

policy or arrangement providing for severance or termination pay or benefits (provided, that the foregoing shall not restrict Seller from taking any such action 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 any offer to any Employee pursuant to Section 5.8(a) hereof) if any Employee covered thereby becomes employed by Parent or Buyer in connection with the Transaction), or (vii) engage in any hiring practices that are not in the Ordinary Course of Business;

(k) not make any material loans, advances or capital contributions to, or investments in, any other Person (other than, to the extent not in violation of applicable Law, customary loans or advances to employees in amounts not material to the maker of such loan or advance and other than to any Subsidiary of Seller in the Ordinary Course);

(l) not settle any claims, actions, arbitrations, disputes or other proceedings that would result in Seller or any of its Affiliates being enjoined in any respect material to the Transaction or any Specified Business or that would affect any Specified Business after the Closing (other than in a de minimis manner);

(m) not make any material change in any method of accounting, keeping of books of account or accounting practices or in any material method of Tax accounting of Seller or any of its Subsidiaries unless required (i) by a concurrent change in GAAP or applicable Law or (ii) upon prior written notice to Buyer, in order to comply with any GAAP requirements or FASB interpretations or in order to comply with the view of Seller's independent auditors;

(n) except for capital expenditures, which shall be governed by Section 5.2(s), not Acquire any Assets or any business (including Equity Securities) in one or a series of related transactions, other than (i) pursuant to agreements in effect as of the date hereof that were disclosed to Buyer prior to the date hereof, (ii) Assets used by Seller in the Ordinary Course of Business (which Assets do not constitute a System, a business unit, division or all or substantially all of the Assets of the transferor), (iii) any interest in or Assets of any entity which nominally owns any interest in any MCE System and (iv) any Equity Securities in any Tele-Media Entity;

(o) use commercially reasonable efforts to continue normal marketing, advertising and promotional expenditures with respect to each Specified Business;

(p) use commercially reasonable efforts to (i) maintain or cause to be maintained (A) the Transferred Assets in adequate condition and repair for their current use in the Ordinary Course, ordinary wear and tear excepted, and (B) in full force and effect the Insurance Policies (with the same amounts and scopes of coverage) with respect to the Transferred Assets and the operation of each Specified Business and (ii) enforce in good faith the rights under the Insurance Policies;

(q) use commercially reasonable efforts to perform all post-petition obligations under all of the Franchises, other material Governmental Authorizations and

Assigned Contracts without material breach or default and pay all post-Petition Date Liabilities arising thereunder in the Ordinary Course of Business;

(r) use commercially reasonable efforts to renew any material Governmental Authorizations which expire prior to the Closing Date;

(s) use commercially reasonable efforts to make capital expenditures and operate in accordance with the capital and operating budget set forth on Schedule 5.2(s) of the Seller Disclosure Schedule (the "Budget") and, in the case of capital expenditures, on a line item basis;

(t) maintain inventory sufficient for the operation of each Specified Business in the Ordinary Course of Business;

(u) not engage in any marketing, Subscriber installation or collection practices other than in the Ordinary Course of Business;

(v) not convert any billing systems used by any Specified Business;

(w) use commercially reasonable efforts to implement all rate changes provided for in the Budget and except for rate increases provided for in the Budget not change the rate charged for any level of cable television, telephony or high speed data services;

(x) except as required by applicable Law (including applicable must-carry laws), not add or voluntarily delete any channels from any Cable System, or change the channel lineup in any Cable System or commit to do any of the foregoing in the future; except for (i) pending channel additions and deletions or changes in channel lineups to the extent customer notifications have, as of the date hereof, been mailed or otherwise made in a manner permitted by each applicable Franchise; (ii) channel additions or changes in lineups as required in order to fulfill distribution commitments or broadcast station retransmission consent obligations (in either case, existing as of the date hereof) pursuant to existing Contracts, and solely to the extent the commitment and/or obligation must, pursuant to such Contract, be satisfied prior to the Closing Date; (iii) channel additions, migrations or changes in channel lineups in connection with headend consolidations (provided, however, that no new channels may be added to a system unless immediately prior to the headend consolidation, the channel was so carried on one headend or the other, provided, further, that if such channel is carried on both headends and the channel is not carried on the same tier or level of service on the two headends, then after such consolidation, the channel shall be carried on the tier or level of service of the dominant headend); (iv) the addition of one or more of the channels listed on Schedule 5.2(x)(iv) of the Seller Disclosure Schedule in connection with a system upgrade; (v) the roll-out of any video on demand service listed on Schedule 5.2(x)(v) of the Seller Disclosure Schedule or any free video on demand services for which Seller is not required to pay any fee or consideration; (vi) the addition of one or more of the high definition services listed on Schedule 5.2(x)(vi) of the Seller Disclosure Schedule, which additions shall not, except as otherwise noted on Schedule 5.2(x)(vi) of the Seller

Disclosure Schedule, require Seller to pay any fee or consideration for such services; or (vii) the addition of the high definition signal of a NBC, ABC, CBS, or Fox station that is licensed to the same designated market area as the system on which such signal is being launched, so long as such signal is a simulcast of such station's analog signal, to the extent Seller is not required to pay any fee or consideration for such high definition signal;

(y) not file a cost-of-service rate justification;

(z) use commercially reasonable efforts to launch telephony and video on demand services in the Cable Systems identified on Schedule 5.2(z) of the Seller Disclosure Schedule substantially in accordance with the timetable set forth on such Schedule 5.2(z), and provide Buyer with written notice promptly following any such launch;

(aa) continue to conduct the Business in accordance with, and not make any change to, the Seller Subscriber Accounting Policy, including as to disconnects;

(bb) not transfer the employment duties of any Applicable Employee from any Cable System to a different Cable System or business unit other than in the Ordinary Course of Business;

(cc) use commercially reasonable efforts to maintain or cause to be maintained its Books and Records and accounts with respect to each Specified Business in the usual, regular and ordinary manner on a basis consistent with past practice;

(dd) give or cause to be given to Buyer, and its counsel, accountants and other representatives, (i) as soon as reasonably possible, but in any event prior to the date of submission to the appropriate Government Entity, copies of all FCC rate Forms 1205, 1210, 1235, and 1240, and simultaneous with, or as soon as reasonably possible after submission to the appropriate Government Entity, any other FCC Forms required under the regulations of the FCC promulgated under the Cable Act that are prepared with respect to any of the Cable Systems and (ii) as soon as reasonably possible after filing copies of all copyright returns filed in connection with any Cable System; provided, that, in the case of clause (i), before any such FCC Forms 1205, 1210, 1235, or 1240 are filed, Seller and Buyer shall consult in good faith concerning the contents of such forms; and

(ee) not announce an intention, authorize or enter into any agreement or commitment with respect to any of the foregoing.

Section 5.3 Conduct of Parent Business. During the period from the date hereof to the Closing, except as otherwise expressly contemplated by this Agreement, the Parent Redemption Agreement, the TWE Redemption Agreement, the Exchange Agreement, as set forth on Schedule 5.3 of the Buyer Disclosure Schedule or as Seller otherwise agrees in writing in advance, Buyer shall, and shall cause Parent and its Subsidiaries to, use commercially reasonable efforts to preserve intact the Parent Business and its relationship with its material customers, suppliers, creditors and key

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). Without limiting the generality of the foregoing, during the period from the date hereof to the Closing, except as otherwise contemplated by this Agreement or any Ancillary Agreement or as Seller shall otherwise consent (which consent shall not be unreasonably withheld and, provided, that Seller shall respond as soon as reasonably practicable but in no event later than five Business Days following receipt of Buyer's written request for such response) or as set forth in the applicable sections of Schedule 5.3 of the Buyer Disclosure Schedule, Buyer shall not, and shall cause Parent and each its Subsidiaries not to:

(a) sell, lease, license, transfer or dispose of any Assets (it being understood that for purposes of this Section 5.3(a), Assets do not include Equity Securities of Parent or cash or cash equivalents) for consideration not consisting primarily of Systems other than (i) in the Ordinary Course of Business, (ii) pursuant to the Friendco Transaction or (iii) Assets which, in the aggregate, the fair market value of the total consideration therefor would not exceed the amount specified on Schedule 5.3(a)(iii) of the Buyer Disclosure Schedule;

(b) declare, set aside or pay any dividend or distribution on any shares of Parent Capital Stock or other Equity Security in Parent or any of its Subsidiaries other than dividends or distributions by any Subsidiary of Parent to Parent or another Subsidiary of Parent;

(c) enter into any transaction (other than pursuant to any Contract in effect as of the date hereof) 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 any such Subsidiary of the benefit they would otherwise have obtained if the transaction were to have been effected on terms that were on an arm's length basis or any transaction that does not satisfy the requirements of Article VI of Parent's bylaws, as in effect as of the date hereof;

(d) except pursuant to Section 5.4, amend the certificate of incorporation, bylaws or other organizational documents of Parent in a manner adverse to Seller or its stakeholders;

(e) issue any shares of Parent Capital Stock or other Equity Securities of Parent other than (i) Equity Securities issued following the date hereof on arm's-length terms for consideration determined in good faith by Parent's board of directors or any committee thereof to be fair, including, subject to Section 5.3(c), Equity Securities issued to TWX or any of its Affiliates (other than Parent or its wholly owned Subsidiaries), and (ii) Equity Securities issued following the date hereof pursuant to employee option or restricted stock programs approved by Parent's board of directors or the compensation committee thereof; provided, however, that Equity Securities issued pursuant to clause (ii) of this sentence shall not exceed the Permitted Parent Incentive Awards; provided, however, that such limitation shall not apply to any Equity Securities issued as contemplated by clause (ii)(B) of the definition of "Fully Diluted Basis";

(f) settle any claims, actions, arbitrations, disputes or other proceedings not involving a Government Entity that would result in Parent or any of its Affiliates being enjoined in any respect material to the Transaction; or

(g) authorize or enter into any agreement or commitment with respect to any of the foregoing;

provided, however, that, except in respect of Sections 5.3(c) and 5.3(d), the foregoing limitations shall not restrict transactions solely among or between Parent and any of its direct or indirect Subsidiaries.

Section 5.4 Amended and Restated Charter and Amended and Restated By-laws. On or prior to the Closing, Buyer will cause Parent to (a) file the Amended and Restated Charter with the Secretary of State of the State of Delaware and (b) adopt the Amended and Restated By-laws.

Buyer will cause Parent

(i) for a period of two years following the Closing, not to enter into any merger pursuant to Section 253 of the Delaware General Corporation Law and (ii) for a period of eighteen months following the Closing, not to issue any Equity Securities to any Person (other than, subject to Section 5.3(c) and, following the Closing, the Amended and Restated By-laws, TWX and its Affiliates (other than Parent or its wholly owned Subsidiaries)) that have a higher vote per share than the Parent Class A Common Stock.

Section 5.5 Listing of Purchase Shares(a) . Subject to there being a SEC/DOJ Settlement and Seller having satisfied the covenant in Section 5.19(a), Buyer shall, and shall cause Parent and its Subsidiaries to, use commercially reasonable efforts to cause, (a) effective as of the Closing, the Purchase Shares to be either registered under the Securities Act or exempt from any such registration under section 1145 of the Bankruptcy Code and to be listed for trading on the NYSE and (b) effective as of the MCE Closing, the MCE Purchase Shares to be either registered under the Securities Act or exempt from any such registration and to be listed for trading on the NYSE.

