrow Agreement; and

(s) duly executed counterparts of such other customary instruments of transfer, assumptions, filings or documents, in form and substance reasonably satisfactory to Buyer and Seller, as may be reasonably required to give effect to this Agreement.

#### Section 2.11 Non-Assignability of Assets.

(a) Without limiting Sections 6.1(f) and 6.2(e), if and to the extent that the transfer or assignment from Seller or any of its Affiliates to Buyer of any Transferred Asset would be a violation of applicable Law with respect to such Transferred Asset or otherwise adversely affect the rights of the applicable transferee thereunder as a result of the failure to obtain or make any consent, approval, waiver, authorization, notice or filing required to be made in connection with the Transaction, then the transfer or assignment to Buyer of such Transferred Asset (each, a "Delayed Transfer Asset") shall be automatically deemed deferred and any such purported transfer or assignment shall be null and void until such time as all legal impediments are removed and/or Authorizations have been made or obtained; it being understood that no adjustment to the Purchase Price will be made as a result of the failure to transfer or assign any Delayed Transfer Asset.

(b) If the transfer or assignment of any Transferred Asset (other than, at the Closing, a Transferred Asset Related to a Disputed MCE System) intended to be transferred or assigned hereunder is not consummated prior to or at the Closing as a result of the failure to obtain any Authorization, then Seller or its Affiliate shall thereafter, directly or indirectly, hold such Transferred Asset for the use and benefit of Buyer (at the expense of Buyer), insofar as reasonably possible. In addition, to the extent not prohibited by Law, Seller shall take or cause to be taken such other actions as may be reasonably requested by Buyer in order to place Buyer, insofar as reasonably possible, in the same position as if such Transferred Asset had been transferred as contemplated hereby and so that all the benefits and burdens relating to such Transferred Asset, including possession, use, risk of loss, potential for gain, and dominion, control and command over such Transferred Asset, are to inure from and after the Closing to Buyer. To the extent permitted by Law and to the extent otherwise permissible in light of any required Authorization, Buyer shall be entitled to, and shall be responsible for, the management of any Transferred Assets not yet transferred to it as a result of this Section 2.11 and the parties hereto agree to use commercially reasonable efforts to cooperate and coordinate with respect thereto.

(c) If and when the Authorizations, the absence of which caused the deferral of transfer of any Transferred Asset pursuant to this Section 2.11, are obtained, the transfer of the applicable Transferred Asset to Buyer shall automatically and without further action be effected in accordance with the terms of this Agreement and the applicable Ancillary Agreements.

(d) Prior to the Closing Date, Seller shall deliver to Buyer a list identifying, in reasonable detail and to the Knowledge of Seller, the Delayed Transfer Assets and the Authorizations required therefor.

(e) The parties hereto further agree that, assuming as set forth in Section 2.11(b) that all or substantially all of the benefits and burdens relating to the Transferred Assets inure to Buyer, (i) any Delayed Transferred Assets referred to in this Section 2.11(e) shall be treated for all income Tax purposes as Assets of Buyer and (ii) neither Buyer nor Seller shall take, and each of Buyer and Seller shall prevent any of their respective Affiliates from taking, any position inconsistent with such treatment for any income Tax purposes (unless required by a change in applicable income Tax Law or a good faith resolution of a contest).

### ARTICLE III

#### REPRESENTATIONS AND WARRANTIES OF SELLER

Seller represents and warrants to Buyer that, except as set forth on the Seller Disclosure Schedule, as of the date hereof and as of the Closing:

Section 3.1 Organization and Qualification. Seller is a corporation duly organized, validly existing and in good standing under the laws of Delaware and has all requisite corporate power and authority to own, lease and operate its Assets, and to carry on each Specified Business as currently conducted. Seller is duly qualified to do business and is in good standing as a foreign corporation in each jurisdiction where the ownership or operation of the Transferred Assets or the conduct of each Specified Business requires such qualification, except for failures to be so qualified or in good standing, as the case may be, that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Prior to the date hereof, Seller has made available to Buyer a true and complete copy of Seller's certificate of incorporation and bylaws, each as amended and in effect as of the date hereof.

Section 3.2 Subsidiaries and Transferred Investments.

(a) Schedule 3.2(a) of the Seller Disclosure Schedule sets forth a true and complete list of each Asset Transferring Subsidiary, together with its jurisdiction of organization. The Asset Transferring Subsidiaries are the only Subsidiaries of Seller that have any right, title or other interest in or to the Assets of Seller and its Affiliates that are Related to the Acquired Business. Except for the Non-Debtor Subsidiaries, all of the Asset Transferring Subsidiaries and Intermediate Subsidiaries are Debtors. Each Asset Transferring Subsidiary and each Intermediate Subsidiary is duly organized, validly

existing, and in good standing under the laws of its jurisdiction of organization and, in the case of the Asset Transferring Subsidiaries, has all requisite corporate or similar power and authority to own, lease and operate its Assets and to carry on its portion of each Specified Business as currently conducted, except for failures to be in good standing that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Each Asset Transferring Subsidiary and each Intermediate Subsidiary is duly qualified to do business and is in good standing as a foreign corporation or other entity in each jurisdiction where the ownership or operation of its Assets or the conduct of its business requires such qualification, except for failures to be so duly organized, validly existing, qualified or in good standing that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Except to the extent of any Claims that will be discharged (or the functional equivalent thereof in terms of its effect on Buyer, each Specified Business, the Transferred Assets and the Assumed Liabilities) pursuant to the Discharge (or, as applicable, the MCE Discharge or an Additional Discharge), (i) Seller owns, directly or indirectly, through one or more other Subsidiaries (each such Subsidiary that is not also an Asset Transferring Subsidiary is referred to herein as an "Intermediate Subsidiary"), all right, title and interest in and to all of the outstanding Equity Securities of the Asset Transferring Subsidiaries and (ii) all of the outstanding Equity Securities of the Asset Transferring Subsidiaries and Intermediate Subsidiaries have been duly authorized, and are validly issued, fully paid and non-assessable. Except to the extent of any Claims that will be discharged (or the functional equivalent thereof in terms of its effect on Buyer, each Specified Business, the Transferred Assets and the Assumed Liabilities) pursuant to the Discharge (or, as applicable, the MCE Discharge or an Additional Discharge), Seller has, directly or indirectly, good and valid title to the Equity Securities of each Asset Transferring Subsidiary and each Intermediate Subsidiary, free and clear of all Encumbrances, other than Permitted Encumbrances.

(b) Schedule 3.2(b) of the Seller Disclosure Schedule sets forth a true and complete list of each Investment Entity, the Equity Securities of Seller and its Affiliates in each Investment Entity and, to the Knowledge of Seller, with respect to those Investment Entities identified on Schedule 3.2(b)(i) of the Seller Disclosure Schedule, the jurisdiction of organization and authorized and outstanding Equity Securities of such Investment Entities. Seller has provided or made available to Buyer true and complete copies of the Investment Documents. Except to the extent of any Claims that will be discharged (or the functional equivalent thereof in terms of its effect on Buyer, each Specified Business, the Transferred Assets and the Assumed Liabilities) pursuant to the Discharge (or, as applicable, the MCE Discharge or an Additional Discharge), the outstanding Equity Securities held by Seller or any of its Affiliates in respect of each Transferred Investment identified on Schedule 3.2(b)(i) of the Seller Disclosure Schedule and, to the Knowledge of Seller, in respect of any other Investment Entities, have been duly authorized, and are validly issued, fully paid and non-assessable.

(c) Except to the extent of any Claims that will be discharged (or the functional equivalent thereof in terms of its effect on Buyer, each Specified Business, the Transferred Assets and the Assumed Liabilities) pursuant to the Discharge (or, as applicable, the MCE Discharge or an Additional Discharge), Seller has good and valid title to the

Transferred Investments, free and clear of all Encumbrances, other than as set forth in any Investment Document, and upon delivery by Seller and/or any of its Affiliates of the Transferred Investments at Closing, good and valid title to the Transferred Investments, free and clear of all Encumbrances, other than as set forth in any Investment Document and those resulting from Buyer's ownership, will pass to Buyer. Except for the Transferred Investments, none of Seller or any of its Affiliates owns, directly or indirectly, any Equity Securities of any Person (other than a Subsidiary of Seller) or has any direct or indirect equity or ownership interest in any business (other than any business operated by a Subsidiary of Seller), or is a member of or participant in any partnership, joint venture or similar Person (other than a Subsidiary of Seller) that is Related to the Acquired Business or the Friendco Business.

### Section 3.3 Corporate Authorization.

(a) Seller has, with respect to Section 5.10 and Article VIII, full corporate power and authority to execute and deliver this Agreement, and to perform its obligations hereunder. The execution, delivery and performance by Seller of this Agreement, with respect to Section 5.10 and Article VIII, have been duly and validly authorized and no additional corporate, shareholder or similar authorization or consent is required in connection with the execution, delivery and performance by Seller of this Agreement.

(b) Without limiting Section 3.3(a), subject to the entry of the Confirmation Order and its effectiveness at the Closing, (i) Seller has full corporate power and authority to execute and deliver this Agreement and each of the Ancillary Agreements to which it is a party, and to perform its obligations hereunder and thereunder and (ii) the execution, delivery and performance by Seller of this Agreement and each of the Ancillary Agreements to which it is a party have been duly and validly authorized and no additional corporate, shareholder or similar authorization or consent is required in connection with the execution, delivery and performance by Seller of this Agreement or any of the Ancillary Agreements to which it is a party.

(c) Each Affiliate of Seller has or prior to the Closing will have, subject to the entry of the Confirmation Order and its effectiveness at the Closing, full corporate, partnership or similar power and authority to execute and deliver each Ancillary Agreement or Closing document to which it is (or will be) a party and to perform its obligations thereunder. Subject to the entry of the Confirmation Order, the execution, delivery and performance by each Affiliate of Seller of each Ancillary Agreement or Closing document to which it is (or will be) a party has been or prior to the Closing will have been duly and validly authorized, and no additional corporate authorization or consent is or will be required in connection with the execution, delivery and performance by any Affiliate of Seller of the Ancillary Agreements or Closing documents to which such Affiliate is (or will be) a party or signatory.

(d) At a meeting duly called and held, the Board and the board of directors (or similar governing body) of each Asset Transferring Subsidiary (other than the Tele-Media Entities (without limiting Section 5.6(h))) has by the requisite vote

(i) determined that this Agreement and the Transaction are in the best interests of Seller, such Asset Transferring Subsidiaries and their respective stakeholders, (ii) approved and adopted this Agreement and (iii) resolved to cause each Asset Transferring Subsidiary to perform its obligations under the Ancillary Agreements to which it is (or will be) a party.