Section 5.6 Commercially Reasonable Efforts.

(a) Subject to the Bankruptcy Code and any orders of the Bankruptcy Court, Seller and Buyer shall, and Buyer shall cause Parent to, cooperate and use their respective commercially reasonable efforts to fulfill as promptly as practicable the conditions precedent to the other party's obligations hereunder and shall use their respective commercially reasonable efforts to fulfill as promptly as practicable the conditions precedent to their obligations hereunder to the extent they have the ability to control the satisfaction of such obligations. Without limiting the generality of the foregoing, Seller and Buyer shall, and Buyer shall cause Parent to, (i) make all filings and submissions required by the U.S. Antitrust Laws and any other Laws, and promptly file any additional information requested as soon as practicable after receipt of such request therefor and promptly file any other information that is necessary, proper or advisable to permit consummation of the Transaction and the Exchange and (ii) use commercially reasonable efforts to obtain and maintain all Seller Required Approvals and Buyer Required Approvals in form and substance reasonably satisfactory to Buyer and Seller.

In connection with the foregoing, Seller and Buyer will, and Buyer will cause Parent to, endeavor to consummate the Transaction without (or with minimal) costs, conditions, limitations or restrictions associated with the grant of such Seller Required Approvals and Buyer Required Approvals.

(b) Notwithstanding anything to the contrary herein, nothing in this Agreement shall require Buyer or Parent to agree to or to effect any divesture, hold separate or similar agreement with respect to any business or Assets or agree to enter into, or amend, or agree to amend, any Contracts or governmental authorizations or take or refrain from taking any other action or conduct any business in any manner if doing so would reasonably be expected, individually or in the aggregate, to have (i) an adverse impact (other than a de minimis adverse impact) on TWX or any of its Affiliates (excluding Parent and its Subsidiaries) or any of their respective businesses or Assets (excluding businesses and Assets of Parent and its Subsidiaries) or (ii) an adverse impact that is material to the Parent Business or the Transferred Assets or would materially constrain the operations of Parent and its Subsidiaries or of the Transferred Assets; it being understood that the incurrence of legal, accounting, investment banking and other customary forms of transaction expenses and the commitment of reasonable management time and effort shall not be considered an adverse impact for the purpose of this clause (ii).

(c) No later than 45 days following the date hereof, Buyer and Seller shall, and Buyer shall cause Parent to, provide each other (or shall cause their respective Subsidiaries to provide) with all necessary documentation to allow filing of FCC Forms 394 with respect to the Franchises with respect to which a LFA Approval is or may be required. Buyer and Seller shall, and Buyer shall cause Parent to, use commercially reasonable efforts to cooperate with one another and, no later than 60 days following the date hereof, file with the applicable Government Entity FCC Forms 394 for each of the Franchises with respect to which a LFA Approval is or may be required. Buyer and Seller shall, and Buyer shall cause Parent to, cooperate and use their commercially reasonable efforts to have Buyer enter into a substitute performance bond arrangement with respect to those Assets of each Specified Business the transfer of which to Buyer would require Buyer to enter into such a substitute bond arrangement, on substantially the same terms as the substitute bond arrangement with respect to such Assets in effect as of the date hereof. Notwithstanding anything to the contrary herein, Seller shall not accept, agree to or accede to any modifications or amendments to, or in connection with, or any conditions to the transfer of, any Franchises that are not approved by Buyer in writing, such approval not to be unreasonably withheld; provided, however, that if Seller affords Buyer reasonable notice of, and opportunity to attend and participate in, meetings or other discussions relating to LFA Approvals where modifications, amendments or conditions are expected to be discussed or negotiated, Buyer shall approve any such modifications, amendments or conditions that are approved by Seller so long as such modifications, amendments or conditions are commercially reasonable and are similar in nature, extent and impact (giving due consideration to such factors as the relative size of the Franchise involved, the proximity of other Franchises, the financial and operational impact of the change and the precedential impact thereof) to modifications, amendments or conditions agreed to by Parent or Buyer or Friendco in connection with material

acquisitions of cable assets effected since 2001. In addition, if Buyer seeks any LFA Approval pursuant to this Transaction, Buyer shall agree to any modifications, amendments or conditions that are commercially reasonable and are similar in nature, extent and impact (giving due consideration to such factors as the relative size of the Franchise involved, the proximity of other Franchises, the financial and operational impact of the change and the precedential impact thereof) to modifications, amendments or conditions agreed to by Parent or Buyer or Friendco in connection with material acquisitions of cable assets effected since 2001.

(d) Each of the parties hereto agrees to execute and deliver such other documents, certificates, agreements and other writings and to take such other commercially reasonable actions as may be necessary or desirable in order to evidence, consummate or implement expeditiously the transactions contemplated by this Agreement and to vest in Buyer good and marketable title to the Transferred Assets to the same extent as held by Seller and its Affiliates, free and clear of all Encumbrances other than, in the case of Transferred Assets, Permitted Encumbrances, and in the case of the Transferred Investments, Encumbrances under the Investment Documents.

(e) Seller and Buyer shall, and Buyer shall cause Parent to, cooperate with each other and shall furnish to the other party all information reasonably necessary or desirable in connection with making any filing under the HSR Act, and in connection with resolving any investigation or other inquiry by any Government Antitrust Entity with respect to the Transaction and the Exchange; provided, however, that Buyer shall reimburse Seller for the reasonable out-of-pocket costs, if any, incurred by Seller as a result of such cooperation solely to the extent it relates to the consummation of the Exchange. Each of the parties shall promptly inform the other party of any communication with, and any proposed understanding, undertaking or agreement with, any Government Entity regarding any such filings or any such transaction. Seller and Buyer shall not, and Buyer shall cause Parent not to, participate in any meeting with any Government Antitrust Entity in respect of any such filings, investigation or other inquiry without giving the other party prior notice of, and the opportunity to participate in, such meeting. The parties hereto will consult and cooperate with one another in connection with any analyses, appearances, presentations, memoranda, briefs, arguments, opinions and proposals made or submitted by or on behalf of any party hereto in connection with all meetings, actions and proceedings under or relating to the HSR Act (including, with respect to making a particular filing, by providing copies of all such documents (other than those that will not be publicly available) to the non-filing party and their advisors prior to filing and, if requested, giving due consideration to all reasonable additions, deletions or changes suggested in connection therewith); provided, however, that in no event shall Buyer or Seller be required to furnish, or Buyer be required to cause Parent to furnish, any information that, based on advice of such party's counsel, would reasonably be expected to create any potential Liability under applicable Laws, including U.S. Antitrust Laws, or would constitute a waiver of 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).

(f) In furtherance and not in limitation of the foregoing, each of Buyer and Seller agrees to make, and Buyer agrees to cause Parent to make, as promptly as practicable, (i) an appropriate filing of a Notification and Report Form pursuant to the HSR Act with respect to the Transaction and the Exchange (which filing shall be made in any event within 20 Business Days of the date hereof), (ii) appropriate filings with the FCC, and any state public service commissions having jurisdiction over any Transferred Assets or any services provided by any Specified Business or the Assets of or services provided by the Parent Business with respect to the Transaction and the Exchange, and (iii) all other necessary filings with other Government Entities relating to the Transaction and the Exchange, and to use commercially reasonable efforts to cause the expiration or termination of the applicable waiting periods under the HSR Act and the receipt of the Seller Required Approvals and the Buyer Required Approvals under such other Laws or from such authorities or third parties as soon as practicable; provided, however, that Buyer shall reimburse Seller for the reasonable out-of-pocket costs, if any, incurred by Seller as a result of such cooperation solely to the extent it relates to the consummation of the Exchange.

(g) Each of Seller and Buyer shall, and Buyer shall cause Parent to, give (or shall cause their respective Subsidiaries to give) any notices to third parties, and use, and cause their respective Subsidiaries to use, commercially reasonable efforts to obtain any third party (excluding Government Entities) consents related to or required in connection with the Transaction and the Exchange that are Seller Required Approvals or Buyer Required Approvals; provided, however, that Buyer shall reimburse Seller for the reasonable out-of-pocket costs, if any, incurred by Seller as a result of such cooperation solely to the extent it relates to the consummation of the Exchange.

(h) Seller shall, and shall cause its Affiliates to, take all actions as may be necessary or desirable in order that, as of the Closing, all of the Assets (other than any Equity Securities or other Excluded Assets) of the Tele-Media Entities and each of their respective Subsidiaries shall constitute Transferred Assets.

(i) Notwithstanding anything in this Agreement to the contrary, Buyer shall have the sole responsibility for any filing, submission or other action (including, for the avoidance of doubt, obtaining any required LFA Approval) that is necessary, proper or advisable to permit the consummation of the Exchange (it being understood that Seller shall use its commercially reasonable efforts to cooperate with Buyer with respect to any action required to be taken by Buyer pursuant to this sentence; provided, however, that Buyer shall reimburse Seller for the reasonable out-of-pocket costs, if any, incurred by Seller as a result of such cooperation solely to the extent it relates to the consummation of the Exchange).

(j) After the Closing, Buyer shall, in the Ordinary Course of Business of Parent, use its commercially reasonable efforts to bill and collect from each Basic Subscriber that is potentially a Qualified Customer any amounts due and payable in respect of services delivered to such Basic Subscriber prior to the Closing.

Section 5.7 Tax Matters.

(a) Proration of Taxes. To the extent necessary to determine the liability for Taxes for a portion of a taxable year or period that begins before and ends after the Closing, the determination of the Taxes for the portion of the year or period ending on, and the portion of the year or period beginning after, the Closing shall be determined by assuming that the taxable year or period ended as of the close of business on the Closing, except that those annual property taxes and exemptions, allowances or deductions that are calculated on an annual basis shall be prorated on a time basis. For the avoidance of doubt, (i) any Taxes that are apportioned to the portion of a taxable period that ends on the Closing pursuant to this Section 5.7(a) shall be Excluded Taxes and (ii) any Taxes that are apportioned to the portion of a taxable period beginning after the Closing pursuant to this Section 5.7(a) shall be Assumed Taxes.

(b) Tax Returns. Buyer shall not file any amended Tax Returns with respect to the Transferred Assets that include periods ending on or prior to the Closing without Seller's written consent, which shall not be unreasonably withheld or delayed.

(c) Transfer Taxes.

(i) To the extent not otherwise exempt to the fullest extent permitted by section 1146(c) of the Bankruptcy Code and except as otherwise provided in this Section 5.7(c)(i), all federal, state, local or foreign or other excise, sales, use, value added, transfer (including real property transfer or gains), stamp, documentary, filing, recordation and other similar taxes and fees that may be imposed or assessed as a result of the Transaction, together with any interest, additions or penalties with respect thereto and any interest in respect of such additions or penalties ("Transfer Taxes"), shall, subject to the provisos to Sections 5.7(c)(iii) and 5.7(c)(v), be borne by Buyer.