Section 3.4 Consents and Approvals. No consent, approval, waiver, authorization, notice or filing is required to be obtained by Seller or any of its Affiliates from, or to be given by Seller or any of its Affiliates to, or made by Seller or any of its Affiliates with, any Person (and assuming solely for this purpose that all Contracts Related to the Acquired Business shall constitute Assigned Contracts but, for purposes of Section 6.2 (a) only, excluding any Contract that is not an Assigned Contract if the consent, approval, waiver, authorization, notice or filing is required only to the extent such Contract would have been an Assigned Contract), in connection with (a) the execution, delivery and performance by Seller or any of its Affiliates of

Section 5.10 and Article VIII and (b) other than the entry by the Bankruptcy Court of the Confirmation Order (or the entry of an order pursuant to section 365(f) of the Bankruptcy Code authorizing the assumption and, if applicable, assignment of Assigned Contracts), the execution, delivery and performance by Seller or any of its Affiliates of the remainder of this Agreement and the Ancillary Agreements to which it is (or will be) a party, other than, in the case of this clause (b) only, the consents, approvals, waivers, authorizations, notices or filings the failure of which to obtain or make would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 3.5 Non-Contravention. The execution, delivery and performance by Seller and its Affiliates of this Agreement and the Ancillary Agreements to which they are a party, and the consummation of the transactions contemplated hereby and thereby (and assuming solely for this purpose that all Contracts Related to the Acquired Business shall constitute Assigned Contracts but, for purposes of Section 6.2(a) only, excluding any Contract that is not an Assigned Contract), do not and will not (a) violate any provision of the articles of incorporation, bylaws or other organizational documents of Seller or any of its Affiliates, (b) assuming (i) the entry of the Confirmation Order (or the entry of an order pursuant to section 365(f) of the Bankruptcy Code authorizing the assumption and, if applicable, assignment of Assigned Contracts), and (ii) the receipt of all consents, approvals, waivers and authorizations and the making of the notices and filings set forth on Schedule 3.4 of the Seller Disclosure Schedule with respect to any Person which is not a Government Entity or Self-Regulatory Organization (which assumption shall not apply to Section 5.10 and Article VIII), conflict with, or result in the breach of, or constitute a default under, or result in the termination, cancellation, modification or acceleration of any right or obligation of Seller or any of its Affiliates under, or result in a loss of any benefit to which Seller or any of its Affiliates is entitled under, any Contract, or result in the creation of any Encumbrance upon any of the Transferred Assets or give rise to any Purchase Right, in each case, whether after the filing of notice or the lapse of time or both, or (c) assuming the entry of the Confirmation Order and the receipt of all consents, approvals, waivers and authorizations and the making of notices and filings set forth on Schedule 3.4 of the Seller Disclosure Schedule with respect to Government Entities or Self-Regulatory Organizations or required to be made or obtained by Buyer (which assumption shall not apply to

Section 5.10 and Article VIII), violate or result in a breach of or constitute a default under any Law to which Seller or any of its Affiliates is subject, or under any Governmental Authorization, except for (which exception shall not apply to Section 5.10 and Article VIII), in the cases of clauses (b) and (c), conflicts, breaches, terminations, defaults, cancellations, accelerations, losses, violations, Encumbrances or Purchase Rights that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

**Section 3.6 Binding Effect.** Subject to the Bankruptcy Court's entry of the Confirmation Order and its effectiveness at the Closing, this Agreement and each of the Ancillary Agreements dated the date hereof is, and each other Ancillary Agreement will constitute, when executed and delivered by Seller and each Affiliate of Seller party to such agreements and by Buyer and the other parties thereto, a valid and legally binding obligation of Seller and each Affiliate of Seller party to such agreements, enforceable against Seller and each such Affiliate in accordance with their respective terms. Notwithstanding the foregoing, Section 5.10 and Article VIII constitute valid and legally binding obligations of Seller, enforceable against Seller in accordance with their respective terms. Upon the Bankruptcy Court's entry of the Confirmation Order and subject to its effectiveness at the Closing, each of the unexecuted Ancillary Agreements to be entered into on or prior to the Closing Date, when executed and delivered by Seller and each Affiliate of Seller party to such agreements and by Buyer and the other parties thereto, will constitute a valid and legally binding obligation of Seller and each Affiliate of Seller party to such agreements, enforceable against Seller and each such Affiliate in accordance with its terms.

### Section 3.7 Financial Statements.

(a) Set forth on Schedule 3.7(a) of the Seller Disclosure Schedule is a copy of (i) the consolidated audited balance sheets and audited statements of income, stockholders' equity and cash flows for Seller and its Affiliates for the fiscal years ended December 31, 2001, December 31, 2002, and December 31, 2003 (the "Audited Financial Statements"), (ii) the unaudited balance sheet and unaudited statements of income, stockholders' equity and cash flows of each Specified Business, but including the Excluded Assets and the Excluded Liabilities to the extent Related to such Specified Business, at and for the fiscal year ended December 31, 2003 (but not including, except with respect to the unaudited statements of income, Unallocated Shared Assets and Liabilities), in each case derived from the Audited Financial Statements for the corresponding time period (the "Derivative 2003 Financial Statements"), (iii) the unaudited balance sheet and unaudited statements of income, stockholders' equity and cash flows for each Specified Business, but including the Excluded Assets and the Excluded Liabilities Related to such Specified Business, at and for the fiscal year ended December 31, 2004 (but not including, except with respect to the unaudited statements of income, Unallocated Shared Assets and Liabilities) (the "Derivative 2004 Financial Statements") and (iv) the unaudited balance sheet and unaudited statements of income, stockholders' equity and cash flows for the Unallocated Shared Assets and Liabilities at and for the fiscal year ended December 31, 2004 (the "Derivative Unallocated 2004 Financial Statements"). The Audited Financial Statements have been prepared from the

books and records of Seller and its Affiliates in accordance with GAAP consistently applied (except as may be indicated in the notes thereto), and fairly present, in all material respects, the financial condition and results of operations, stockholders' equity and cash flows of Seller and its Affiliates (assuming the exclusion of the MCE Systems and the MCE Systems (as defined in the Friendco Purchase Agreement) from the Business) as of the dates thereof or for the periods then ended. The Derivative 2003 Financial Statements and the Derivative 2004 Financial Statements have been specially prepared from the books and records of Seller and its Affiliates in accordance with GAAP consistently applied (except as may be indicated in the notes thereto) and fairly present, in all material respects, the financial condition and results of operations, stockholders' equity and cash flows of each such Specified Business (including the MCE Systems) as of the dates thereof or for the periods then ended, subject to the absence of footnotes and similar presentation items therein and excluding the Unallocated Shared Assets and Liabilities (other than the related revenues and expenses). The Derivative Unallocated 2004 Financial Statements have been specially prepared from the books and records of Seller and its Affiliates in accordance with GAAP consistently applied (except as may be indicated in the notes thereto) and fairly present, in all material respects, the Unallocated Shared Assets and Liabilities as of December 31, 2004 or for the period ended thereon.

(b) The Chief Executive Officer and the Chief Financial Officer of Seller and any Significant Subsidiary of Seller have disclosed, based on their most recent evaluation, to Seller's auditors and the audit committee of the Board (i) all significant deficiencies in the design or operation of internal controls that could adversely affect Seller's or any of Seller's Affiliates' ability to record, process, summarize and report financial data and have identified for Seller's auditors any material weaknesses in internal controls and (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in Seller's or any of Seller's Subsidiaries' internal controls. Copies of all disclosures described in the foregoing sentence have been made available to Buyer. Seller and its consolidated Subsidiaries have established and maintain disclosure controls and procedures (as such term is defined in Rule 13a-15(e) under the Exchange Act); such disclosure controls and procedures are designed to ensure that material information relating to Seller, including its consolidated Subsidiaries, is made known to Seller's Chief Executive Officer and its Chief Financial Officer by others within those entities; and such disclosure controls and procedures are effective in alerting Seller's Chief Executive Officer and its Chief Financial Officer to material information of the nature required to be disclosed in periodic reports pursuant to the Exchange Act in a timely fashion.

(c) The financial statements prepared by Seller and delivered to Buyer pursuant to Section 5.11(a) shall, when so delivered, be prepared from the books and records of Seller and its Affiliates in accordance with GAAP consistently applied (except as may be indicated in the notes thereto), and fairly present, in all material respects, the financial condition and results of operations, stockholders' equity and cash flows of each Specified Business as of the dates thereof or the period then ended, subject to, in the case of interim financial statements, normal year-end adjustments and the absence of footnotes and similar presentation items therein.

(d) The Additional Financial Statements prepared by Seller and delivered to Buyer pursuant to Section 5.11(b) shall, when so delivered, be prepared from the books and records of Seller and its Affiliates in accordance with GAAP consistently applied (except as may be indicated in the notes thereto), and will fairly present, in all material respects, the financial condition and results of operations, stockholders' equity and cash flows of (i) in the case of the Seller Audited Financial Statements, Seller and its Affiliates (assuming, with respect to any period prior to January 1, 2004, the exclusion of the MCE Systems and the MCE Systems (as defined in the Friendco Purchase Agreement) from the Business), (ii) in the case of the Derivative Audited Financial Statements, each such Specified Business (assuming, with respect to any period prior to January 1, 2004, the exclusion of the MCE Systems and the MCE Systems (as defined in the Friendco Purchase Agreement) from such Specified Business) and (iii) in the case of the MCE Financial Statements, the MCE Systems, in each case as of the dates thereof or for the periods then ended, subject, solely in the case of the MCE Financial Statements, to the absence of footnotes and similar presentation items therein.

### Section 3.8 Litigation and Claims.

(a) Except (i) to the extent of any Claims that will be discharged (or the functional equivalent thereof in terms of its effect on Buyer, each Specified Business, the Transferred Assets and the Assumed Liabilities) pursuant to the Discharge (or, as applicable, the MCE Discharge or an Additional Discharge) and, to the Knowledge of Seller, not arising from actions, omissions or circumstances continuing as of the Closing and affecting or otherwise relating to Seller or any of its Affiliates, the Transferred Assets or any Specified Business and (ii) for the SEC/DOJ Matters and the pendency of the Reorganization Case, there are no civil, criminal or administrative actions, suits, demands, claims, hearings, proceedings or investigations pending against, or, to the Knowledge of Seller, threatened against or affecting, or otherwise relating to Seller or any of its Affiliates, the Transferred Assets, any Specified Business or the Transaction, other than those that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(b) Except (i) to the extent of any Claims that will be discharged (or the functional equivalent thereof in terms of its effect on Buyer, each Specified Business, the Transferred Assets and the Assumed Liabilities) pursuant to the Discharge (or, as applicable, the MCE Discharge or an Additional Discharge) and, to the Knowledge of Seller, not arising from actions, omissions or circumstances continuing as of the Closing and affecting or otherwise relating to Seller or any of its Affiliates, the Transferred Assets or any Specified Business and (ii) for the SEC/DOJ Matters and the pendency of the Reorganization Case, none of Seller, any of its Affiliates or any of the Transferred Assets is subject to any order, writ, judgment, award, injunction or decree of any court or governmental or regulatory authority of competent jurisdiction or any arbitrator or arbitrators, other than those that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

### Section 3.9 Taxes.

(a) All material Tax Returns with respect to each Specified Business or any Transferred Assets that are required to be filed have been filed (or extensions have been duly obtained) and all amounts shown to be due and owing or to be withheld thereon have been duly and timely paid or withheld as the case may be (except for the period prior to the commencement of the Reorganization Case, that may not be paid except pursuant to a Plan); provided, that, solely for purposes of Section 6.2(a), this Section 3.9(a) shall be qualified by the Knowledge of Seller.

(b) There is no material lien for Taxes upon any of the Transferred Assets nor is any taxing authority in the process of imposing, or has threatened to impose, any material lien for Taxes on any of the Transferred Assets, other than liens for Taxes that are not yet due and payable or for Taxes the validity or amount of which is being contested by Seller or one of its Affiliates in good faith by appropriate action and for which appropriate provision has been made in accordance with GAAP; provided, that, solely for purposes of Section 6.2(a), this Section 3.9(b) shall be qualified by the Knowledge of Seller.

(c) Seller and its Affiliates have each withheld from their respective employees, independent contractors, creditors, stockholders and third parties and timely paid to the appropriate taxing authority proper and accurate amounts in all material respects for all taxable periods, or portions thereof, ending on or before the Closing Date in compliance with all Tax withholding and remitting provisions of applicable laws and have each complied in all material respects with all withholding Tax information reporting provisions of all applicable Laws; provided, that, solely for purposes of Section 6.2(a), this Section 3.9(c) shall be qualified by the Knowledge of Seller.

(d) None of the Transferred Assets: (i) is property required to be treated as being owned by another Person pursuant to the provisions of Section 168(f)(8) of the Internal Revenue Code of 1954, as amended and in effect immediately prior to the enactment of the Tax Reform Act of 1986, (ii) constitutes "tax-exempt use property" within the meaning of Section 168(h)(1) of the Code or (iii) is "tax-exempt bond financed property" within the meaning of Section 168(g)(5) of the Code.