(ii) Any Tax Returns that must be filed in connection with Transfer Taxes ("Transfer Tax Returns") shall be prepared by Buyer and Buyer shall prepare such Transfer Tax Returns in a manner consistent with the allocation of the Aggregate Consideration pursuant to Section 5.7(d); provided, however, that if Buyer and Seller do not jointly agree to a Purchase Price Allocation Schedule as provided in Section 5.7(d) and except as provided in

Section 5.7(c)(iii), any such Transfer Tax Return shall be prepared by Buyer in good faith in a manner consistent with the purchase price allocation of Buyer or Seller that Buyer and Seller, as the case may be, use for Tax purposes, that results in the higher aggregate Transfer Tax liability with respect to each applicable jurisdiction. The party filing any Transfer Tax Return (or similar form claiming an applicable exemption from Transfer Taxes) pursuant to this Section 5.7 shall furnish a copy of such Transfer Tax Return (or similar form) to the other party.

(iii) Except as provided in the following proviso, all Transfer Tax Returns shall be filed by Buyer, and Buyer shall be responsible for remitting all amounts shown as due on such Transfer Tax Returns to the appropriate Government Entity; provided, however, that, in the case of any Transfer Tax Return in which Seller's purchase price allocation would result in a higher aggregate Transfer Tax liability than

Buyer's purchase price allocation (w) Buyer shall prepare such Transfer Tax Return unless Seller reasonably determines that the positions taken on such Transfer Tax Return as prepared by Buyer would reasonably be expected to give rise to a material risk of civil and/or criminal penalties (other than interest) if challenged by the applicable Government Entity, in which case, Seller may prepare such Transfer Tax Return, (x) Seller shall be responsible for filing such Transfer Tax Return and for remitting all amounts shown as due thereon to the appropriate Government Entity, (y) notwithstanding any other provision of this Section 5.7(c) to the contrary, Buyer shall pay to Seller an amount equal to the Transfer Tax liability that would have resulted if such return had been prepared by Buyer (it being understood that, for purposes of this clause (y), the Transfer Tax Return that would have been prepared by Buyer shall be determined by using (1) the Buyer's purchase price allocation, and (2) Buyer's interpretation of applicable Tax Law as reflected in the Transfer Tax Return prepared by Buyer pursuant to clause (x) hereof), and (z) Seller shall have sole responsibility for the balance of the Transfer Tax liability with respect to such Transfer Tax Return. Buyer and Seller shall (and shall cause each of their respective Affiliates to) cooperate in the timely completion and filing of all such Tax Returns, and Buyer and Seller shall (and shall cause each of their respective Affiliates to) execute such documents in connection with such filings as shall have been required by Law or reasonably requested by the other party.

(iv) Buyer shall control the conduct of any audit, claim, contest or administrative or judicial proceeding relating to such Transfer Taxes, subject to Seller's right to make any statement or report to any tax authority reflecting the purchase price allocation prepared by Seller; provided, however, that Seller shall be entitled to make any such statement and/or report only (A) to the extent Seller reasonably determines is reasonably necessary to rebut any presumption under applicable Tax Law that would otherwise deem Seller to have agreed to and adopted the purchase price allocation prepared by Buyer in the absence of such statement or report and (B) if such presumption could reasonably be expected to result in an adverse effect on Seller other than a de minimis adverse effect. If Buyer or Seller receives any written notice of assessment or other claim from any Government Entity with respect to Transfer Taxes for which the other party may be liable pursuant to this Section 5.7(c), the notified party shall notify the other party in writing of the receipt of such notice of assessment or other claim promptly after the receipt thereof.

(v) Any additional Transfer Taxes resulting from an adverse determination by a Government Entity shall be borne by Buyer; provided, however, that, so long as the adverse determination by the applicable Government Entity does not relate directly to purchase price allocation, Seller shall be responsible for any such additional Transfer Taxes to the extent that such additional Transfer Taxes are attributable to the use of Seller's purchase price allocation rather than Buyer's purchase price allocation.

(vi) Any Transfer Taxes resulting from any subsequent increase in the Purchase Price pursuant to this Agreement shall be borne in accordance with the provisions of this Section 5.7(c).

(vii) Buyer and Seller shall cooperate in good faith to minimize the amount of Transfer Taxes that may be imposed or assessed as a result of the Transaction, including pursuant to one or more restructuring transactions consummated pursuant to the Plan prior to the Closing; provided, that Buyer and Seller conclude in good faith that such restructuring would have a more likely than not probability of prevailing if challenged by the applicable Government Entity.

(d) Determination and Allocation of Purchase Price. Seller and Buyer undertake to act in good faith to jointly agree to a schedule setting forth the allocation of the Aggregate Consideration among the Transferred Assets (the "Purchase Price Allocation Schedule") for Tax purposes. If Seller and Buyer so agree within 180 days of the Closing Date, Seller and Buyer shall, and Seller and Buyer shall cause each of their respective Affiliates, (i) to report the federal, state, and local income and other Tax consequences of the Transaction contemplated herein in a manner consistent with such Purchase Price Allocation Schedule and (ii) not to take any position inconsistent therewith for any Tax purposes (unless required by a change in applicable Tax Law or as a result of a good faith resolution of a contest). If Seller and Buyer do not so agree within 180 days of the Closing Date, each of Seller and Buyer may prepare their own purchase price allocation and, for the avoidance of doubt and except as provided in Sections 5.7(c)(iii) and 5.7(c)(v), each of Buyer and Seller will have no liability to the other for any additional Taxes that may be imposed by any Government Entity as a result of inconsistencies between the respective allocations of Buyer and Seller.

(e) Employee Withholding and Reporting Matters. With respect to those Transferred Employees who are employed by Buyer within the same calendar year as the Closing, Buyer shall, in accordance with and to the extent permitted pursuant to Revenue Procedure 2004-53, 2004-34 I.R.B. 320, assume all responsibility for preparing and filing Form W-2, Wage and Tax Statement, Form 941, Employer's Quarterly Federal Tax Return, Form W-4, Employee's Withholding Allowance Certificate and Form W-5, Earned Income Credit Advance Payment Certificate. Seller and Buyer agree to comply with the procedures described in Section 5 of the Revenue Procedure 2004-53. Notwithstanding any provision of this Agreement, all Taxes required to have been withheld by Seller and its Subsidiaries from their respective employees and independent contractors with respect to any taxable periods, or portions thereof, ending on or before the Closing shall be Excluded Liabilities and shall not be treated as Assumed Liabilities.

(f) Consistent Treatment. The parties intend that the Transaction shall constitute a taxable transaction and, for the avoidance of doubt, the Transaction shall not be governed by Sections 351 or 368(a) of the Code (or similar provisions of state, local or foreign Tax law, as applicable). The parties agree to, and to cause their respective Affiliates to, treat the Transaction in the foregoing manner for all income Tax purposes (unless otherwise required by a change in applicable income Tax law or as a result of a good faith resolution of a contest).

(g) Notice of Buyer Adverse Tax Event. If any change in Tax Law or Proposed Change in Tax Law occurs and Buyer or Paul, Weiss, Rifkind, Wharton & Garrison LLP (or such other counsel that Buyer selects to represent Buyer with respect to

the Transaction) believes that such change in Tax Law or such Proposed Change in Tax Law has a reasonable possibility of constituting a Buyer Adverse Tax Event as of the Closing Date, Buyer shall within ten Business Days of such determination provide written notice to Seller describing the change in Tax Law or the Proposed Change in Tax Law and a statement that such change in Tax Law or Proposed Change in Tax Law may constitute a Buyer Adverse Tax Event as of the Closing Date (a "Buyer Adverse Tax Event Notice"). Upon reasonable request by Seller, Buyer will make its counsel reasonably available to Seller to discuss why Buyer believes the described change in Tax Law or Proposed Change in Tax Law has a possibility of constituting a Buyer Adverse Tax Event.

#### Section 5.8 Post-Closing Obligations of each Specified Business to Certain Employees.

(a) Seller shall provide to Buyer no later than 14 Business Days following the date hereof, a copy of each employment agreement or other individual agreement governing the terms and conditions of any Applicable Employee's employment entered into with any Applicable Employee and a schedule of each Applicable Employee with his or her title, job location, employer, primary place of residence, salary or wage rate, commission status, bonus opportunity, date of hire, level or other job classification, full or part time status, "exempt" or "non-exempt" status, whether such Applicable Employee is part of a collective bargaining unit and regularly scheduled work shift, as applicable, and shall supplement such schedule no later than 60 Business Days following the date hereof, indicating for each Applicable Employee, such Applicable Employee's direct supervisor and most recent performance rating or evaluation. In addition, no later than 55 Business Days prior to the Closing Date, Seller shall update such schedule, including with respect to each Applicable Employee's direct supervisor and most recent performance rating or evaluation. No later than 40 Business Days prior to the Closing Date, Buyer shall make offers of employment commencing on the Closing Date to all Applicable Employees, and such offers shall be contingent upon (i) the Closing, (ii) such Employee being an Applicable Employee on the Closing Date and (iii) such Applicable Employee's satisfaction of customary employment conditions applicable to all Parent employees which customary employment conditions are set forth on Schedule 5.8(a)(i) of the Buyer Disclosure Schedule (it being understood that such conditions will not include the evaluation of prior performance) (the "Background Check"); provided, however, that Buyer shall have no obligation to extend an offer of employment to any Employee who as of the date hereof or as of the Closing Date is identified by job function, description or title or otherwise noted on Schedule 5.8(a)(ii) of the Seller Disclosure Schedule. Buyer shall, and shall cause Parent to, cooperate with Seller from and after the date hereof to communicate with Applicable Employees other than those set forth on Schedule 5.8(a)(ii) of the Seller Disclosure Schedule regarding the anticipated offers of employment to be made by Buyer to such Applicable Employees hereunder. Offers of employment required by this Section 5.8(a) shall be for a position of similar or greater status, authority, duties and aggregate compensation (excluding any equity-based compensation, severance, retention, sale, stay, special bonus, emergence or other change in control payments or awards or any similar compensation or award) as such Employee enjoys with Seller and/or its Affiliates immediately prior to the Closing

Date, that is within a 50-mile radius from such Employee's primary place of residence as of the Closing Date, and with any such additional rights and benefits as are prescribed by this Section 5.8. Consistent with and subject to the foregoing and the other terms of this Agreement, Buyer shall have the right to establish the terms and conditions under which such offers will be made. No later than two Business Days following the date offers are required to be made hereunder, Buyer shall provide to Seller a list of the Applicable Employees who do not satisfy the Background Check, by job position or name and region, and as to whom Buyer as a result of such Background Check failure has not made offers of employment pursuant to this Section 5.8(a). The parties hereto shall cooperate with each other to give effect to this Section 5.8(a) and neither Seller nor its Affiliates shall take any actions that would interfere with the Applicable Employees so offered employment from becoming employed by Buyer as of the Closing Date. If any Employee, other than a Transferred Employee, becomes entitled to any payments or benefits under any severance policy, plan, agreement, arrangement or program which exists or arises or may be deemed to exist or arise, under any applicable Law or otherwise, as a result of the consummation of the Transaction or otherwise, Seller shall be liable for such amounts, which Liability shall constitute an Excluded Liability except to the extent Buyer does not comply with the requirement to offer employment on the terms set forth in this Section 5.8(a).

(b) Beginning on the Closing Date and ending no earlier than the first anniversary of the Closing Date, Buyer shall, or shall cause Parent to, provide each Transferred Employee, other than any Transferred Employee included in a collective bargaining unit covered by the Collective Bargaining Agreements as in effect on the Closing Date (each, a "Union Employee") with, at Buyer's sole discretion, either compensation and employee benefits that are (i) no less favorable in the aggregate (excluding any equity-based compensation, severance, retention, sale, stay, special bonus, emergence or other change in control payments or awards or any similar compensation or award) than the compensation and employee benefits provided to each such Transferred Employee immediately prior to the Closing Date or (ii) substantially comparable in the aggregate (excluding any severance) to the compensation and employee benefits provided to similarly situated employees of Parent; provided, that for purposes of any equity-based compensation, such employees shall be deemed newly hired employees of Parent. In addition, to the extent Parent maintains a tax-qualified defined benefit pension plan, from and after the date each Transferred Employee satisfies the applicable eligibility and service requirements of any such plan as in effect on any date of determination, such Transferred Employee shall participate in such plan to the same extent as similarly situated employees of Parent. With respect to Union Employees, Buyer will retain any and all of the rights and obligations it may have pursuant to applicable labor Law.

(c) Notwithstanding Section 5.8(b), beginning on the Closing Date, Buyer shall, or shall cause Parent to, for a period ending no earlier than the first anniversary of the Closing Date, maintain a severance plan for the benefit of each Transferred Employee, other than any Union Employee, that is no less favorable to Transferred Employees than the Amended and Restated Adelphia Communications Corporation Severance Plan effective September 21, 2004 (the "Seller Severance Plan") and which includes the same general terms and conditions regarding eligibility and

exclusion from eligibility for severance pay and benefits as the Seller Severance Plan. It is intended that this Section 5.8(c) shall not result in any duplication of benefits to any Transferred Employee.

(d) To the extent (and only to the extent) set forth on Schedule 5.8(d) of the Seller Disclosure Schedule, Buyer shall assume all Liabilities and obligations to provide any severance pay and benefits to any Transferred Employee whose employment is terminated following the Closing. Buyer shall reimburse Seller for any severance costs incurred with respect to any Employee who is not offered employment by Buyer pursuant to this Transaction in the event Parent or any of its Subsidiaries hires such Employee within three months after the Closing.

(e) For purposes of this Agreement, (i) "Applicable Employees" means all of the following:

(A) All persons who are active Employees on the Closing Date, including Employees on vacation and Employees on a regularly scheduled day off from work. Employees on temporary leave for purposes of jury or annual two-week national service/military duty shall be deemed to be active Employees;

(B) Employees who on the Closing Date are on nonmedical leave of absence; provided, however, that no such Employee shall be guaranteed reinstatement to active service if his return to employment is contrary to the terms of his leave, unless otherwise required by applicable Law (for purposes of the foregoing, nonmedical leave of absence shall include maternity or paternity leave, leave under the Family and Medical Leave Act of 1993, educational leave, military leave with veteran's reemployment rights under federal Law, or personal leave, unless any of such is determined to be a medical leave); and

(C) Employees who on the Closing Date are on disability or medical leave and for whom it has been 180 calendar days or less since their last day of active employment; provided, however, that no such Employee shall be guaranteed reinstatement to active service if he is incapable of working in accordance with the policies, practices and procedures of Buyer; and

(ii) "Transferred Employees" means those Applicable Employees who accept offers of employment with Buyer.

(f) Seller shall retain responsibility for and continue to pay all medical, life insurance, disability and other welfare plan expenses and benefits for each Transferred Employee with respect to claims incurred by such Transferred Employee or his or her covered dependents prior to the Closing Date except to the extent (and only to the extent) such liabilities are reflected in the determination of the Closing Net Liabilities used in the determination of the Final Adjustment Amount for the Specified Business in which such Transferred Employee is employed. Buyer shall be responsible for all expenses and benefits with respect to claims incurred by Transferred Employees or their covered dependents on or after the Closing Date. For purposes of this paragraph, a claim

is deemed incurred: (i) in the case of medical or dental benefits, when the services that are the subject of the claim are performed, (ii) in the case of life insurance, when the death occurs, (iii) in the case of long-term disability benefits, when the Employee becomes disabled, and (iv) in the case of workers compensation benefits, when the event giving rise to the benefits occurs.

(g) With respect to any plan that is a "welfare benefit plan" (as defined in Section 3(1) of ERISA), or any plan that would be a "welfare benefit plan" (as defined in Section 3(1) of ERISA) if it were subject to ERISA, maintained by Parent, Buyer shall (i) provide coverage for Transferred Employees under its medical, dental and health plans as of the Closing Date in accordance with the terms of such plans, (ii) cause there to be waived any pre-existing conditions, actively at work requirements and waiting periods or other eligibility requirements to the extent such conditions, requirements or waiting periods were satisfied by a Transferred Employee under a corresponding Benefit Plan, and (iii) cause such plans to honor any expenses incurred by the Transferred Employees and their dependents or beneficiaries under similar plans of Seller and its Affiliates during the portion of the calendar year in which the Closing Date occurs for purposes of satisfying applicable deductible, co-insurance and maximum out-of-pocket expenses.

(h) Transferred Employees shall be given credit for purposes of eligibility and vesting and other entitlement to benefits or rights, under each employee benefit plan of Parent (each, a "Buyer Plan") in which such Transferred Employees are or become eligible to participate, for all service (including service with Seller or any of its Affiliates) for which such Transferred Employees were credited for such purposes under a corresponding Benefit Plan of Seller prior to the Closing Date; provided, however, that nothing in this Section 5.8(h) shall result in any duplication of benefits.

(i) Except as required by applicable Law, as of the Closing Date, the Transferred Employees shall cease to accrue further benefits under the employee benefit plans and arrangements maintained by Seller and its Affiliates. From and after the Closing, Seller shall remain solely responsible for any and all Liabilities in respect of the Employees, including the Transferred Employees, related to the Benefit Plans, except as otherwise provided in this

Section 5.8. None of Buyer or any of its Affiliates shall assume or have transferred to them the sponsorship of any of the Benefit Plans or any other benefit plans or arrangements maintained by Seller or any of its Affiliates, including any non-qualified deferred compensation or rabbi trust plans or arrangements, pursuant to or in connection with the Transaction.

(j) Seller shall take all actions necessary to fully vest the Transferred Employees in their account balances under Seller's tax-qualified 401(k) plan ("Seller's 401(k) Plan") effective as of the Closing Date. In accordance with the terms of the applicable plan, each Transferred Employee shall be eligible to participate in a Parent-sponsored defined contribution plan intended to qualify under Sections 401(a) and 401(k) of the Code ("Buyer's 401(k) Plan"). Buyer shall take all actions reasonably necessary to permit beginning as soon as reasonably practical following the Closing Date each Transferred Employee who has received an eligible rollover distribution (as defined in

Section 402(c)(4) of the Code) from Seller's 401(k) Plan to roll over the distribution, to an account in Buyer's 401(k) Plan.

(k) With respect to any accrued but unused vacation time (including flexible time-off and sick pay) to which any Transferred Employee is entitled pursuant to the vacation policy applicable to such Transferred Employee immediately prior to the Closing Date, Buyer shall, to the extent permitted by applicable Law, assume the liability for such accrued vacation and allow such Transferred Employee to use such accrued vacation to the extent such Transferred Employee would have been entitled to such accrued vacation based on his level and years of service under the vacation policy of Parent in effect as of the Closing Date as if such Transferred Employee had been employed by Buyer during such Transferred Employee's employment with Seller; provided, however, that if the Transferred Employee's accrued vacation is greater than the amount of vacation to which such Transferred Employee would have been entitled under Parent's vacation policy, Buyer shall pay to such Transferred Employee within 90 days of the Closing Date an amount in cash equal to the difference but only to the extent of the amount reflected in the Closing Net Liabilities Amount used in calculating the Final Adjustment Amount for the Specified Business in which such Transferred Employee is employed. With respect to any sale bonuses under the Sale Bonus Program, Seller shall be responsible for the payment to all Employees of that portion of the bonus that is to be paid on the "First Sale Bonus Payment Date" (as defined in the Sale Bonus Program), which bonuses shall be paid prior to or on the Closing. Buyer shall be responsible for the payment to Transferred Employees on a timely basis of any sale bonuses under the Sale Bonus Program to be paid after the "First Sale Bonus Payment Date" but only to the extent of the amount reflected in the Closing Net Liabilities Amount used in calculating the Final Adjustment Amount for the Specified Business in which such Transferred Employee is employed.

(l) Buyer shall be responsible for providing or discharging any and all notifications, benefits and liabilities to Transferred Employees and governmental authorities required by WARN or by any other applicable Law relating to plant closings or employee separations that are required (i) to be provided after the Closing or (ii) with respect to any plant closing or mass layoff that occurs within the 60-day period immediately following the Closing. Seller agrees to cooperate in preparing and distributing any notices that Buyer may desire to provide prior to the Closing. No later than five Business Days prior to the Closing Date, Seller shall provide Buyer with a schedule setting forth each Employee whose employment was terminated or is anticipated to be terminated during the six month period prior to the Closing Date and the work location of such Employee.

(m) Buyer shall assume any liability under COBRA arising from the actions (or inactions) of Buyer or its Affiliates with respect to the Transferred Employees after the Closing Date. Seller shall retain all obligations with respect to continued coverage under COBRA (and any similar state Law), Section 4980B of the Code and Part 6 of Subtitle B of Title I of ERISA and the regulations thereunder for all Employees, including Applicable Employees, who do not become Transferred Employees. Notwithstanding the immediately preceding sentence, to the extent required by Treasury

Regulation Section 54.4980B-9, Q&A-8(c), Buyer shall perform all obligations under COBRA and the foregoing provisions of the Code and ERISA with respect to each employee of Seller who is an "M&A qualified beneficiary" with respect to the Transaction, as such term is defined by Treasury Regulation section 54.4980B-9, Q&A-4.

(n) For Employees who participate in Seller's short term incentive bonus program, including the Short-Term Incentive Plan, Sales Incentive Plan and Marketing Incentive Plan, Seller shall be responsible for paying their respective annual bonuses for the period from the January 1 immediately preceding the Closing Date through the Closing (pro-rated for the partial year) and shall pay such bonuses to such Employees no later than the Closing; and, solely with respect to Transferred Employees who participated immediately prior to the Closing Date in such Seller's short term incentive bonus programs, Buyer shall be responsible for paying respective annual bonuses for the period from the Closing Date through the December 31 immediately following the Closing Date pro-rated for the partial year.

(o) With respect to any Transferred Employee who becomes employed by Friendco or any of its Affiliates pursuant to the Exchange Agreement, references to any benefit plans maintained by Buyer or Parent shall be deemed to be references to benefit plans maintained by Friendco or its Affiliates and references to similarly situated employees of Buyer shall be deemed to be references to similarly situated employees of Friendco or its Affiliates.