### Section 3.10 Employee Benefits.

(a) All benefit and compensation plans, programs, contracts, policies, agreements or arrangements, including any trusts (including any trusts required in the future as a result of the Transaction or otherwise), trust instruments, funding arrangements or insurance contracts, any "employee benefit plans" within the meaning of Section 3(3) of ERISA, including any multiemployer pension plans within the meaning of Section 3(37) of ERISA (each, a "Multiemployer Plan"), any pension, profit-sharing, savings, retirement, deferred compensation, stock option, stock purchase, stock appreciation rights, stock based, incentive, bonus, workers' compensation, short term disability, sick leave, group insurance, hospitalization, medical, dental, life, cafeteria or flexible spending, vacation, continuity, sale bonus, retention, fringe benefit, employee

loan and severance plans and all employment, collective bargaining, consulting, severance and change in control agreements, plans, policies, programs or arrangements whether formal or informal, written or oral, and all amendments thereto, under which (i) any Employee, director or consultant of Seller or any of its Affiliates has any present or future right to benefits and which are contributed to, sponsored by or maintained by Seller or any of its Affiliates, or (ii) Seller or any of its ERISA Affiliates has any present or future liability (whether contingent or otherwise) (the "Benefit Plans"), are listed on Schedule 3.10(a) of the Seller Disclosure Schedule. Each Benefit Plan which is intended to be qualified under Section 401(a) of the Code has received a favorable determination letter from the Internal Revenue Service National Office and has been separately identified. Seller has provided or made available to Buyer true and complete copies of all Benefit Plans (or with respect to any individual employment agreements shall provide such agreements to Buyer no later than fourteen Business Days following the date hereof) and, with respect to each Benefit Plan, to the extent applicable, all related service agreements, summaries, summary plan descriptions, actuarial reports, the most recently filed Forms 5500 and the most recent determination letters.

(b) All Benefit Plans, other than Multiemployer Plans, have been established, maintained and administered in substantial compliance with all applicable Laws, including ERISA and the Code. Neither Seller nor any of its Affiliates has engaged in a transaction with respect to any Benefit Plan that is subject to ERISA that could subject Seller to a tax or penalty imposed by either Section 4975 of the Code or Section 502(i) of ERISA. No actions, suits, claims, litigation, audits, investigations, administrative proceedings or disputes are pending, or, to Seller's Knowledge threatened, with respect to (i) any Benefit Plan that would be material to any Specified Business or (ii) any Seller stock fund or trust in any Benefit Plan, and, to Seller's Knowledge, no facts or circumstances exist that could give rise to any such actions, suits, claims, litigation, audits, investigations, administrative proceedings or disputes.

(c) Neither Seller nor any other entity which, together with Seller, would be treated as a single employer under Section 4001 of ERISA or Section 414 of the Code (an "ERISA Affiliate") contributes to or has in the past six years sponsored, maintained or contributed to any defined benefit pension plan (as defined in Section 3(35) of ERISA) or is subject to Section 412 of the Code or Section 302 of ERISA.

(d) Neither Seller nor any of its ERISA Affiliates has, within the six years preceding the date of this Agreement, or expects to incur any obligation to contribute to, or any withdrawal liability under Subtitle E of Title IV of ERISA with respect to, a Multiemployer Plan (whether based on contributions of Seller or an ERISA Affiliate) nor do Seller or any of its ERISA Affiliates have any Liabilities under any such plan that remain unsatisfied.

(e) There has been no amendment to, or announcement by Seller or any of its Affiliates (whether or not written) in respect of the Employees relating to any Benefit Plan which would increase materially the expense of maintaining such Benefit

Plan above the level of the expense incurred therefor for the most recent fiscal year, except as would not directly or indirectly adversely affect Buyer or Parent.

(f) Neither Seller nor any of its Affiliates has incurred any current or projected liability in respect of post-employment or post-retirement health, medical or life insurance benefits for current, former or retired employees of Seller or any of its Affiliates, except as required to avoid an excise tax under Section 4980B of the Code or otherwise, or as may be required pursuant to any other applicable Law.

(g) No Benefit Plan is a split-dollar life insurance program or otherwise provides for loans to executive officers (within the meaning of the SOA).

(h) As of the date hereof with respect to those Employees listed on Schedule 5.8(a)(ii) of the Seller Disclosure Schedule and as of the date hereof and as of the Closing Date with respect to all other Employees, no Benefit Plan exists that, as a result of the execution of this Agreement or the Transaction (whether alone or in connection with any subsequent event(s)), will (i) entitle any Employee, director or consultant of Seller or any of its Affiliates to severance pay or any increase in severance pay upon any termination of employment after the date of this Agreement, (ii) accelerate the time of payment or vesting or result in any payment or funding (through a grantor trust or otherwise) of compensation or benefits under, increase the amount payable or result in any other material obligation pursuant to, any of the Benefit Plans, (iii) limit or restrict the right of Seller or any of its Affiliates to merge, amend or terminate any of the Benefit Plans or (iv) result in payments under any of the Benefit Plans which would subject any recipient of the payments to excise taxes under Section 4999 of the Code.

(i) To the extent that, after the Closing, Parent operates each Specified Business in the same manner operated by Seller and its Affiliates during the six-month period prior to the Closing, Parent will not incur any Liability under WARN or any other applicable Law other than on account of any action or inaction taken by Parent or Buyer following the Closing Date relating to plant closings or employee separations or severance pay.

(j) Neither Seller nor any of its Affiliates has any material Liability with respect to any misclassification of any person as an independent contractor rather than as an employee, or with respect to any employee leased from another employer, except as would not directly or indirectly adversely affect Buyer or Parent.

Section 3.11 Compliance with Laws. Each Specified Business and all of the Transferred Assets have since July 1, 2003 and currently are being conducted, held and operated in compliance with all applicable Laws and Governmental Authorizations, including the Communications Act, the Cable Communications Policy Act of 1984, the Cable Television Consumer Protection and Competition Act of 1992, the Telecommunications Act of 1996, the Copyright Act of 1976 and all rules and regulations of the FCC and the United States Copyright Office, except for failures to comply that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Since July 1, 2003 and, to the Knowledge of Seller, and except to the

extent of any Claims that will be discharged (or the functional equivalent thereof in terms of its effect on Buyer, each Specified Business, the Transferred Assets and the Assumed Liabilities) pursuant to the Discharge (or, as applicable, the MCE Discharge or an Additional Discharge), prior to July 1, 2003, neither Seller nor any of its Affiliates has received any notice alleging any violation by Seller or any of its Affiliates under any applicable Law for a violation, except for violations that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, each Specified Business has all Governmental Authorizations necessary for the conduct of such Specified Business as currently conducted and such Governmental Authorizations are in full force and effect. Nothing in this representation is intended to address any compliance matter that is specifically addressed by Sections 3.10 (Employee Benefits), 3.12 (Environmental Matters), 3.14 (Labor) and 3.17 (Franchises). Schedule 3.11 of the Seller Disclosure Schedule sets forth, with respect to each Specified Business, each Governmental Authorization issued by the FCC, each Governmental Authorization for the provision of telephony services and each other material Governmental Authorization, in each case Related to such Specified Business.

#### Section 3.12 Environmental Matters.

(a) Each Specified Business, the Owned Real Property and the Transferred Assets are in compliance in all material respects with all applicable Environmental Laws and Environmental Permits and there are no material Liabilities under any Environmental Law with respect to any Specified Business, the Owned Real Property or the Transferred Assets.

(b) As of the date hereof, none of Seller or any of its Affiliates (nor, to Seller's Knowledge, any predecessor in interest) has received from any Person any notice, demand, claim, letter, citation, summons, order or request for information, relating to any material violation or alleged violation of, or any material Liability under, any Environmental Law in connection with or affecting any Specified Business, the Owned Real Property or the Transferred Assets.

(c) There are no material complaints filed, penalties assessed, writs, injunctions, decrees, orders or judgments outstanding, or any material actions, suits, proceedings or investigations pending or, to Seller's Knowledge, threatened, relating to compliance with or Liability under any Environmental Law affecting any Specified Business, the Owned Real Property or the Transferred Assets.

(d) There are no underground storage tanks, asbestos-containing materials, lead-based products or polychlorinated biphenyls on, at or under any of the Owned Real Property or Transferred Assets other than in compliance in all material respects with all Environmental Laws; provided, that, solely for purposes of Section 6.2(a), this Section 3.12(d) shall be deemed to exclude any such items of which Seller does not have Knowledge.

(e) None of the Owned Real Property or the Transferred Assets nor any property to which Hazardous Substances located on or resulting from the use of any Owned Real Property or Transferred Assets have been transported, nor any property to which Seller has, directly or indirectly, transported or arranged for the transportation of any Hazardous Substances is listed or, to Seller's Knowledge, proposed for listing on the National Priorities List promulgated pursuant to CERCLA, or CERCLIS (as defined in CERCLA) or on any similar federal, state, local or foreign list of sites requiring investigation or cleanup.

(f) All material Environmental Permits Related to any Specified Business, the Owned Real Property or the Transferred Assets are valid, are in full force and effect, are transferable and, except as would not, individually or in the aggregate, reasonably be expected to be material, will not be terminated or impaired or become terminable as a result of the transactions contemplated hereby.

(g) As of the date hereof, there has been no material environmental investigation, study, audit, test, review or other analysis conducted of which Seller has Knowledge in relation to any Owned Real Property or the Transferred Assets which has not been delivered to Buyer at least ten days prior to the date hereof.

Section 3.13 Intellectual Property. Seller and its Affiliates own the Transferred Intellectual Property free and clear of any material Encumbrances other than Permitted Encumbrances. The Transferred Intellectual Property that is Registered is subsisting and enforceable in all material respects. None of the Transferred Intellectual Property or, to the Knowledge of Seller, the Intellectual Property that is provided to Seller and its Affiliates pursuant to the Transferred Intellectual Property Contracts, is subject to any outstanding order, judgment or decree adversely affecting Seller's or its Affiliates' use thereof or rights thereto as currently used by Seller and its Affiliates in each Specified Business. Neither Specified Business and none of the Transferred Assets infringes or has infringed or otherwise violates or has violated any Person's Intellectual Property rights in any material respect. To the Knowledge of Seller, no Person is infringing or otherwise violating any Intellectual Property rights of Seller or its Affiliates in the Transferred Intellectual Property or the Intellectual Property that is provided to Seller and its Affiliates pursuant to the Transferred Intellectual Property Contracts, other than violations that would not, individually or in the aggregate, reasonably be likely to have a Material Adverse Effect. Immediately after the Closing, Buyer or its designated Affiliate will own the Transferred Intellectual Property and hold the Transferred Intellectual Property Contracts on terms and conditions that are the same in all material respects as those in effect immediately prior to the Closing, except to the extent that any of the Transferred Intellectual Property is the subject of a license back to Friendco or any of its Affiliates pursuant to Section 5.12 of the Friendco Purchase Agreement. None of Seller, any of its Affiliates or any Specified Business has infringed or otherwise violated the Intellectual Property rights of any Person except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 3.14 Labor.

(a) Except for the Collective Bargaining Agreements, none of Seller or any of its Affiliates is a party to or bound by any labor agreement, union contract or collective bargaining agreement respecting any of the Employees, nor are there any Employees represented by a collectively bargained unit or labor organization who are not covered by a Collective Bargaining Agreement.

(b) Seller and its Affiliates are in compliance in all material respects with all labor Laws applicable to any Specified Business and the Employees, and are not engaged in any unfair labor practices, as defined in the National Labor Relations Act or other Law applicable to Employees. There are no outstanding unfair labor practice charges pending before the National Labor Relations Board with respect to any Employee.

(c) There is no pending or, to the Knowledge of Seller, threatened strike, shutdown, dispute, walkout or other work stoppage or any union organizing effort by, or with respect to, any of the Employees.

Section 3.15 Contracts.

(a) Schedule 3.15(a) of the Seller Disclosure Schedule contains, with respect to each Specified Business, Seller's good faith estimate, as of the date hereof, of the number of Contracts (other than Programming Agreements, Franchises and Governmental Authorizations) to which Seller or any of its Affiliates or any of their respective Assets are party, bound or subject which are executory and are Related to such Specified Business. Such list represents Seller's good faith estimate of the number of such Contracts in each of the categories set forth on Schedule 3.15 (a) of the Seller Disclosure Schedule, and indicates as to each category, the number of such Contracts that (i) were entered into prior to the Petition Date, (ii) were entered into following the Petition Date or (iii) Relate to any Specified Business and any other business of Seller or its Affiliates, including any part of the Friendco Business.

(b) Except as set forth on Schedule 3.15(b) of the Seller Disclosure Schedule, none of the Contracts of Seller or any of its Affiliates Related to a Specified Business contains any of the following terms or provisions (each such term or provision, a "Special Term"):

(i) consideration payable or receivable by Seller or any of its Affiliates in excess of \$100,000 in any twelve month period or in excess of \$1,000,000 over the remaining term;

(ii) limitations on the freedom of Seller or any of its Affiliates to compete in any line of business, with any Person or in any geographic area, and which would limit the freedom of Buyer or any of its Affiliates to do so after the Closing Date if it were an Assigned Contract;

(iii) so-called "most favored nation" provisions or any similar provision requiring Seller or any of its Affiliates to offer a third party terms or concessions at least as favorable as those offered to one or more other parties, or which would require Buyer or any of its Affiliates to do so after the Closing Date if it were an Assigned Contract;

(iv) any terms that do not reflect in all material respects those that would be obtained in arm's length negotiations;

(v) any exclusivity provision or provision that requires the purchase of all or a given portion of a party's requirements or any other similar provision that would, in each case, bind Buyer or its Affiliates after the Closing if it were an Assigned Contract;

(vi) any terms for the benefit of any members of the Rigas family (except terms for the general benefit of holders of Equity Securities in Seller or any of its Affiliates), Seller, any Managed Cable Entity or any of its or their current or former Affiliates or associates (as defined in Rule 405 under the Securities Act), in each case that would continue to benefit any such Person after the Closing if it were an Assigned Contract;

(vii) any provision relating to the use by third parties of any of the Transferred Assets to provide telephone, Internet or data services other than in Contracts with Subscribers of any such services and other than under the Contracts listed on Schedule 3.15(b)(vii) of the Seller Disclosure Schedule; or

(viii) with respect to any Contract entered into following the entry of the Confirmation Order, any provision that directly or indirectly restricts (or imposes a penalty or loss of benefit upon) the assignment or transfer of the rights or obligations thereunder to Buyer, Friendco or their Affiliates.

(c) Schedule 3.15(c) of the Seller Disclosure Schedule contains a true and complete list, as of the date hereof, of all Contracts (other than Equipment Leases and Programming Agreements) to which Seller or any of its Affiliates or any of their respective Assets are party, bound or subject that Relate to more than one Specified Business or to both a Specified Business and any part of the Friendco Business.

(d) Subject to the entry of the Confirmation Order, all Assigned Contracts will be, when assumed by Seller and assigned to Buyer hereunder and under the Confirmation Order, in full force and effect and will be enforceable against each party thereto in accordance with the express terms thereof and any violation, breach or event of default, or alleged violation, breach or event of default, or event or condition that, after notice or lapse of time or both, would constitute a violation, breach or event of default thereunder on the part of Seller or any of its Affiliates existing prior to such assumption and assignment will be fully discharged and Buyer shall have no responsibility therefor except for any Assumed Cure Costs. To the Knowledge of Seller, no other party to any Contract of Seller or any of its Affiliates is in default, violation or breach of such

Contract, and there are no disputes pending or threatened under any such Contract other than those defaults, violations, breaches and disputes that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. In the last five years, none of Seller or any of its Affiliates has made any material claim under any Contract pursuant to which any of the Cable Systems were acquired.

#### Section 3.16 Cable System and Subscriber Information.

- (a) Except for the Friendco Transferred Assets, none of Seller or any of its Affiliates, directly or indirectly, owns any Systems other than the Cable Systems listed on Schedule 3.16(a) of the Seller Disclosure Schedule.
- (b) Except for the MCE Systems and the Friendco Transferred Assets, none of Seller or any of its Affiliates, directly or indirectly, manages or operates any Systems which it does not, directly or indirectly, wholly own.
- (c) None of Seller or any of its Affiliates, directly or indirectly, owns any Systems that it does not, directly or indirectly, manage and operate.
- (d) Schedule 3.16(d) of the Seller Disclosure Schedule sets forth the aggregate number of Basic Subscribers, Digital Subscribers and HSI Subscribers of each Specified Business (detailed by Cable System) as of December 31, 2004. Each such aggregate number has been determined in accordance with the Seller Subscriber Accounting Policy.
- (e) Schedule 3.16(e) of the Seller Disclosure Schedule sets forth Seller's policy with respect to calculating subscribers (the "Seller Subscriber Accounting Policy").
- (f) Schedule 3.16(f) of the Seller Disclosure Schedule sets forth the average total revenue per Basic Subscriber of each Specified Business as of December 31, 2004.
- (g) Schedule 3.16(g) of the Seller Disclosure Schedule sets forth the Basic Subscriber monthly churn rate for each Specified Business as of December 31, 2004.
- (h) Schedule 3.16(h) of the Seller Disclosure Schedule sets forth a true and complete list of the Cost Centers comprising each Specified Business.

#### Section 3.17 Franchises.

- (a) Schedule 3.17(a) of the Seller Disclosure Schedule sets forth
  - (i) a true and complete list of each Franchise operated by Seller or any of its Affiliates, detailed by Specified Business, Cable System and Cost Center and
  - (ii) Seller's good faith estimate of the number of Basic Subscribers served by each such Franchise as of December 31, 2004. Except as disclosed by Seller to Buyer prior to the date of this Agreement, the Cable Systems are in compliance with the applicable Franchises in all

material respects. There are no material ongoing or, to the Knowledge of Seller, threatened audits or similar proceedings undertaken by Government Entities with respect to the Franchises.

(b) Except as disclosed by Seller to Buyer prior to the date of this Agreement, (i) each of the Franchises is in full force and effect in all material respects, and a valid request for renewal has been duly and timely filed under Section 626 of the Communications Act with the proper Government Entity with respect to each of the Franchises that has expired or will expire within 30 months after the date of this Agreement, (ii) notices of renewal have been filed pursuant to the formal renewal procedures established by Section 626(a) of the Communications Act, (iii) there are no applications relating to any Franchises pending before any Government Entity that are material to any Specified Business, (iv) none of Seller or any of its Affiliates has received notice from any Person that any Franchise will not be renewed or that the applicable Government Entity has challenged or raised any material objection to or, as of the date hereof, otherwise questioned in any material respect, a Seller's request for any such renewal under Section 626 of the Communications Act, and Seller and its Affiliates have duly and timely complied in all material respects with any and all inquiries and demands by any and all Government Entities made with respect to Seller's or such Affiliates' requests for any such renewal, (v) none of Seller, any of its Affiliates or any Government Entity has commenced or requested the commencement of an administrative proceeding concerning the renewal of a material Franchise as provided in Section 626(c)(1) of the Communications Act, and (vi) to the Knowledge of Seller, there exist no facts or circumstances that make it likely that any material Franchise shall not be renewed or extended on commercially reasonable terms.

(c) With respect to the Franchises, none of Seller or any of its Affiliates has made any material commitment to any Government Entity except (i) as set forth in the Contracts listed on Schedule 3.17(c)(i) of the Seller Disclosure Schedule, true and complete copies of which have been made available to Buyer prior to March 31, 2005, and (ii) such other Franchise commitments that (A) are commercially reasonable given the relevant Franchise and locality and (B) do not contain unfulfilled commitments except (1) those commitments reflected in the Budget or the Derivative 2004 Financial Statements (provided, that any commitment so reflected only in part will be deemed to be covered by this exception only to the extent so reflected) and (2) those commitments that are not material relative to Seller's operations or financial performance in the applicable Franchise area.

(d) Set forth on Schedule 3.17(d) of the Seller Disclosure Schedule is a list of each Franchise subject to a Purchase Right and except as set forth on such Schedule no such Purchase Right provides for purchase thereunder at a price less than fair market value or a third party offer price.

Section 3.18 Network Architecture. Schedule 3.18 of the Seller Disclosure Schedule sets forth a true and complete statement (detailed by Cable System) as of December 31, 2004 (or, in the case of clauses (c) and (f), as of the date hereof), of (a) the approximate number of plant miles (aerial and underground) for each headend

located in each Specified Business, (b) the approximate bandwidth capability expressed in MHz of each such headend, (c) the stations and signals carried by each such headend and the channel position of each such signal and station, (d) the approximate number of multiple dwelling units served by such Specified Business, (e) the approximate number of homes passed in such Specified Business as reflected in the system records of Seller or any of its Affiliates, (f) a description of basic and optional or tier services available and the rates charged for each such Specified Business, (g) the bandwidth capacity of each Cable System in such Specified Business for each headend, and (h) the municipalities served by each of the Cable Systems in such Specified Business and the public service numbers of such municipalities.

Section 3.19 Absence of Changes. Since the date of the Most Recent Balance Sheet, Seller and its Affiliates have conducted each Specified Business only in the Ordinary Course, and each Specified Business has not experienced any event, occurrence, condition or circumstance, and, to Seller's Knowledge, no event, occurrence, condition or circumstance is threatened, other than those that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 3.20 Assets.

(a) Other than the Excluded Assets, the right, title and interest of Seller and its Affiliates in the Transferred Assets constitute all of the Assets of Seller and its Affiliates owned or held by, used or intended for use, leased, licensed, accrued, reserved, allocated or incurred in connection with the conduct of any Specified Business in all material respects as currently conducted and, immediately after the Closing, shall be sufficient for Buyer to continue to operate and conduct such Specified Business in all material respects as currently conducted. At the Closing (after giving effect to the Transaction), Buyer or its designated Affiliate will have good and marketable title to (or in the case of Transferred Assets that are leased, valid leasehold interests in) the Transferred Assets free and clear of any Encumbrances, other than Permitted Encumbrances (or in the case of the Transferred Investments, Encumbrances under the Investment Documents), and those created by Buyer or its Affiliates.

(b) The Shared Assets and Liabilities are the only Assets and Liabilities of Seller or any of its Affiliates that Relate to both of the Specified Businesses or to any Specified Business and any other business of Seller or its Affiliates, including any part of the Friendco Business.

(c) The Friendco Transferred Assets are the only Assets that are Primarily Related to the Cable Systems being purchased by Friendco. None of the Friendco Transferred Assets are Primarily Related to any Specified Business except to the extent Buyer has otherwise so consented. Other than the Friendco Transferred Assets, the Transferred Assets and the Excluded Assets, there are no Assets of Seller or any of its Affiliates Related to the Business.

(d) Schedule 3.20(d) of the Seller Disclosure Schedule sets forth a true and complete list of all of the material Assets Related to each Specified Business owned, held by, leased or licensed by any Subsidiary of Seller that is not a Debtor.

(e) Other than the Tele-Media Entities, the Transferred Investments and the wholly owned Subsidiaries of Seller and as set forth on Schedule 3.20(e) of the Seller Disclosure Schedule, Seller and its Affiliates have no Equity Security in any Person which holds Assets Primarily Related to the operations and business conducted by the Cable Systems.

#### Section 3.21 Real Property.

(a) Schedule 3.21(a) of the Seller Disclosure Schedule sets forth a complete and accurate list of all the Real Property Leases and Real Property Subleases, in each case providing for annual payments in excess of \$50,000. Seller has delivered to Buyer true and complete copies of each of such Real Property Leases and Real Property Subleases.

(b) Schedule 3.21(b) of the Seller Disclosure Schedule sets forth the address and/or location and the general use within each Specified Business of each Owned Real Property and each Leased Real Property listed on Schedule 3.21(a) of the Seller Disclosure Schedule.

(c) Subject to the entry of the Confirmation Order, all Transferred Real Property Leases and Transferred Rights-of-Way, when assumed by Seller or its Affiliates and assigned to Buyer or its Affiliates pursuant to this Agreement and the Confirmation Order, will be in full force and effect and will be enforceable against each party thereto in accordance with the express terms thereof and will not require any consent of any Person or any payment thereunder in respect of such assignment (unless such payment is made by Seller or any of its Affiliates on or prior to the Closing) and any violation, breach or event of default, or event or condition that, after notice or lapse of time or both (to the extent required), would constitute a violation, breach or event of default thereunder on the part of Seller or any of its Affiliates existing prior to such assumption and assignment will be fully discharged and none of Buyer nor any of its Affiliates shall have any responsibility therefor. To the Knowledge of Seller, no other party to any Transferred Real Property Lease or Transferred Right-of-Way is in default, violation or breach of such Transferred Real Property Lease or Transferred Right-of-Way and there are no disputes pending or threatened thereunder other than those defaults, violations, breaches and disputes that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Neither the Transferred Owned Real Property nor the Transferred Leased Real Property is subject to any material Real Property Sublease.