(p) The parties hereto hereby acknowledge and agree that no provision of this Agreement shall be construed to create any right to any compensation or benefits whatsoever on the part of any Employee or other future, present or former employee of Seller or any of its Affiliates. Nothing in this Section 5.8 or elsewhere in this Agreement shall be deemed to make any employee of the parties or their respective Affiliates a third party beneficiary of this Section 5.8 or any rights relating hereto.

(q) The parties hereto hereby acknowledge and agree that Buyer shall have no Liability in respect of any award to any Employee, director, consultant, independent contractor or other service provider of Seller or its Affiliates with respect to any shares of Seller's Equity Securities, whether existing on the date hereof or arising in the future ("Stock Awards"), and that all Liabilities related to such Stock Awards shall be Excluded Liabilities.

(r) Seller agrees that, notwithstanding anything in this Agreement to the contrary, the payments of awards under the Amended and Restated Adelpia Communications Corporation Performance Retention Plan shall in no event be made in Equity Securities of Buyer, Parent or any Affiliate of Parent and shall be satisfied in full by Seller prior to or on the Closing.

Section 5.9 Ancillary Agreements. At the Closing, Seller shall and shall cause each of its Affiliates party to an unexecuted Ancillary Agreement to, execute and deliver each unexecuted Ancillary Agreement to which it is a party, and Buyer shall execute and deliver each of the unexecuted Ancillary Agreements to be executed by it.

Section 5.10 Acquisition Proposals. Except as otherwise provided in this Section 5.10, Seller agrees that neither it nor any of its Subsidiaries nor any of their respective directors, officers or employees shall, and that it shall direct its Subsidiaries and its and its Subsidiaries' agents and representatives and use its best efforts to cause its and its Subsidiaries' agents and representatives (including any investment banker, attorney or accountant retained by it or any of its Subsidiaries) not to, directly or indirectly, initiate, solicit or encourage any inquiries or the making of any proposal or offer with respect to a merger, reorganization (including an Alternate Plan), share exchange, consolidation or similar transaction involving (directly or indirectly), or any purchase (directly or through a proposed investment in Equity Securities, debt securities or claims of creditors) of 10% or more of the Transferred Assets Related to the Business or of the outstanding Equity Securities of Seller or any of its Affiliates directly or indirectly owning Assets Related to the Business (any such proposal or offer being hereinafter referred to as an "Acquisition Proposal" and any such transaction, an "Acquisition"); provided, however, that the foregoing shall not restrict Seller from renewing the "exit financing" of the Debtors on substantially the same terms as in effect as of March 31, 2005. Seller further agrees that neither it nor any of its Subsidiaries nor any of their respective directors, officers or employees shall, and that it shall direct its Subsidiaries and its and its Subsidiaries' agents and representatives and use its best efforts to cause its and its Subsidiaries' agents and representatives (including any investment banker, attorney or accountant retained by it or any of its Subsidiaries) not to, directly or indirectly, engage in any negotiations concerning, or provide any confidential information or data to or have any discussions with any Person relating to, an Acquisition Proposal, or otherwise facilitate any effort or attempt to make or implement an Acquisition Proposal. Seller agrees that it will take the necessary steps to promptly inform the Persons referred to in the first sentence of this Section 5.10 of the obligations undertaken in this Section 5.10 and to cause them to cease immediately any current activities that are inconsistent with this Section 5.10. Notwithstanding the foregoing, nothing contained in this Agreement shall prevent Seller or its board of directors (the "Board") from:

(a) (i) complying with its disclosure obligations under Law or the Bankruptcy Code with regard to an Acquisition Proposal, or (ii) prior to the commencement of the Confirmation Hearing, in response to an unsolicited bona fide Acquisition Proposal, (A) (1) providing information to (including discussing any due diligence issues, requests or clarifications with) a Person with whom Seller executes a confidentiality agreement on terms no less favorable to Seller than those contained in the Seller Confidentiality Agreement (as in effect prior to amendment on the date hereof), other than any restrictions on such Person's ability to make or amend an Acquisition Proposal and (2) following receipt of a bona fide unsolicited Acquisition Proposal from such a Person, engaging in discussions with such Person to the extent such discussions are confined to clarifying any term of such Acquisition Proposal or (B) engaging in any negotiations or discussions with any Person who has made such an Acquisition Proposal if and only to the extent that in each such case referred to in clauses (A) and (B) above, (1) the Board determines in good faith after consultation with outside legal counsel that the directors of Seller should take such action in order to comply with their fiduciary duties under applicable Law, (2) such Acquisition Proposal involves the direct or indirect

acquisition by one or more third parties of at least 66-2/3% of (x) all Assets Related to the Business or (y) the outstanding Equity Securities of Seller and

(3) in each such case referred to in clause (B) above, the Board determines in good faith (after consultation with its financial and legal advisors) that such Acquisition Proposal, if accepted, is reasonably likely to be consummated, taking into account all legal, financial and regulatory aspects of the proposal and the Person making the proposal, and if consummated, would result in a transaction more favorable (taking into account, without limitation, financial terms of any termination fee that may be payable pursuant to Section 8.5(b)) to Seller's stakeholders from a financial point of view than the Transaction (any such more favorable Acquisition Proposal being referred to in this Agreement as a "Superior Proposal"). Seller or any of its Subsidiaries shall notify Buyer promptly (but in no event later than 24 hours) after receipt by Seller or any of its Subsidiaries (or any of their respective directors, officers, employees or advisors) of any Acquisition Proposal, any indication that a third party is considering making an Acquisition Proposal or any request for information relating to the Transferred Assets, any Specified Business, Seller or any of its Subsidiaries or for access to any Specified Business or any of the Transferred Assets by any third party that may be considering making, or has made, an Acquisition Proposal. Seller shall provide such notice orally and in writing and shall identify the third party making, and the terms and conditions of, any such Acquisition Proposal, indication or request. Seller shall keep Buyer fully informed, on a current basis, of the status and details of any such Acquisition Proposal, indication or request. Seller shall promptly provide Buyer with any non-public information concerning Seller's business, present or future performance, financial condition or results of operations, provided to any third party that was not previously provided to Buyer; and

(b) (i) prior to the commencement of the Confirmation Hearing, engaging in any negotiations or discussions concerning an Alternate Plan with the Committees, the stakeholders of Seller or its Affiliates or their respective advisors (in each case (other than in the case of Committees) with whom Seller enters into, or has entered into, a confidentiality agreement on customary terms under the circumstances that restricts such stakeholder (other than with respect to any other stakeholder who is subject to a substantially similar confidentiality agreement or to the Committees) from (x) disclosing any confidential information regarding Seller and its Affiliates, Buyer and its Affiliates, or information regarding an Alternate Plan, including the status thereof, and (y) making public statements regarding any of the foregoing), but only to the extent that (A) the Board determines in good faith after consultation with outside legal counsel that the directors of Seller should take such action in order to comply with their fiduciary duties under applicable Law and (B) the Board determines in good faith (after consultation with its financial and legal advisors) that such Alternate Plan, if pursued and assuming (for purposes of determining the right to engage in negotiations or discussions pursuant to this Section 5.10(b), but not for purposes of the definition of "Superior Alternate Plan") the support of Seller's stakeholders therefor, is reasonably likely to be consummated, taking into account all legal, financial and regulatory aspects of the proposed Alternate Plan and, if consummated, would result in a transaction more favorable (taking into account, without limitation, the financial terms of any termination fee that may be paid pursuant to Section 8.5(b)) to the stakeholders of Seller and its

Affiliates from a financial point of view than the Transaction (any such more favorable Alternate Plan being referred to in this Agreement as a "Superior Alternate Plan") or (ii) after entry of a Confirmation Order satisfying the condition set forth in Section 6.2(g) (but only for so long as such Confirmation Order is in effect), planning for an Alternate Plan that involves the emergence of Debtors as standalone entities with no greater than a 10% additional equity contribution (other than existing Claims), including engaging in any negotiations or discussions concerning an Alternate Plan with stakeholders of Seller or its Affiliates or their advisors, preparing (but not filing) a disclosure statement with respect to such Alternate Plan and preparing and negotiating any intercreditor agreements; provided, however, that such Alternate Plan provides that it can only be confirmed and effective if this Agreement is terminated in accordance with its terms and such planning does not involve any action or omission that could reasonably be expected to materially impair or materially delay the Transaction; provided, further, that nothing in this

Section 5.10(b) shall permit any public statements or filings with the Bankruptcy Court or any other court by or on behalf of Seller or its Affiliates. Seller shall notify Buyer of its engagement in discussions concerning an Alternate Plan and shall keep Buyer reasonably informed, on a current basis, of material developments that could reasonably be expected to result in an Alternate Plan. For purposes of this Agreement, an "Alternate Plan" is any plan under chapter 11 of the Bankruptcy Code (other than the Plan) or any liquidation under chapter 7 of the Bankruptcy Code. Without limiting any other obligation set forth in this Agreement, Seller shall, in connection with the activities permitted under this Section 5.10(b), use commercially reasonable efforts to enforce any confidentiality obligations of the Committees and any obligations under the confidentiality agreements described in this Section 5.10(b).

#### Section 5.11 Additional Financial Information.

(a) Seller shall use commercially reasonable efforts, and shall cause its Affiliates to use commercially reasonable efforts, to provide Buyer with financial statements and related information (collectively, "Financial Information") sufficient to permit Parent or its Affiliates to fulfill its obligations to include financial disclosure relating to each Specified Business and, if required, the Friendco Business and the MCE Systems, on a timely basis under the Exchange Act and, if Buyer, Parent or any of Parent's Affiliates undertakes an offering of securities prior to the Closing, the Securities Act (it being understood that the foregoing shall not require Seller to file or furnish any periodic or current reports that are required to be filed prior to the date hereof under the Exchange Act with the SEC (which reports are addressed by Section 5.19)). If some or all of the Financial Information is included in or incorporated by reference into a prospectus for an offering of securities by Parent or any of Parent's Subsidiaries prior to the Closing, Seller shall, and shall cause its Affiliates to, use commercially reasonable efforts to cause the independent auditors of Seller to provide customary assistance to Buyer, Parent or such Subsidiary and its underwriters in connection with such financing, including the provision of consent and comfort letters addressed to the SEC, comfort letters addressed to the underwriters, participation in due diligence matters with respect to such offering and assistance in responding to comments or questions from the SEC with respect to the Financial Information. Buyer shall reimburse Seller for the reasonable costs and expenses incurred by Seller pursuant to this Section 5.11(a), including

reasonable out-of-pocket costs and any incremental costs and expenses necessary to comply with this Section 5.11(a) (including all necessary incentive compensation) (unless and to the extent compliance with this Section 5.11(a) is waived by Buyer prior to the incurrence of such costs and expenses). Seller shall give Buyer reasonable advance notice of the type and the amount of such costs and expenses prior to the incurrence thereof.

(b) As soon as reasonably practicable (and, in any event, prior to the Closing), Seller shall, and shall cause its Affiliates to, use commercially reasonable efforts, to provide Buyer with a copy of (i) the consolidated audited balance sheets and audited statements of income, stockholders equity and cash flows for each Specified Business reflecting the allocation of Shared Assets and Liabilities pursuant to the Designated Allocation and Section 2.3 (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 each such Specified Business), at and for the fiscal years ended December 31, 2002 (unless statements at and for the fiscal year ended December 31, 2005 are provided as set forth below), December 31, 2003, December 31, 2004, and, if the Closing shall not have occurred on or prior to March 31, 2006 (or if such statements are otherwise available) December 31, 2005 (the "Derivative Audited Financial Statements"), (ii) 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, 2004, and, if the Closing shall not have occurred on or prior to March 31, 2006 (or if such statements are otherwise available), December 31, 2005 (the "Seller Audited Financial Statements"), and (iii) the unaudited balance sheets and unaudited statements of income, stockholders' equity and cash flows for each MCE System for the fiscal years ended December 31, 2002 (unless the Derivative Audited Financial Statements include consolidated audited balance sheets and audited statements of income, stockholders equity and cash flows for each Specified Business for the fiscal year ended December 31, 2005 are provided as set forth above), and December 31, 2003 (the "MCE Financial Statements" and, together with the Derivative Audited Financial Statements and the Seller Audited Financial Statements, the "Additional Financial Statements"); provided, that Buyer shall reimburse Seller for the reasonable costs and expenses incurred by Seller in connection with the preparation of the Derivative Audited Financial Statements and the MCE Financial Statements, including reasonable out-of-pocket costs and any incremental costs and expenses necessary to comply with this Section 5.11(b) (including all necessary incentive compensation). Seller shall give Buyer reasonable advance notice of the type and the amount of such costs and expenses prior to the incurrence thereof.

(c) Buyer shall use its commercially reasonable efforts to obtain relief from the staff of the SEC from Parent's obligations to include financial statements with respect to periods ending on or prior to December 31, 2002 required by Section 5.11(a) or Section 5.11(b) in Parent's filings under the Securities Act or Exchange Act. Seller shall cooperate with Buyer in respect of the obtaining of any such relief.

Section 5.12 Post-Closing Consents.

(a) Subsequent to the Closing, and subject to Section 2.11, Seller shall and shall cause its Affiliates to continue to use commercially reasonable efforts to obtain in writing as promptly as possible any consent, authorization or approval necessary or commercially advisable in connection with the Transaction which was not obtained on or before the Closing in form and substance reasonably satisfactory to Buyer.

(b) Without limiting Section 5.12(a), in the event that a Closing under this Agreement occurs without the receipt of all LFA Approvals, Buyer and Seller shall, and Buyer shall cause Parent to, act in good faith to obtain any remaining LFA Approvals following the Closing. Until such time as all LFA Approvals have been obtained, Buyer covenants and agrees to use commercially reasonable efforts to satisfy all obligations of Seller or any of its Affiliates arising after the Closing under each Franchise agreement corresponding to a LFA Approval that has not been obtained. Buyer and Seller agree to enter into such arrangements as are reasonably necessary to cause Seller not to be in breach under each such Franchise agreement and to permit Buyer to receive the economic benefits of each such Franchise agreement.

(c) Buyer and Seller agree, assuming as set forth in Section 5.12(b) that all or substantially all of the economic benefits relating to a remaining Franchise inure to Buyer, (i) that any remaining Franchises described in Section 5.12(b) shall be treated for all income Tax purposes as Assets of Buyer as of the Closing and (ii) not to take, and to 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).

Section 5.13 Bankruptcy Proceedings.

(a) Seller shall, as soon as reasonably practicable after the date hereof, but no later than 45 days hereafter, file with the Bankruptcy Court (i) a Disclosure Statement with respect to the Plan intended to meet the requirements of section 1125(b) of the Bankruptcy Code and this Section 5.13 (as amended from time to time in accordance with this Agreement, the "Disclosure Statement"), (ii) a motion to approve, among other things, the Disclosure Statement (the "Disclosure Statement Motion") and (iii) the Plan. Seller shall, and shall cause each of its Affiliates to, commence appropriate proceedings before the Bankruptcy Court and otherwise use commercially reasonable efforts to obtain approval of the Disclosure Statement and the Plan as expeditiously as possible. Seller shall, and shall cause its Affiliates to, provide in the Disclosure Statement a range of values determined by Seller after consultation with Buyer; provided, that the midpoint of such range shall equal the Aggregate Value of the Purchase Shares; provided, however, that, based on changes, events or circumstances first arising or occurring following the date hereof, Seller may, after consultation with Buyer and its counsel, change the midpoint and the range in order that the statements contained in the Disclosure Statement in respect of the value of the Purchase Shares would not be misleading or result in a violation of any applicable Law by Seller; provided, further, that any such change shall be disregarded for purposes of this Agreement, including the

amount of the Aggregate Value of the Purchase Shares or Per Share Value of the Purchase Shares. The Plan, any and all exhibits and attachments to the Plan, the Disclosure Statement, and the Disclosure Statement Motion and the orders approving the same (including the Confirmation Order), and any amendment or supplement to any of the foregoing, (A) to the extent affecting the terms of the Transaction, the Transferred Assets, the Assumed Liabilities, Parent or its Affiliates (in the case of Parent or its Affiliates, only to the extent related to the Transaction or an interest in the Transferred Joint Venture Parents (other than with respect to Plan distribution matters) and not in their capacity as creditors or, with respect to Plan distribution matters, equityholders), shall be in all material respects reasonably acceptable in form and substance to, and shall not be filed until consented to by, Buyer, which consent shall not be unreasonably withheld, (B) shall not otherwise contain any provision (including any provision relating to the allocation of distributable proceeds among Seller's stakeholders), or otherwise have an effect, that would, individually or in the aggregate, reasonably be expected to materially impair or materially delay the Transaction; it being understood that any allocation of distributable proceeds that does not violate the absolute priority rule or any proposed waiver of the absolute priority rule as may be contemplated by the Plan that is reasonably expected to be consented to by the affected classes shall not be deemed to materially impair or materially delay the Transaction, (C) shall not contain any provision providing for an Alternate Plan, including the so-called "toggle plan", (D) shall not treat Buyer or its Affiliates, in their capacities as creditors or equityholders, in a discriminatory manner as compared to similarly classified stakeholders and (E) without limiting the generality of the foregoing, in the case of the Confirmation Order, shall contain the finding that Buyer is a good faith purchaser of the Transferred Assets pursuant to section 363(m) of the Bankruptcy Code unless Buyer's actions which have been determined by the Bankruptcy Court to have not been in good faith preclude such a finding. Buyer shall refrain from taking any actions in connection herewith that are not in good faith (as determined by the Bankruptcy Court) and that would preclude a finding that Buyer is a good faith purchaser of the Transferred Assets pursuant to section 363(m) of the Bankruptcy Code. Seller shall provide Buyer and its counsel with copies of all material motions, applications, supporting papers and notices prepared by Seller (including forms of orders and notices to interested parties) relating in any way to the Disclosure Statement, the Plan or the Transaction prior to the filing of such documents and shall provide Buyer, to the extent practicable, with a reasonable opportunity to review and comment on same. Seller shall consult with Buyer prior to taking any action in or with respect to the Reorganization Case that could reasonably be expected, individually or in the aggregate, to (x) be inconsistent with this Agreement or the Transaction, (y) materially impair or materially delay the Transaction or (z) relate to any material information provided by Buyer for inclusion in the Disclosure Statement or have an adverse effect on the Transaction, the Transferred Assets, the Assumed Liabilities, Parent or its Affiliates (in the case of Parent or its Affiliates, only to the extent related to the Transaction or an interest in the Transferred Joint Venture Parents (other than with respect to Plan distribution matters) and not in their capacity as creditors or, with respect to Plan distribution matters, equityholders). Buyer shall provide Seller with all information concerning Buyer, Parent and its Controlled Affiliates as is required or reasonably advisable to be included in the Disclosure Statement, including (to the extent

so reasonably advisable) all information that would be required to be set forth in a registration statement on Form S-1 under the Securities Act. Any information delivered by Buyer or Seller for inclusion in the Disclosure Statement will be intended to satisfy the requirements of section 1125(a) of the Bankruptcy Code.

(b) No later than 70 days prior to the Confirmation Hearing, Seller shall deliver to Buyer a true and complete list of all Contracts Related to each Specified Business (other than Programming Agreements but including retransmission consent agreements) entered into prior to such seventieth day (provided, that between such seventieth day and the Confirmation Hearing, Seller shall promptly update such list to reflect Contracts Related to each Specified Business (other than Programming Agreements but including retransmission consent agreements) entered into during such period) which shall include the following, each of which must be satisfactory in form and substance to Buyer in its reasonable discretion: (i) a list of Contracts (other than Programming Agreements but including retransmission consent agreements) which Seller or any Affiliate has rejected pursuant to an order of the Bankruptcy Court (the "Rejected Contracts"); (ii) a list of Contracts (other than Programming Agreements but including retransmission consent agreements) which Seller or any Affiliate has assumed pursuant to an order of the Bankruptcy Court; (iii) with respect to each such Contract that is not a Rejected Contract, (A) Seller's good faith estimate of the Cure Costs in respect of such Contract, (B) Seller's good faith estimate of the Rejection Claims in respect of such Contract and (C) whether such Contract was entered into on or following the Petition Date. No later than 40 days prior to the Confirmation Hearing, Buyer shall provide Seller with a list of Contracts to be assumed, if applicable, by Seller or any of its Affiliates and assigned by Seller or any of its Affiliates to Buyer with respect to each Specified Business (as further identified by Buyer pursuant to the provisions of this Section 5.13(b), the "Assigned Contracts"). As promptly as practicable following the determination of the Assigned Contracts by Buyer and in any event no later than 20 days prior to the Confirmation Hearing, Seller or its Affiliates, as the case may be, shall commence appropriate proceedings before the Bankruptcy Court and otherwise take all necessary actions in order to determine Cure Costs with respect to any Assigned Contract entered into prior to the Petition Date. Notwithstanding the foregoing, prior to the Closing, Buyer may identify (x) any Assigned Contract as one that Buyer no longer desires to have assigned to it and such Contract shall for all purposes of this Agreement, including Section 5.13(c), and any Ancillary Agreement be deemed not to be an Assigned Contract and (y) any Contract entered into by Seller or any of its Affiliates following entry of the Confirmation Order that is Related to any Specified Business as an Assigned Contract and such Contract shall for all purposes of this Agreement be deemed to be an Assigned Contract. At the direction of Buyer, Seller shall, or shall cause its Affiliates to, as the case may be, take all necessary actions and, if necessary, promptly commence appropriate proceedings before the Bankruptcy Court in order to effect the assumption of any Assigned Contract by Seller or any of its Affiliates and the assignment of such Contract to Buyer at the Closing pursuant to the Plan. Following the Closing, Seller shall not, and shall cause each of its Affiliates not to, amend, modify, terminate or abrogate any Assigned Contract. Seller shall, and shall cause each of its Affiliates to, take all actions such that each OCB Contract that is not an Assigned Contract shall be terminated or rejected as of the Closing.