(d) Seller has not received notice and has no Knowledge of any pending, threatened or contemplated material condemnation proceeding affecting the Transferred Owned Real Property or the Leased Real Property or any part thereof, or of

any sale or other disposition of the Transferred Owned Real Property or the Leased Real Property or any part thereof in lieu of condemnation.

**Section 3.22 Absence of Liabilities.** Except to the extent of any Claims that will be discharged (or the functional equivalent thereof in terms of its effect on Buyer, each Specified Business, the Transferred Assets and the Assumed Liabilities) pursuant to the Discharge (or, as applicable, the MCE Discharge or an Additional Discharge), each Specified Business has no Liabilities and there is no existing condition, situation or set of circumstances that, individually or in the aggregate, would reasonably be expected to result in a Liability of any Specified Business, other than (a) Liabilities specifically reflected, reserved against or otherwise disclosed in the Derivative 2004 Financial Statements or, only with respect to Liabilities included in the Unallocated Shared Assets and Liabilities that become Assumed Liabilities pursuant to Section 2.3, the Derivative Unallocated 2004 Financial Statements, (b) Excluded Liabilities and (c) Liabilities that were incurred in the Ordinary Course of Business since the date of the Derivative 2004 Financial Statements and that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

**Section 3.23 Insurance.** Schedule 3.23 of the Seller Disclosure Schedule lists all material insurance policies covering the properties, assets, employees and operations of the Business (including policies providing property, casualty, liability and workers' compensation coverage) (the "Insurance Policies"). All of the Insurance Policies or renewals thereof are in full force and effect in all material respects. With such exceptions as would not be material, all premiums due in respect of the Insurance Policies have been paid by Seller or its Affiliate and Seller and its Affiliates are otherwise in compliance with the terms of such policies. Seller carries sufficient third party insurance to insure in all material respects all reasonable insurable risks of the Business. Following the Closing, the Insurance Policies shall continue to provide coverage with respect to acts, omissions and events occurring prior to the Closing in accordance with their terms as if the Closing had not occurred. To the Knowledge of Seller, there has not been any threatened termination of, material premium increase (other than with respect to customary annual premium increases) with respect to, or material alteration of coverage under, any Insurance Policy.

**Section 3.24 Friendco Purchase Agreement.** Seller has previously delivered to Buyer a true and complete copy of the Friendco Purchase Agreement as of the date hereof. Except for the Friendco Purchase Agreement and the JV Documents and any Ancillary Agreements (each as defined in the Friendco Purchase Agreement) to which Friendco or any of its Affiliates is party, Seller and/or any of its Affiliates, on the one hand, and Friendco and/or any of its Affiliates, on the other hand, are not party to any Contract related to the Transaction or the Friendco Transaction.

**Section 3.25 Transactions with Affiliates.** Except for this Agreement, the Ancillary Agreements to which it is a party and any Liability arising under this Agreement or any such Ancillary Agreement, from and after the Closing, none of Buyer or its respective Subsidiaries shall, as a result of the Transaction, be bound by any

Contract or any other arrangement of any kind whatsoever with, or have any Liability to, Seller, any Managed Cable Entity or any of their respective Affiliates.

**Section 3.26 Finders' Fees.** Except for UBS Securities LLC and Allen & Company LLC, whose fees will be paid by Seller, there is no investment banker, broker, finder or other intermediary that has been retained by or is authorized to act on behalf of Seller or any of its Affiliates who might be entitled to any fee or commission in connection with the Transaction.

**Section 3.27 No Other Representations or Warranties.** Except for the representations and warranties contained in this Article III, neither Seller nor any other Person makes any other express or implied representation or warranty on behalf of Seller.

#### **ARTICLE IV**

##### **REPRESENTATIONS AND WARRANTIES OF BUYER**

Buyer represents and warrants to Seller that, except as set forth on the Buyer Disclosure Schedule, as of the date hereof and as of the Closing:

###### **Section 4.1 Organization and Qualification.**

(a) Buyer is a limited liability company duly organized, validly existing and in good standing under the laws of Delaware. Buyer has all requisite limited liability company power and authority to own and operate its Assets and to carry on its business as currently conducted. Buyer has made available to Seller a true and complete copy of Buyer's limited liability company agreement, as amended and in effect as of the date hereof.

(b) Parent is a corporation duly organized, validly existing and in good standing under the laws of Delaware. Parent has all requisite corporate power and authority to own and operate its Assets and to carry on its business as currently conducted. Buyer has made available to Seller a true and complete copy of Parent's certificate of incorporation and bylaws, each as amended and in effect as of the date hereof.

###### **Section 4.2 Subsidiaries.**

(a) Schedule 4.2(a) of the Buyer Disclosure Schedule sets forth a true and complete list of each Significant Subsidiary of Parent and each other Subsidiary of Parent that is not directly or indirectly wholly owned by Parent or its Significant Subsidiaries, together with its jurisdiction of organization and its authorized and outstanding Equity Securities as of the date hereof. Each Subsidiary of Parent is duly organized, validly existing, and in good standing under the laws of its jurisdiction of organization and has all requisite corporate or similar power and authority to own, lease and operate its Assets and to carry on its portion of the Parent Business as currently conducted and is duly qualified to do business and is in good standing as a foreign corporation or other entity in each jurisdiction where the ownership or operation of its

Assets or the conduct of its business requires such qualification, except for failures to be so duly organized, validly existing, qualified or in good standing that would not, individually or in the aggregate, reasonably be expected to have a Parent Material Adverse Effect. Buyer has provided or made available to Seller true and complete copies of the certificate of incorporation and bylaws (or similar organizational documents) of each of the Significant Subsidiaries of Parent as in effect as of the date hereof. As of the date hereof, Parent owns, directly or indirectly, through one or more of its other Subsidiaries, all right, title and interest in and to all outstanding Equity Securities of the Subsidiaries indicated as owned by it on Schedule 4.2(a) of the Buyer Disclosure Schedule. All of the outstanding Equity Securities of the Subsidiaries of Parent have been duly authorized, and are validly issued, fully paid and non-assessable.

(b) As of the date hereof and except in respect of any of the following rights that are for the benefit of any Person that is, directly or indirectly, a wholly owned Subsidiary of Parent, (i) there are no preemptive or other outstanding rights, options, warrants, conversion rights, stock appreciation rights, redemption rights, repurchase rights, agreements, arrangements or commitments of any character under which the Subsidiaries of Parent are or may become obligated to issue or sell, or giving any Person a right to subscribe for or acquire, or in any way dispose of, any shares of the Equity Securities of the Subsidiaries of Parent, and no securities or obligations evidencing such rights are authorized, issued or outstanding, (ii) the outstanding Equity Securities of the Subsidiaries of Parent are not subject to any voting trust agreement or other Contract restricting or otherwise relating to the voting, dividend rights or disposition of such Equity Securities and (iii) there are no phantom stock or similar rights providing economic benefits based, directly or indirectly, on the value or price of the Equity Securities of the Subsidiaries of Parent.

#### Section 4.3 Corporate Authorization.

(a) Buyer has full limited liability company power and authority to execute and deliver this Agreement and to perform its obligations hereunder. The execution, delivery and performance by Buyer of this Agreement have been duly and validly authorized and no additional limited liability company member or similar authorization or consent is required in connection with the execution, delivery and performance by Buyer of this Agreement.

(b) Parent has full corporate power and authority to execute and deliver the Parent Agreement and to perform its obligations thereunder. The execution, delivery and performance by Parent of the Parent Agreement have been duly and validly authorized and no additional corporate, shareholder or similar authorization or consent is required in connection with the execution, delivery and performance by Parent of the Parent Agreement.

(c) Prior to the Closing, each of Buyer, Parent and Parent's Subsidiaries (other than Buyer) will have full limited liability company, corporate, partnership or similar power and authority to execute and deliver each of the Ancillary Agreements to which it will be a party and to perform its obligations thereunder. Prior to

the Closing, the execution, delivery and performance by each of Buyer, Parent and Parent's Subsidiaries (other than Buyer) of each of the Ancillary Agreements to which it will be a party will have been duly and validly authorized and no additional limited liability company member, shareholder or similar authorization or consent will be required in connection with the execution, delivery and performance by each of Buyer, Parent and Parent's Subsidiaries (other than Buyer) of any of the Ancillary Agreements to which it will be a party.

#### Section 4.4 Buyer Interests and Parent Capital Stock.

(a) As of the date hereof, Parent owns directly all right, title and interest in and to all outstanding Equity Securities of Buyer. As of the Closing, Buyer will be a Subsidiary of Parent.

(b) As of the date hereof, (i) the authorized capital stock of Parent (the "Parent Capital Stock") consists of (A) 1,000 shares of common stock, of which (1) 925 have been designated Parent Class A Common Stock, and (2) 75 have been designated Class B Common Stock, par value \$0.01 per share (the "Parent Class B Common Stock"), and (B) 1,000 shares of preferred stock, par value \$0.01 per share (the "Parent Preferred Stock"); (ii) there are issued and outstanding (A) 925 shares of Parent Class A Common Stock and 75 shares of Parent Class B Common Stock and (B) no shares of Parent Preferred Stock; (iii) except for the Parent Capital Stock, there are no Equity Securities of Parent issued, reserved for issuance or outstanding; (iv) the Parent Capital Stock and any other Equity Securities of Parent have been duly authorized, and are validly issued, fully paid and nonassessable; (v) there are no preemptive or other outstanding rights, options, warrants, conversion rights, stock appreciation rights, redemption rights, repurchase rights, agreements, arrangements or commitments of any character under which Parent is or may become obligated to issue or sell, or giving any Person a right to subscribe for or acquire, or in any way dispose of, any shares of Parent Capital Stock or other Equity Securities of Parent, and no securities or obligations evidencing such rights are authorized, issued or outstanding; (vi) the outstanding Parent Capital Stock and other Equity Securities of Parent are not subject to any voting trust agreement or other contract, agreement or arrangement restricting or otherwise relating to the voting, dividend rights or disposition of such stock or other Equity Securities; (vii) there are no phantom stock or similar rights providing economic benefits based, directly or indirectly, on the value or price of the Parent Capital Stock or other Equity Securities of Parent; (viii) there are not any bonds, debentures, notes or other Indebtedness of Parent having the right to vote (or convertible into, or exchangeable for, securities having the right to vote) on any matters on which holders of the Parent Capital Stock may vote; and (ix) there are not any outstanding contractual obligations of Parent or any of its Subsidiaries to repurchase, redeem or otherwise acquire any shares of capital stock of Parent.

(c) As of the Closing, the Purchase Shares (before adjustments under Section 2.6 or 2.7) shall represent 16% of the total outstanding Equity Securities of Parent calculated on a Fully Diluted Basis, after giving effect to the issuance of the Purchase Shares and assuming for purposes of such calculation the consummation of the

Redemption under the Parent Redemption Agreement but without giving effect to any adjustments under Section 2.6 or 2.7; provided, however, that Equity Securities issued pursuant to clause (ii) of the definition of "Fully Diluted Basis" shall not exceed the Permitted Parent Incentive Awards; provided, further, that such limitation shall not apply to any Equity Securities issued as contemplated by clause (ii)(B) of the definition of "Fully Diluted Basis."

Section 4.5 Purchase Shares. Upon issuance, the Purchase Shares will be duly authorized, validly issued, fully paid and nonassessable, and free and clear of all Encumbrances of any kind whatsoever, including any preemptive rights, rights of first refusal, call options, subscription rights or any similar rights under any provision of applicable Law, the charter documents or bylaws of Parent or any of its Subsidiaries or any Contract to which Parent is a party or otherwise bound and subject to applicable securities Laws. At the Closing, Parent will have sufficient authorized but unissued shares of Parent Capital Stock for Buyer to meet its obligation to cause Parent to deliver the Purchase Shares under this Agreement. Upon consummation of the Transaction, good and valid title to the Purchase Shares will pass to the recipients thereof, free and clear of any Encumbrances, other than those arising as a result of the ownership of such Purchase Shares by the recipient thereof or under applicable securities Laws.

Section 4.6 Consents and Approvals. No consent, approval, waiver, authorization, notice or filing is required to be obtained by Buyer, Parent or any of Parent's Affiliates from, or to be given by Buyer, Parent or any of Parent's Affiliates to, or made by Buyer, Parent or any of Parent's Affiliates with, any Person in connection with the execution, delivery and performance by Buyer of this Agreement and by Buyer, Parent or any of Parent's Affiliates of the Ancillary Agreements to which it is a party, other than the consents, approvals, waivers, authorizations, notices or filings the failure of which to obtain, give or make would not, individually or in the aggregate, reasonably be expected to have a Parent Material Adverse Effect.

Section 4.7 Non-Contravention. The execution, delivery and performance by Buyer of this Agreement and the execution, delivery and performance by each of Buyer and Parent of each of the Ancillary Agreements to which it is a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not (a) violate any provision of the certificate of incorporation, bylaws or other organizational documents of Buyer, Parent or any of Parent's Affiliates, (b) assuming the receipt of all consents, approvals, waivers and authorizations and the making of notices and filings set forth on Schedule 4.6 of the Buyer Disclosure Schedule with respect to any Person which is not a Government Entity or Self-Regulatory Organization, conflict with, or result in the breach of, or constitute a default under, or result in the termination, cancellation, modification or acceleration (whether after the filing of notice or the lapse of time or both) of any right or obligation of Buyer, Parent or any of Parent's Affiliates, under, or result in a loss of any benefit to which Buyer, Parent or any of Parent's Affiliates is entitled under, any Contract to which any of them is a party or result in the creation of any Encumbrance upon any of their Assets or give rise to any Purchase Right or (c) assuming the receipt of all consents, approvals, waivers and authorizations and the making of notices and filings set forth on Schedule 4.6 of the Buyer Disclosure

Schedule with respect to Government Entities or Self-Regulatory Organizations or required to be made or obtained by Seller, violate or result in a breach of or constitute a default under any Law to which Buyer, Parent or any of Parent's Affiliates is subject, or under any Parent Governmental Authorization, other than, in the case of clauses (b) and (c), conflicts, breaches, terminations, defaults, cancellations, accelerations, losses, violations or Encumbrances that would not, individually or in the aggregate, reasonably be expected to have a Parent Material Adverse Effect.

Section 4.8 Binding Effect. This Agreement and each of the Ancillary Agreements dated the date hereof is, and each other Ancillary Agreement will constitute, when executed and delivered by Buyer and each Affiliate of Buyer party to such agreements and by Seller and the other parties thereto, a valid and legally binding obligation of Buyer and each Affiliate of Buyer party to such agreements, enforceable against Buyer and each such Affiliate in accordance with their respective terms.

Section 4.9 Financial Statements.

(a) Set forth on Schedule 4.9(a) of the Buyer Disclosure Schedule is a copy of the consolidated audited balance sheets and audited statements of income, stockholders' equity and cash flows for Parent (and its predecessors in interest, as the case may be) and its Subsidiaries for the fiscal years ended December 31, 2002, December 31, 2003 and December 31, 2004 (the "Parent Audited Financial Statements"). The Parent Audited Financial Statements have been prepared from the books and records of Parent in accordance with GAAP consistently applied, and fairly present, in all material respects, the financial condition and results of operations and cash flows of Parent as of the dates thereof or the periods then ended.

(b) The Chief Executive Officer and the Chief Financial Officer of Parent have disclosed, based on their most recent evaluation, to Parent's auditors and the audit committee of Parent's board of directors (i) all significant deficiencies in the design or operation of internal controls that could adversely affect Parent's or any of Parent's Affiliates' ability to record, process, summarize and report financial data and have identified for Parent's auditors any material weaknesses in the internal controls and (ii) any fraud, whether or not material, that involves management or other employees who have a significant role in Parent's internal controls. Copies of all disclosures described in the foregoing sentence have been made available to Seller. Parent and its Significant Subsidiaries have established and maintain disclosure controls and procedures (as such term is defined in Rule 13a-15(e) under the Exchange Act); such disclosure controls and procedures are designed to ensure that material information relating to Parent, including its Significant Subsidiaries, is made known to Parent's Chief Executive Officer and its Chief Financial Officer by others within those entities; and such disclosure controls and procedures are effective in alerting Parent's Chief Executive Officer and its Chief Financial Officer to material information of the nature required to be disclosed in periodic reports pursuant to the Exchange Act in a timely fashion.

Section 4.10 Litigation and Claims(a) . There are no civil, criminal or administrative actions, suits, demands, claims, hearings, proceedings or investigations

pending against, or, to the Knowledge of Buyer, threatened against or affecting, or otherwise relating to Parent or any of its Affiliates, or the Transaction, other than those that would not, individually or in the aggregate, reasonably be expected to have a Parent Material Adverse Effect. None of Parent or any of its Affiliates is subject to any order, writ, judgment, award, injunction or decree of any court or governmental or regulatory authority of competent jurisdiction or any arbitrator or arbitrators, other than those that would not, individually or in the aggregate, reasonably be expected to have a Parent Material Adverse Effect. To the Knowledge of Buyer, as of the date hereof, the matters described in the Current Report on Form 8-K, filed December 15, 2004, by TWX with the SEC would not reasonably be expected to have a Parent Material Adverse Effect.

Section 4.11 Taxes. Each of Parent and its Subsidiaries has filed all Tax Returns required to have been filed (or extensions have been duly obtained) and has paid all Taxes required to have been paid by it, except where failure to file such Tax Returns or pay such Taxes would not, individually or in the aggregate, reasonably be expected to have a Parent Material Adverse Effect.

Section 4.12 Employee Benefits. Except as would not, individually or in the aggregate, reasonably be expected to have a Parent Material Adverse Effect:

(a) all material benefit and compensation plans, programs, contracts, policies or arrangements, including any trusts, trust instruments and insurance contracts forming a part thereof, any "employee benefit plans" within the meaning of Section 3(3) of ERISA, any deferred compensation, stock option, stock purchase, stock appreciation rights, stock based, incentive, bonus, workers' compensation, short term disability, vacation, retention and severance plans and all employment, collective bargaining, consulting, severance and change in control agreements, and all amendments thereto, in each case under which any current or former employee of Parent has any right to benefits and which are contributed to, sponsored by or maintained by Parent (the "Parent Benefit Plans"), have been maintained in substantial compliance with their terms and with the requirements prescribed by any applicable statutes, orders, rules and regulations, including ERISA and the Code;

(b) each Parent Benefit Plan that is intended to be qualified under an applicable provision of the Code or any regulation thereunder, including Section 401(a) of the Code, is so qualified and has been so qualified during the period since its adoption;

(c) each trust created under any such Parent Benefit Plan is exempt from tax and has been so exempt since its creation and, to the Knowledge of Buyer, nothing has occurred with respect to the operation of any Parent Benefit Plan that would cause the loss of such qualification or exemption; and

(d) the Transaction will not result in any new or additional Liability of Parent or any of its Subsidiaries under any Parent Benefit Plan that would not have been a Liability of Parent or any of its Subsidiaries absent the consummation of the Transaction.

Section 4.13 Compliance with Laws. The Parent Business has been since July 1, 2003 and is being conducted in compliance with all applicable Laws and Parent Governmental Authorizations, including the Communications Act, the Cable Communications Policy Act of 1984, the Cable Television Consumer Protection and Competition Act of 1992, the Telecommunications Act of 1996, the Copyright Act of 1976 and all rules and regulations of the FCC and the United States Copyright Office, except for failures to comply that would not, individually or in the aggregate, reasonably be expected to have a Parent Material Adverse Effect. Neither Parent nor any of its Affiliates has received any notice alleging any material violation by Parent or any of its Subsidiaries under any applicable Law, except for violations that have been cured or that would not, individually or in the aggregate, reasonably be expected to have a Parent Material Adverse Effect. Parent has all Parent Governmental Authorizations necessary for the conduct of the Parent Business as currently conducted other than those the absence of which would not, individually or in the aggregate, reasonably be expected to have a Parent Material Adverse Effect. Nothing in this representation is intended to address any compliance matter that is specifically addressed by Sections 4.12 (Employee Benefits), 4.14 (Environmental Matters), 4.16 (Labor) and 4.19 (Parent Franchises).

Section 4.14 Environmental Matters.

(a) Since July 1, 2003, the Parent Business and the Parent Real Property have been in material compliance with all applicable Environmental Laws and there are no material Liabilities under any Environmental Law with respect to the Parent Business.

(b) Since July 1, 2003, none of Parent or any of its Subsidiaries (nor, to Buyer's Knowledge, any predecessor in interest) has received from any Person any notice, demand, claim, letter or request for information, relating to any material violation or alleged material violation of, or any material Liability under, any Environmental Law in connection with or affecting the Parent Business or the Parent Real Property.

(c) There are no writs, injunctions, decrees, orders or judgments outstanding, or any actions, suits, proceedings or investigations pending or, to Buyer's Knowledge, threatened, relating to material compliance with or material Liability under any Environmental Law affecting the Parent Business or the Parent Real Property.

(d) To Buyer's Knowledge, there are no underground storage tanks, asbestos containing materials, lead based products or polychlorinated biphenyls on any of the Parent Real Property other than as in compliance in all material respects with all Environmental Laws.

Section 4.15 Intellectual Property. Except as would not, individually or in the aggregate, reasonably be expected to have a Parent Material Adverse Effect, as of the Closing Date, Parent or its Subsidiaries will own or have a valid license or other right to use the Intellectual Property necessary to conduct the Parent Business substantially as currently conducted. Parent has not received any notice that (a) use of such Intellectual Property in the Parent Business substantially as currently used by Parent and its

Subsidiaries infringes or otherwise violates any Person's Intellectual Property rights or (b) any Person is infringing or otherwise violating any Intellectual Property rights of Parent or its Subsidiaries in such Intellectual Property, that, in either such case, would, individually or in the aggregate, reasonably be expected to have a Parent Material Adverse Effect.

#### Section 4.16 Labor.

(a) None of Parent or any of its Subsidiaries is a party to or bound by any material labor agreement, union contract or collective bargaining agreement respecting the employees of Parent and its Subsidiaries, nor are there any employees of Parent or its Subsidiaries represented by a collectively bargained unit or labor organization who are not covered by a Collective Bargaining Agreement.

(b) Parent and its Subsidiaries are in compliance in all material respects with all labor Laws applicable to the Parent Business and the employees of Parent, and are not engaged in any unfair labor practices, as defined in the National Labor Relations Act or other Law applicable to employees of Parent and its Subsidiaries. There are no outstanding unfair labor practice charges pending before the National Labor Relations Board with respect to any employees of Parent.

(c) There is no pending, or to the Knowledge of Buyer threatened, strike, walkout or other work stoppage or any union organizing effort by any of the employees of Parent and its Subsidiaries.

#### Section 4.17 Contracts.

(a) Except for such Contracts or arrangements as are entered into between the date hereof and the Closing and that are not prohibited by this Agreement, neither Parent nor any of its Subsidiaries is bound by or subject to (i) except for programming agreements or Contracts with Affiliates, any Contract that is material (as such term is defined in Item 601(b)(10) of Regulation S-K promulgated under the Securities Act) to the Parent Business, (ii) any programming agreement involving consideration in excess of \$25,000,000 in any twelve month period, (iii) any Contract involving consideration in excess of \$1,000,000 in any twelve month period with any Affiliate of Parent (other than any Subsidiary of Parent) or having the intended effect of benefiting any Affiliate of Parent (other than any Subsidiary of Parent) at the expense of Parent or any Subsidiary of Parent in a manner that would deprive Parent or such Parent Subsidiary of the benefit it would otherwise have obtained if the transaction were to have been effected on terms that were on an arm's length basis or (iv) any material Contract with Friendco or any of its Affiliates (A) related to or entered into in connection with the Transaction or (B) in connection with the sale or exchange of any Transferred Assets or any Transferred Assets (as defined in the Friendco Purchase Agreement).

(b) All Parent Material Contracts are in full force and effect and are enforceable against each party thereto in accordance with the express terms thereof. There does not exist under any Contract to which Parent or any of its Affiliates is a party

or by which its Assets are bound any violation, breach or event of default, or alleged violation, breach or event of default, or event or condition that, after notice or lapse of time or both, would constitute a violation, breach or event of default thereunder on the part of Parent or any of its Affiliates or, to the Knowledge of Buyer, any other party thereto, except for such violations, breaches, events or conditions that would not, individually or in the aggregate, reasonably be expected to have a Parent Material Adverse Effect. There are no disputes pending or threatened under any Contract to which Parent or any of its Subsidiaries is a party or by which its Assets are bound other than those disputes that would not, individually or in the aggregate, reasonably be expected to have a Parent Material Adverse Effect. All of the Parent Material Contracts set forth on Schedule 4.17(a)(iii) of the Buyer Disclosure Schedule were entered into on an arm's length basis and in the Ordinary Course of Business.