(c) Seller shall use its commercially reasonable efforts to make available to Buyer as promptly as practicable after the date hereof (or, in the case of Contracts entered into after the date hereof, as promptly thereafter as practicable) true and complete copies of each of the Contracts Related to each Specified Business (other than Programming Agreements but including retransmission consent agreements) and of each of the Contracts listed, or required to be listed, in Schedule 3.15(b) of the Seller Disclosure Schedule, and true and complete summaries of the terms of any such oral Contracts; it being understood that, in any event, such copies and summaries shall be made available in respect of the Contracts listed on the list delivered pursuant to the first sentence of Section 5.13(b) no later than 70 days prior to the Confirmation Hearing.

(d) Other than the Assumed Cure Costs, Seller shall be liable for all Cure Costs, and Buyer shall have no Liability to any Seller Indemnified Party, the estate of Seller or any of its Affiliates or to any non-debtor party to any Contract in connection therewith; provided, however, that if the amount of the Cure Costs in respect of any Assigned Contract that is not an OCB Contract is greater than the amount that would be paid to the non-debtor party to such Contract on account of a Rejection Claim in respect of such Contract, taking into consideration the likely recovery on account of such Rejection Claim under the Plan (as Seller and Buyer mutually agree, or, in the absence of such agreement, as may be determined by the Bankruptcy Court), then such excess, but only such excess, shall be deemed to constitute an Assumed Cure Cost. Seller shall also be liable for all Claims, including Rejection Claims, in respect of any Contract that is not an Assigned Contract, and Buyer shall have no Liability to any Seller Indemnified Party, the estate of Seller or any of its Affiliates or to any non-debtor party to any such Contract in connection therewith; provided, however, that if the amount that would be paid to the non-debtor party to an OCB Contract that is not an Assigned Contract on account of a Rejection Claim in respect of such OCB Contract, taking into consideration the likely recovery on account of such Rejection Claim under the Plan, is greater than the Cure Costs with respect to such OCB Contract (in either case as Seller and Buyer mutually agree, or, in the absence of such agreement, as may be determined by the Bankruptcy Court), then, subject to such OCB Contract having been made available to Buyer for at least 70 days prior to the Confirmation Hearing (or, in the case of Contracts entered into after such seventieth day, as promptly thereafter as practicable), such excess, but only such excess, shall constitute an Assumed Liability. Subject to approval of the Bankruptcy Court (which approval Seller shall use commercially reasonable efforts to obtain), Buyer (or its designee) shall be entitled to assume and maintain control, on behalf of Seller and any of its Affiliates, of the litigation and settlement of any dispute over any Assumed Cure Costs with respect to any Franchise or, in respect of any OCB Contract, any Rejection Claim that is an Assumed Liability. Seller shall not, and shall cause each of its Affiliates not to, without the prior written consent of Buyer (not to be unreasonably withheld), settle, compromise or offer to settle or compromise any Liability in respect of (i) Cure Costs under such Assigned Contract that is not an OCB Contract or under any Franchise unless Seller shall have assumed all Liabilities in respect thereof and shall have agreed to release Buyer from all Liabilities in respect of any and all Cure Costs under such Assigned Contract or such Franchise or (ii) any Rejection Claim in respect of any OCB Contract unless Seller shall have assumed all Liabilities in respect thereof and shall have agreed to release Buyer from all Liabilities in respect of any and all Rejection

Claims caused by or arising out of any such settlement or compromise and Seller shall consult with and, in each case, provide Buyer a meaningful opportunity to participate in any such litigation or settlement.

(e) Any motion, application or other court document filed with, and the proposed orders submitted to, the Bankruptcy Court seeking authorization to assume and assign or reject or terminate any Contracts Relating to any Specified Business or the Business shall be provided to Buyer in advance of filing (with a reasonable opportunity to review and comment on same) and shall be in form and substance reasonably satisfactory to Buyer in all material respects. On or prior to the Closing, Seller shall, and shall cause its Affiliates to, cure any and all defaults and breaches under and satisfy (or with respect to any Assumed Liability or obligation that cannot be rendered non-contingent and liquidated prior to the Closing Date, make effective provision satisfactory to Buyer and the Bankruptcy Court for satisfaction from funds of Seller) any Liability (other than as to Assumed Cure Costs) arising from or relating to pre-Closing periods under the Assigned Contracts so that such Contracts may be assumed by Seller or its Affiliates and assigned to Buyer in accordance with the provisions of section 365 of the Bankruptcy Code and this Agreement. On or prior to the Closing, Seller shall, and shall cause its Affiliates to, pay or make adequate reserve for all Cure Costs other than the Assumed Cure Costs.

(f) Seller shall, and shall cause its Affiliates to, and Buyer shall, and shall cause Parent to, each use commercially reasonable efforts, and cooperate, assist and consult with each other, as promptly as practicable, to secure approval of the Disclosure Statement, confirmation of the Plan and consummation of the transactions contemplated by the Plan and this Agreement. Neither the Plan nor the Disclosure Statement nor any other material document relating to the transactions contemplated hereby shall be amended, modified, supplemented, withdrawn or revoked (i) if such amendment, modification, supplement, withdrawal or revocation affects the terms of the Transaction, the Transferred Assets, the Assumed Liabilities, Parent or its Affiliates (in the case of Parent or its Affiliates, only to the extent related to the Transaction or an interest in the Transferred Joint Venture Parents (other than with respect to Plan distribution matters) and not in their capacity as creditors or, with respect to Plan distribution matters, equityholders) without the consent of Buyer (provided, that such consent shall not be unreasonably withheld) or (ii) if such amendment, modification, supplement, withdrawal or revocation would contain or alter any provision (including as to the allocation of distributable proceeds among Seller's stakeholders), that would, individually or in the aggregate, reasonably be expected to materially impair or materially delay the Transaction. For the avoidance of doubt, the parties hereto acknowledge and agree that it would not be unreasonable for Buyer to decline to consent to any Plan modification which would require the payment of additional consideration by Buyer under the Plan or which would reduce or impair the Transferred Assets or increase the Assumed Liabilities.

(g) If an order, judgment or ruling of a court of competent jurisdiction in the Reorganization Case is entered denying entry of (or vacating), or that is inconsistent with the entry of, a Confirmation Order satisfying the condition set forth in Section 6.2(g), Seller and Buyer will cooperate and otherwise use commercially reasonable efforts to prosecute diligently the entry of a Confirmation Order satisfying the

condition set forth in Section 6.2(g). If the Confirmation Order or any other orders of the Bankruptcy Court relating to this Agreement, the Disclosure Statement, the solicitation of acceptances of the Plan or confirmation of the Plan shall be appealed by any party (or a petition for certiorari or motion for reconsideration, amendment, clarification, modification, vacation, stay, rehearing or reargument shall be filed with respect to any such order), Seller and Buyer will cooperate in taking such steps to prosecute diligently such appeal, petition or motion, each of Seller and Buyer shall use commercially reasonable efforts to obtain an expedited resolution of any such appeal, petition or motion and any expenses incurred by Seller in connection therewith shall be borne by Seller.

(h) Seller shall either (i) (A) cause the Subsidiaries of Seller listed on Schedule 5.13(h) of the Seller Disclosure Schedule or any other non-debtor Subsidiary of Seller that acquires Assets Related to the Acquired Business (the "Non-Debtor Subsidiaries") to file a petition for relief under chapter 11 of the Bankruptcy Code (the "Additional Reorganization Case"), (B) take all steps reasonably necessary to obtain approval by the Bankruptcy Court of the Transaction as it relates to the Non-Debtor Subsidiaries and (C) obtain an Additional Discharge for the Non-Debtor Subsidiaries, in each case as expeditiously as possible under the Bankruptcy Code and the Bankruptcy Rules, and in any event prior to the Closing, or (ii) subject to the prior approval of the Bankruptcy Court, cause each Non-Debtor Subsidiary to transfer any Assets of such Non-Debtor Subsidiary to a Debtor in exchange for payment of adequate consideration (provided, that such transfer shall be reasonably satisfactory to Buyer in all material respects and shall render such Assets subject to the Discharge) (such transfer, a "Non-Debtor Transfer"). Seller shall, and shall cause each Non-Debtor Subsidiary to, (x) provide Buyer and its counsel with copies of all material motions, applications, supporting papers and notices prepared by Seller or such Non-Debtor Subsidiary (including forms of orders and notices to interested parties) relating in any way to an Additional Reorganization Case or Non-Debtor Transfer prior to the filing of such documents and (y) provide Buyer, to the extent practicable, with a reasonable opportunity to review and comment on same. Seller shall, and shall cause each Non-Debtor Subsidiary to, consult with Buyer prior to taking any action in or with respect to any Additional Reorganization Case or Non-Debtor Transfer. For purposes of Sections 2.1 and 2.3 (including any related definitions), unless otherwise directed in writing by Buyer (and only to the extent set forth in such writing), each Non-Debtor Subsidiary shall only be considered an Affiliate of Seller if and only to the extent such Non-Debtor Subsidiary shall have performed the actions and satisfied the requirements set forth in clause (i) or (ii) of this Section 5.13(h).

(i) Seller shall, and shall cause each of its Affiliates to, use commercially reasonable efforts to maintain the exclusive periods pursuant to section 1121(d) of the Bankruptcy Code during which the Debtors may file a plan or plans of reorganization and solicit acceptances thereof.

Section 5.14 Equipment Leases. Seller shall, and shall cause its Affiliates to, pay the remaining balances on any Equipment Leases and shall deliver title to all vehicles and Fixtures and Equipment covered by such Equipment Leases free and clear of all Encumbrances to Buyer at the Closing.