#### Section 4.18 Parent Cable Systems and Subscriber Information.

(a) None of Parent or any of its Subsidiaries, directly or indirectly, owns any Systems other than the Parent Cable Systems listed on Schedule 4.18(a) of the Buyer Disclosure Schedule.

(b) None of Parent or any of its Subsidiaries, directly or indirectly, manages or operates any Systems which it does not, directly or indirectly, wholly own.

(c) None of Parent or any of its Subsidiaries, directly or indirectly, owns any Systems that it does not, directly or indirectly, manage and operate.

(d) Schedule 4.18(d) of the Buyer Disclosure Schedule sets forth the aggregate number of Parent Basic Subscribers, Parent Digital Subscribers and Parent HSD Subscribers as of December 31, 2004. Each such aggregate number has been determined in accordance with the Parent Subscriber Accounting Policy.

(e) Schedule 4.18(e) of the Buyer Disclosure Schedule sets forth Parent's policy with respect to calculating Parent Subscribers (the "Parent Subscriber Accounting Policy").

(f) Schedule 4.18(f) of the Buyer Disclosure Schedule sets forth the average total revenue per Parent Basic Subscriber as of December 31, 2004.

(g) Schedule 4.18(g) of the Buyer Disclosure Schedule sets forth the Parent Basic Subscriber monthly churn rate for the Parent Business as of December 31, 2004. Each such aggregate number has been determined in accordance with the Parent Subscriber Accounting Policy.

#### Section 4.19 Parent Franchises.

(a) Schedule 4.19(a) of the Buyer Disclosure Schedule sets forth a true and complete list of each Parent Franchise operated by Parent or any of its Subsidiaries as of the date hereof, detailed by Parent Cable System. The Parent Cable Systems are in compliance with the applicable Parent Franchises except for such failures to comply that

would not, individually or in the aggregate, reasonably be expected to have a Parent Material Adverse Effect. As of the date hereof, there are no material ongoing or, to the Knowledge of Buyer, threatened audits or similar proceedings undertaken by Government Entities with respect to the Parent Franchises.

(b) Each of the Parent Franchises is in full force and effect in all material respects, and as of the date hereof a valid request for renewal has been duly and timely filed under Section 626 of the Communications Act with the proper Government Entity with respect to each of the Franchises that has expired or will expire within 30 months after the date of this Agreement. None of Parent or any of its Subsidiaries has received notice as of the date hereof from any Person that any Parent Franchise will not be renewed or that the applicable Government Entity has challenged or raised any objection to or otherwise questioned a Parent's request for any such renewal under Section 626 of the Communications Act, and Parent and its Subsidiaries have duly and timely complied in all material respects with any and all inquiries and demands by any and all Government Entities made with respect to Parent's or such Subsidiaries' requests for any such renewal.

(c) With respect to the Parent Franchises, none of Parent or any of its Subsidiaries has made any commitments to any Government Entity, except any commitments that would not, individually or in the aggregate, reasonably be expected to have a Parent Material Adverse Effect.

Section 4.20 Network Architecture. Schedule 4.20 of the Buyer Disclosure Schedule sets forth in all material respects a true and complete statement as of December 31, 2004, of (a) the approximate number of plant miles (aerial and underground) for each division of the Parent Business, (b) the approximate bandwidth capability expressed in MHz of each such division of the Parent Business, (c) the stations and signals carried by each such division and the channel position of each such signal and station of the Parent Business, (d) the approximate number of bulk accounts served by the Parent Cable Systems, (e) the approximate number of homes passed in the Parent Business as reflected in the system records of Parent or any of its Affiliates, (f) a description of basic and optional or tier services available from each such division of the Parent Business and the rates charged for each, (g) the channel capacity of each such division of the Parent Business, and (h) the municipalities served by each such division of the Parent Business and the community unit numbers of such municipalities.

Section 4.21 Absence of Changes. Since December 31, 2004, the Parent Business has not experienced any event, occurrence, condition or circumstance, and, to Buyer's Knowledge, no event, occurrence, condition or circumstance is threatened that, individually or in the aggregate, has had or is reasonably expected to have, a Parent Material Adverse Effect.

Section 4.22 Assets. The Assets held by Parent and its Subsidiaries constitute all the Assets and rights of Parent and its Subsidiaries owned, used or held for use primarily in connection with the conduct of the Parent Business in all material respects as currently conducted.

Section 4.23 Absence of Liabilities. The Parent Business has no Liabilities and there is no existing condition, situation or set of circumstances that, individually or in the aggregate, would reasonably be expected to result in a Liability of the Parent Business, other than (a) Liabilities specifically reflected, reserved against or otherwise disclosed in the Parent Audited Financial Statements and (b) Liabilities that were incurred since the date of the Parent Audited Financial Statements and that would not, individually or in the aggregate, reasonably be expected to have a Parent Material Adverse Effect.

Section 4.24 Friendco Agreements.

(a) Buyer has delivered to Seller true and complete copies of the Parent Redemption Agreement, TWE Redemption Agreement and Exchange Agreement, each as in effect as of the date hereof.

(b) Each of the Parent Redemption Agreement, the TWE Redemption Agreement and the Exchange Agreement constitutes a valid and legally binding obligation of each of Buyer, Parent and any of their Affiliates that are parties thereto, enforceable against each of them in accordance with its terms.

(c) As of the date hereof, except for the Exchange Agreement, the TWE Redemption Agreement and the Parent Redemption Agreement, none of Buyer or its Affiliates have entered into any material agreements or understandings with Friendco or any of its Affiliates Relating to any of the Transferred Assets or otherwise in connection with the Transaction or the Friendco Transaction.

Section 4.25 No On-Sale Agreements. Except with respect to the Transaction, the Exchange or the Redemptions, as of the date hereof, Buyer and its Affiliates have not entered into any binding agreement with any third party (other than Seller) with respect to a purchase and sale transaction, whether by merger, stock sale, asset sale or otherwise, for any of the Transferred Assets.

Section 4.26 Finders' Fees. Except for Bear, Stearns & Co. Inc. and Lehman Brothers Inc. (the "Financial Advisors"), whose fees will be paid by Buyer, there is no investment banker, broker, finder or other intermediary that has been retained by or is authorized to act on behalf of Buyer or any Affiliate of Buyer who might be entitled to any fee or commission in connection with the Transaction.

Section 4.27 Opinion of Financial Advisors. The board of directors of Parent and the Managing Member of Buyer have received the opinions of the Financial Advisors, each dated April 19, 2005, to the effect that, as of such date and subject to the assumptions, qualifications and other limitations set forth therein, (i) to the Parent, the consideration to be paid in the Parent Redemption, (ii) to TWE, the consideration to be paid in the TWE Redemption, and (iii) to Parent and Buyer, the consideration to be received in the Exchange are fair from a financial point of view. The opinions were delivered solely for the use and benefit of the board of directors of Parent, the managing member of Buyer and the board of representatives of TWE and may not be relied upon by

Seller or any third party or used for any other purpose without the prior approval of the Financial Advisors, which approval shall not be implied by inclusion of this representation in the Agreement.

Section 4.28 No Other Representations or Warranties. Except for the representations and warranties contained in this Article IV, neither Buyer nor any other Person makes any other express or implied representation or warranty on behalf of Buyer.

## ARTICLE V COVENANTS

### Section 5.1 Access and Information.

(a) From the date hereof until the Closing (and, with respect to any Disputed MCE System, until the expiration of the MCE Period), subject to applicable Laws, Seller shall (i) afford Buyer and its authorized representatives reasonable access, during regular business hours, upon reasonable advance notice, to the Employees, each Specified Business, the Friendco Business, Assets that will be Transferred Assets as of the Closing and the Friendco Transferred Assets, (ii) furnish, or cause to be furnished, to Buyer any financial and operating data and other information with respect to each Specified Business or in furtherance of the Transaction or the Exchange as Buyer from time to time reasonably requests, including, subject to Section 5.11, by providing to Buyer or its accountants sufficient information (A) for the preparation of the pro-forma balance sheet and statements of income, stockholders' equity and cash flows for the Parent Business (in each case, if requested, assuming the Friendco Transaction and/or the Exchange have occurred) and (B) regarding compliance by Seller and its Affiliates with the requirements of the SOA with respect to the Business, and (iii) instruct the Employees, and its counsel and financial advisors to cooperate with Buyer in its investigation of each Specified Business and the Friendco Business, including instructing its accountants to give Buyer access to their work papers; provided, however, that in no event shall Buyer have access to any information that, based on advice of Seller's counsel, would (A) reasonably be expected to create Liability under applicable Laws, including U.S. Antitrust Laws, or waive any material legal privilege (provided, that in such latter event Buyer and Seller shall use commercially reasonable efforts to cooperate to permit disclosure of such information in a manner consistent with the preservation of such legal privilege), (B) result in the disclosure of any trade secrets of third parties or (C) violate any obligation of Seller with respect to confidentiality so long as, with respect to confidentiality, to the extent specifically requested by Buyer, Seller has made commercially reasonable efforts to obtain a waiver regarding the possible disclosure from the third party to whom it owes an obligation of confidentiality; it being understood that Buyer shall not conduct any environmental sampling without the prior written consent of Seller, which consent may be withheld in Seller's reasonable discretion. All requests made pursuant to this Section 5.1 (a) shall be directed to an executive officer of Seller or such Person or Persons as may be designated by Seller. All information received pursuant to this Section 5.1(a) shall, prior to the Closing, be governed by the terms of the Seller Confidentiality Agreement. No information or knowledge obtained in any

investigation by Buyer pursuant to this Section 5.1(a) shall affect or be deemed to modify any representation or warranty made by Seller hereunder.

(b) From the date hereof until the Closing, subject to applicable Laws, Buyer shall, and shall cause Parent and its Controlled Affiliates to, (i) afford Seller and its authorized representatives reasonable access, during regular business hours and upon reasonable advance notice, to the Parent Business, (ii) furnish, or cause to be furnished, to Seller any financial and operating data and other information with respect to the Parent Business, the Exchange, the Redemptions or in furtherance of the Transaction as Seller from time to time reasonably requests and (iii) instruct its employees, and its counsel and financial advisors to cooperate with Seller in its investigation of the Parent Business including instructing its accountants to give Seller access to their work papers; provided, however, that in no event shall Seller have access to any information that, based on advice of Buyer's counsel, would (A) reasonably be expected to create Liability under applicable Laws, including U.S. Antitrust Laws, or waive any material legal privilege (provided, that in such latter event Buyer and Seller shall use commercially reasonable efforts to cooperate to permit disclosure of such information in a manner consistent with the preservation of such legal privilege), (B) result in the disclosure of any trade secrets of third parties or (C) violate any obligation of Parent with respect to confidentiality so long as, with respect to confidentiality, to the extent specifically requested by Seller, Buyer or Parent has made commercially reasonable efforts to obtain a waiver regarding the possible disclosure from the third party to whom it owes an obligation of confidentiality; it being understood that Seller shall not conduct any environmental sampling without the prior written consent of Buyer, which consent may be withheld in Buyer's absolute discretion. All requests made pursuant to this Section 5.1(b) shall be directed to an executive officer of Buyer or such Person or Persons as may be designated by Buyer. All information received pursuant to this Section 5.1(b) shall be governed by the terms of the TWX Confidentiality Agreement. No information or knowledge obtained in any investigation by Seller pursuant to this Section 5.1(b) shall affect or be deemed to modify any representation or warranty made by Buyer hereunder.

(c) Following the Closing and until all applicable statutes of limitations (including periods of waiver) have expired, Buyer agrees to retain all Books and Records in existence on the Closing Date, and to the extent permitted by Law and confidentiality obligations existing as of the Closing Date, grant to Seller and its representatives during regular business hours and subject to reasonable rules and regulations, the right, at the expense of Seller, (i) to inspect and copy the Books and Records and (ii) to have personnel of Buyer made reasonably available to them or have Buyer otherwise cooperate to the extent reasonably necessary, including in connection with (A) preparing and filing Tax Returns and/or any Tax inquiry, audit, investigation or dispute, (B) any litigation or investigation or (C) the claims resolution, plan administration and case closing processes in the Reorganization Case; provided, however, that in no event shall Seller have access to any information that, based on advice of Buyer's counsel, would (1) reasonably be expected to create Liability under applicable Laws, including U.S. Antitrust Laws, or waive any material legal privilege (provided, that in such latter event Buyer and Seller shall use commercially reasonable efforts to cooperate to permit disclosure of such information in a manner consistent with the

preservation of such legal privilege), (2) result in the disclosure of any trade secrets of third parties or (3) violate any obligation of Buyer with respect to confidentiality (provided, that with respect to clause (3), to the extent specifically requested by Seller, Buyer or Parent has in good faith sought to obtain a waiver regarding the possible disclosure from the third party to whom it owes an obligation of confidentiality). In no event shall Seller or its representatives have access to the Tax Returns of Buyer. No Books and Records shall be destroyed by Buyer without first advising Seller in writing and giving Seller a reasonable opportunity to obtain possession thereof at the transferee's expense. All information received pursuant to this Section 5.1(c) shall be governed by the terms of Section 5.1(e).

(d) Following the Closing and until all applicable statutes of limitations (including periods of waiver) have expired (and with respect to Tax Returns, until the later of (I) the five year anniversary of the Closing and (II) the expiration of the statute of limitations with respect to such Tax Return), Seller agrees to retain all Books and Records in existence on the Closing Date and not transferred to Buyer (the "Retained Books and Records"), and to the extent permitted by Law and confidentiality obligations existing as of the Closing Date, (i) convey to Buyer copies of any Tax Returns of Seller or its Subsidiaries relating to periods (or portions thereof) ending on or after December 31, 1999 and on or before the Closing (including any amended Tax Returns relating to such periods that are filed by Seller after the Closing) (ii) grant to Buyer and its representatives the right, at the expense of Buyer and subject to reasonable rules and regulations, to inspect and make copies of any other Tax Returns of Seller or any of its Subsidiaries relating to periods (or portions thereof) ending on or before the Closing and any workpapers and tax software related to the Tax Returns described in clauses (i) or (ii) hereof, (iii) grant to Buyer and its representatives during regular business hours and subject to reasonable rules and regulations the right to inspect and make copies of Retained Books and Records not described in clauses (i) or (ii) hereof, and (iv) grant to Buyer and its representatives during regular business hours and subject to reasonable rules and regulations, the right, at the expense of Buyer, to have personnel of Seller made reasonably available to them or have Seller otherwise cooperate to the extent reasonably necessary, in each case, including in connection with (A) preparing and filing Tax Returns and/or any Tax inquiry, audit, investigation or dispute or (B) any litigation or investigation; provided, however, that in no event may Buyer or its representatives inspect, examine, review, distribute or disclose in any form the specific contents of any of Seller's or its Subsidiaries' income or franchise Tax Returns (or copies thereof) provided by Seller either at Closing or at a later date or of workpapers or tax software related to any such income or franchise Tax Returns (or copies thereof) until the specific contents of such income or franchise Tax Returns become relevant to Buyer in connection with (x) preparing and filing Tax Returns, or (y) any Tax inquiry, audit, investigation or dispute with a Government Entity, in each case, at which time Buyer may use such Tax Returns and related workpapers and tax software (or copies thereof) for purposes reasonably related to the activities described in (x) or (y) above; provided, further, that in no event shall Buyer or its representatives have access to any information that, based on advice of Seller's counsel, would (1) reasonably be expected to create Liability under applicable Laws, including U.S. Antitrust Laws, or waive any material legal privilege (provided, that in such latter event Buyer and Seller shall use commercially reasonable

efforts to cooperate to permit disclosure of such information in a manner consistent with the preservation of such legal privilege), (2) result in the disclosure of any trade secrets of third parties or (3) violate any obligation of Seller with respect to confidentiality (provided, that with respect to clause

(3), to the extent specifically requested by Buyer or Parent, Seller has in good faith sought to obtain a waiver regarding the possible disclosure from the third party to whom it owes an obligation of confidentiality). No Retained Books and Records shall be destroyed by Seller without first advising Buyer in writing and giving Buyer a reasonable opportunity to obtain possession thereof at the transferee's expense.

(e) From and after the Closing, Seller and its Affiliates shall keep confidential any non-public information in their possession Related to the Business or related to the Transferred Assets (any such information that is required to keep confidential pursuant to this sentence shall be referred to as "Confidential Information"). Neither Seller nor its Affiliates shall disclose, or permit any of their respective directors, officers, employees or representatives to disclose, any Confidential Information to any other Person or use such information to the detriment of Buyer or its Affiliates; provided, that such party may use and disclose any such information (i) once it has been publicly disclosed (other than by such party in breach of its obligations under this Section 5.1(e)) or (ii) to the extent that such party may, in the reasonable judgment of its counsel, be compelled by Law to disclose any of such information, such party may disclose such information if it has used commercially reasonable efforts, and has afforded Buyer the opportunity, to obtain an appropriate protective order, or other satisfactory assurance of confidential treatment, for the information compelled to be disclosed. Except in respect of Excluded Assets and Excluded Liabilities, the Seller Confidentiality Agreement shall terminate upon the Closing with no further Liability thereunder on the part of any party thereto.

Section 5.2 Conduct of Business. During the period from the date hereof to the Closing (and, following the Closing, with respect to any Disputed MCE System that is not a Buyer Managed MCE System, until the expiration of the MCE Period), except as otherwise expressly contemplated by this Agreement, as set forth on Schedule 5.2 of the Seller Disclosure Schedule or as Buyer otherwise agrees in writing in advance, Seller shall (x) conduct, and shall cause its Affiliates to conduct, each Specified Business in the Ordinary Course and in accordance with applicable material Laws (including, subject to Section 5.2(s), completing line extensions, placing conduit or cable in new developments, fulfilling installation requests and work on existing and planned construction projects), (y) use its commercially reasonable efforts to preserve intact each Specified Business and its relationship with its customers, suppliers, creditors and employees (it being understood that no increases in any compensation or any incentive compensation or similar compensation shall be required in respect thereof except to the extent such increase is required in the Ordinary Course of Business) and (z) use its commercially reasonable efforts to perform and honor all of its post-petition obligations under any Contract as they become due and otherwise discharge and satisfy all Liabilities thereunder as and when they become due. During the period from the date hereof to the Closing (and, following the Closing, with respect to any Disputed MCE System that is not a Buyer Managed MCE System, until the expiration of the MCE Period), except as

otherwise contemplated by this Agreement or any Ancillary Agreement or as Buyer shall otherwise consent (provided, that Buyer shall respond as soon as reasonably practicable but in no event later than five Business Days following receipt of Seller's written request for such response) or as set forth in the applicable sections of Schedule 5.2 of the Seller Disclosure Schedule, Seller shall, and shall cause each of its Affiliates to, with respect to each Specified Business:

(a) not incur, create or assume any Encumbrance on any of its Assets other than a Permitted Encumbrance;

(b) not sell, lease, license, transfer or dispose of any Assets other than in the Ordinary Course of Business; provided, however, that in any event, such Assets shall not (i) constitute a Cable System or material portion thereof or (ii) include any Equity Securities of any Asset Transferring Subsidiary (other than in connection with a transfer to Seller or any of its wholly owned Subsidiaries that is an Asset Transferring Subsidiary and a Debtor);

(c) not (i) assume pursuant to an order of the Bankruptcy Court any OCB Contract, (ii) enter into any Contract in the Contract Categories Expected to be Assumed that contains any Special Terms (except with respect to clause (i) of the definition thereof), (iii) modify, renew (except in respect of Governmental Authorizations pursuant to Section 5.2(r)), suspend, abrogate or amend in any material respect (including the addition of any Special Term) any (A) Governmental Authorization that is material, (B) Contract Related to any Specified Business that is material or that contains Special Terms (except with respect to clause (i) of the definition thereof), (C) retransmission consent agreement (in a manner which would result in any compensation being payable thereunder, other than compensation that is customary, consistent with Seller's past practice and, in any event, non-monetary), (D) Third Party Confidentiality Agreement or (E) Contract listed on Schedule 1.1(k)(ii) of the Seller Disclosure Schedule (other than, with respect to this clause (E), with the consent of Buyer, such consent not to be unreasonably withheld (other than in the case of extending the term or amending with like effect any lease on Schedule 1.1(k)(ii), with respect to which such consent shall be at Buyer's discretion)), (iv) reject or terminate any Contract Related to any Specified Business or (v) with respect to any Contract Related to any Specified Business, take any action outside the Ordinary Course of Business or fail to take any action in the Ordinary Course of Business;

(d) not declare, set aside or pay any dividend or distribution on any Investment Entity Securities;

(e) not amend any of the Investment Documents;

(f) not issue, sell, pledge, transfer (other than to Seller or any wholly owned Subsidiary of Seller; provided, that any such wholly owned Subsidiary shall be an Asset Transferring Subsidiary and a Debtor), dispose of or encumber any Investment Entity Securities;

(g) not split, combine, subdivide, reclassify or redeem, or purchase or otherwise acquire, any Investment Entity Securities;

(h) provide prompt written notice to Buyer of Seller or any of its Affiliates entering into any OCB Contract that is material to any Specified Business;

(i) not dispose of, license or permit to abandon, invalidate or lapse any rights in, to or for the use of any material Transferred Intellectual Property;

(j) not (i) increase the compensation of any Employee or current director of Seller or any of its Subsidiaries, except for increases in salary or wage rates in the Ordinary Course of Business or as required by the terms of agreements or plans currently in effect and listed on Schedule 3.10 (a) of the Seller Disclosure Schedule or with respect to any Employee listed on Schedule 5.8(a)(ii) of the Seller Disclosure Schedule, (ii) establish, amend, pay, agree to grant or increase any special bonus, sale bonus, stay bonus, retention bonus, deal bonus, emergence award or change in control bonus or any other benefit under Seller's Performance Retention Plan or other plan, agreement, award or arrangement, other than any such award, entitlement or arrangement that will be fully paid and satisfied on or prior to the Closing Date (other than any sale bonus under the Sale Bonus Program as provided below or as otherwise provided in the parenthetical at the end of this clause (ii) with respect to awards other than awards under the Sale Bonus Program or Seller's Performance Retention Plan) and the Liabilities of which will be Excluded Liabilities or, with respect to any sale bonus under the Sale Bonus Program, to the extent (but only to the extent) any such sale bonus amount is reflected in the Closing Net Liabilities Amount used in calculating the Final Adjustment Amount (provided, however, that an award, entitlement or arrangement under this clause (ii) granted to an Employee listed on Schedule 5.8(a)(ii) of the Seller Disclosure Schedule may be paid by Seller in accordance with its terms; provided, further, that (x) all payments that pursuant to the term of such award, entitlement or arrangement are to be paid on or prior to the Closing shall be paid by Seller on or prior to the Closing and (y) if Buyer offers employment to any such Employee pursuant to

Section 5.8(a) and such Employee becomes a Transferred Employee, Seller shall fully pay and satisfy any such award, entitlement or arrangement as to such individual on or prior to the Closing Date), (iii) except as provided in clause

(ii) or as required by Law, establish, adopt, enter into, amend or terminate any Benefit Plan (other than any broad based health or welfare plan) or any plan, agreement, program, policy, trust, fund or other arrangement that would be a Benefit Plan if it were in existence as of the date of this Agreement, (iv) hire any employee for any Specified Business with annual compensation in excess of the amount of compensation for a Person in a similar position consistent with past practice, other than to fill vacancies arising in the Ordinary Course of Business, (v) enter into any new employment or severance agreements or amend any such existing agreement with any Employee (provided, that the foregoing shall not restrict Seller from taking any such action with respect to an Employee listed on Schedule 5.8(a)(ii) of the Seller Disclosure Schedule so long as Parent or Buyer, as applicable, will not be bound by any such action (including as it may relate to the terms of employment of any such Employee pursuant to

Section 5.8 hereof) if the Employee becomes employed by Parent or Buyer in connection with the Transaction), (vi) establish, adopt, enter into, amend or terminate any plan,