Section 5.15 Expanded Transaction. In the event that the Friendco Purchase Agreement is terminated prior to the Closing as a result of actions by, or failure to obtain Governmental Authorizations from, any Government Antitrust Entity or the FCC, then:

(a) the following provisions shall become effective upon notice to Buyer by Seller of such termination:

(i) at the Closing, an aggregate amount of consideration equal to the Purchase Price (as defined in the Friendco Purchase Agreement) minus the Aggregate Buyer Discharge Amount (as defined in the agreement attached hereto as Exhibit 5.15(a)(i), the "Expanded Agreement"), subject to adjustments pursuant to Section 2.6(a), 2.6(f) and 2.7, shall be added to the Purchase Price in Section 2.5 hereunder; provided, that any such consideration to be delivered by Buyer pursuant to this Section 5.15 shall be satisfied, at Buyer's election, with any combination of cash, which shall be deemed to constitute part of the Cash Consideration, or shares of Parent Class A Common Stock (valued at the Per Share Value of the Purchase Shares), which shall be deemed to constitute additional Purchase Shares for purposes of this Agreement;

(ii) each of the Group 1 Business and the Group 2 Business as defined in the Friendco Purchase Agreement shall be deemed to be a Specified Business hereunder, each referred to herein as the "Group 1 Friendco Business" and "Group 2 Friendco Business," respectively, applying references herein to such Specified Businesses as would have been applied under the Friendco Purchase Agreement; provided, that, the preamble in Sections 6.1 and 6.2 of the Friendco Purchase Agreement shall be incorporated into Sections 6.1 and 6.2, respectively, with respect to the Group 2 Friendco Business;

(iii) the JV Interests and Transferred Investments to have been acquired by Friendco or its Affiliates under the Friendco Purchase Agreement shall be added to Section 2.1(x) and the Transferred Assets and Specified Systems to have been acquired directly by Friendco or its Affiliates under the Friendco Purchase Agreement shall be deemed to be included in Transferred Assets and Specified Systems hereunder (provided, that Books and Records (as defined in the Friendco Purchase Agreement) shall be deemed to include Excluded Books and Records (as defined in the Friendco Purchase Agreement), and at the Closing, Seller shall deliver the Excluded Books and Records (as defined in the Friendco Purchase Agreement) to Buyer);

(iv) the Assumed Liabilities to have been assumed by Friendco or its Affiliates under the Friendco Purchase Agreement shall be deemed to be included in Assumed Liabilities hereunder;

(v) all representations, warranties, covenants and agreements made by Seller or any of its Affiliates pursuant to the Friendco Purchase Agreement (or any Ancillary Agreements, as defined therein) shall be deemed to have been made to Buyer hereunder (and under the corresponding provisions hereof to the extent applicable), including under all escrow arrangements, all conditions to Friendco's obligations thereunder (including Section 6.2(j) thereof, but without regard to the application of clause (x) thereof) shall be deemed to be included in Section 6.2 hereof, and the Seller Disclosure Schedules delivered thereunder (a true and complete copy of which Seller has provided to Buyer as of the date hereof) shall be deemed to have been delivered with the Seller Disclosure Schedules hereunder;

(vi) Section 6.1(i) shall be deleted;

(vii) the following shall be added at the end of Section 6.2:

"(m) Buyer shall have received satisfactory evidence of the consummation of the Joint Venture Transactions (as defined in the Expanded Agreement)."; and

(viii) each of the Outside Date and the Extended Outside Date shall be extended for six months.

(b) Seller shall, and shall cause each of its Affiliates to, assign all of its rights under the Friendco Purchase Agreement to Buyer.

#### Section 5.16 Environmental Matters.

(a) Environmental Self-Audit. Seller shall provide copies of all correspondence, audits, assessments, agreements, proposals and other documentation relating to the Environmental Self-Audit to Buyer. Prior to the Closing Date, Seller shall cooperate and consult with Buyer in the (i) negotiation of any agreement with the United States Environmental Protection Agency or any other relevant Government Entity relating to the Environmental Self-Audit, (ii) development and negotiation of the scope of the Environmental Self-Audit and (iii) development and negotiation of corrective action and remedies with respect to the Environmental Self-Audit Deficiencies. In any agreement with the United States Environmental Protection Agency or any other relevant Government Entity entered into prior to the Closing Date with respect to the Environmental Self-Audit, Seller shall not agree to any remedies that impose obligations to act or refrain from acting after the Closing Date except to the extent that such remedies (A) can be satisfied solely through the payment of monetary damages or (B) are reasonably acceptable to Buyer; provided, that Buyer shall not be required to agree to non-monetary obligations that could reasonably be expected to involve more than de minimis expenditures by Buyer or its Affiliates after the Closing.

(b) Property Transfer Laws. Seller shall take all actions required by the Connecticut Transfer Act and the New Jersey Industrial Site Recovery Act, to the extent such actions are required as a result of this Transaction, provided that Seller shall not take any actions or enter into any agreement relating to the Connecticut Transfer Act or the New Jersey Industrial Site Recovery Act that will impose binding obligations to act

or refrain from acting after the Closing Date except to the extent that such remedies (i) can be satisfied solely through the payment of monetary damages or

(ii) are reasonably acceptable to Buyer; provided, that Buyer shall not be required to agree to non-monetary obligations that could reasonably be expected to involve more than de minimis expenditures by Buyer or its Affiliates after the Closing.

(c) Notice and Information. If at any time prior to the Closing, any material environmental investigation, study, audit, test, review or other analysis in relation to any Owned Real Property or Transferred Asset is conducted, Seller shall (i) promptly notify Buyer thereof and (ii) subject to applicable Law, keep Buyer informed as to the progress of any such proceeding.

Section 5.17 SOA Compliance. Prior to the Closing, Seller shall use reasonable efforts, and shall cause its Affiliates and its and their respective representatives to use reasonable efforts, to take all actions that Buyer may reasonably request, and to cooperate and to cause the representatives of Seller and its Affiliates to cooperate in the taking of such actions, to enable each Specified Business, immediately following the Closing, to satisfy the applicable obligations under Sections 302, 404 and 906 of the SOA and the other requirements of the SOA with respect to the Cable Systems, including establishing and maintaining adequate disclosure controls and procedures and internal controls over financial reporting as such terms are defined in the SOA; it being understood that, Seller has material weakness in its internal controls.

Section 5.18 Franchise Expirations. From and after the date hereof until the Closing, Seller shall, and shall cause its Affiliates to, use commercially reasonable efforts to obtain renewals or valid extensions of any Franchises which expire on or before December 31, 2007, in the Ordinary Course of Business. Seller shall not, and shall cause its Affiliates not to, agree or accede to any material modifications or amendments to or in connection with, or the imposition of any material condition to the renewal or extension of, any of the Franchises that are not reasonably acceptable to Buyer determined in a manner consistent with the proviso to Section 5.6(c); provided, however, that if the LFA Approval in respect of such Franchise is not obtained in connection with any such renewal or extension (after Buyer has complied with its obligations under Section 5.6(c)) Seller shall only agree or accede to any such modifications or amendments that are reasonably acceptable to Buyer (without regard to the proviso to Section 5.6(c)). Upon reasonable prior notice, Seller shall, and shall cause its Affiliates to, allow representatives of Buyer to attend meetings and hearings before applicable Government Entities in connection with the renewal or extension of any Franchise or Governmental Authorization. Nothing in this Section 5.18 shall limit the obligations of Buyer or Seller pursuant to Section 5.6 (c).

Section 5.19 Exchange Act Filings. Prior to the Closing, Seller shall use commercially reasonable efforts to file (a) all reports and other materials required to be filed by Seller with the SEC pursuant to and in compliance with the Exchange Act (other than with respect to timing), including

Section 12 thereof, with respect to any period ending on or prior to the Closing Date, and (b) the Disclosure Statement as an exhibit to a Current Report on Form 8-K. Notwithstanding the foregoing, Seller shall not be required

to file quarterly reports for fiscal quarters ended in 2001, 2002 or 2003 or annual reports for the fiscal years ending on or before December 31, 2002 if (and only to the extent), (a) the staff of the SEC shall have provided Buyer with adequate assurance that such reports are not required to be filed in order for Parent to be deemed current in its filings under the Exchange Act following the Closing or (b) Seller shall have previously used such commercially reasonable effort to the reasonable satisfaction of Buyer. Buyer shall reimburse Seller for all reasonable costs and expenses incurred by Seller pursuant to this

Section 5.19 with respect to the preparation of quarterly reports required to be filed for fiscal quarters ended in 2001, 2002 or 2003 or annual reports for the fiscal years ending on December 31, 2001 and December 31, 2002, including reasonable out-of-pocket costs and any incremental costs and expenses incurred in respect of the individuals preparing such reports necessary to comply with this Section 5.19, including all necessary incentive compensation, unless and to the extent compliance with the requirement to file such reports is waived by Buyer prior to the incurrence of such costs and expenses. Seller shall give Buyer reasonable advance notice of the type and the amount of such costs and expenses prior to the incurrence thereof. Buyer shall use its commercially reasonable efforts to obtain relief from the staff of the SEC with respect to Parent being deemed current in its filings under the Exchange Act following the Closing without the reports required by this Section 5.19. Seller shall cooperate with Buyer in respect of the obtaining of any such relief.

Section 5.20 Cooperation upon Inquiries as to Rates. If at any time prior to Closing, any Government Entity commences a Rate Regulatory Matter with respect to a Cable System, Seller shall (a) promptly notify Buyer and (b) subject to applicable Law, keep Buyer informed as to the progress of any such proceeding. Without the prior consent of Buyer, which consent shall not be unreasonably withheld or delayed, Seller shall not, and shall cause its Affiliates not to, settle any such Rate Regulatory Matter, either before or after Closing, if (i) Buyer or any of its Affiliates would have any Liability under such settlement other than an obligation to pay money in an amount not greater than \$50,000, which obligation is fully reflected in the Closing Net Liabilities Amount used in calculating the Final Adjustment Amount, or (ii) such settlement would reduce the rates permitted to be charged by Buyer after the Closing below the rates set forth on Schedule 3.18 of the Seller Disclosure Schedule or otherwise then in effect.

Section 5.21 Third Party Confidentiality Agreements. After the Closing and for so long as reasonably necessary, Seller shall use reasonable efforts to, and shall cause its applicable Affiliates to use reasonable efforts to, enforce each confidentiality agreement entered into by Seller or any such Affiliate with any third party in connection with the Sale Process or otherwise in connection with the Reorganization Case (each, a "Third Party Confidentiality Agreement"), on behalf of Buyer and its Affiliates to the extent such confidentiality agreement relates to the Acquired Business.

Section 5.22 Enforcement. Buyer will take all necessary action to enforce and perform on a timely basis its rights and obligations, respectively, set forth in the Parent Agreement. Buyer will take all necessary action to cause Parent to enforce and perform on a timely basis Parent's rights and obligations, respectively, set forth in the

TWX Agreement. Seller shall, and shall cause each of its Affiliates to, timely enforce all of its rights and perform all of its obligations, under the Friendco Purchase Agreement.

**Section 5.23 Subscriber Reports.** Within 30 days following the end of each calendar month commencing August 2005 through the Closing, Seller shall provide Buyer with a written report setting forth the following information with respect to each Specified Business as of the end of such calendar month: (a) the number of Basic Subscribers served by such Specified Business, (b) the number of Basic Subscribers in such Specified Business whose rate of service is subject to any discount or promotion (or rebates or similar programs) as of the subscriber cut-off date for such calendar month and (c) the discounts or promotions (or rebates or similar programs) offered by such Specified Business during such calendar month, and the geographic areas in which each such discount or promotion (or rebate or similar program) is offered. Seller shall, in consultation with Buyer commencing as promptly as practicable following the date hereof, develop and, no later than 90 days prior to the Closing, implement, an accounting system reasonably acceptable to Buyer, (i) which would reasonably be expected to accurately track the number of Eligible Basic Subscribers (in accordance with the definition thereof) and (ii) the results of which are traceable to Seller's billing system and capable of being verified, using commercially reasonable efforts, as part of the computation of and resolution of disputes regarding the Subscriber Adjustment Amount pursuant to Section 2.6 (such accounting system, the "Subscriber Accounting System").

**Section 5.24 Transitional Services.** Seller shall provide to Buyer, with respect to each Specified Business, upon written request from Buyer received by Seller no later than 30 days prior to the Closing Date, such services as may be reasonably requested by Buyer in connection with the operation of such Specified Business for a commercially reasonable transition period following the Closing to allow for conversion of existing or replacement services, in each case to the extent and only to the extent Seller or its Affiliates retains the Assets and employees necessary to allow the provision of such services ("Transitional Services"). In addition, between the date hereof and the Closing, Seller shall use commercially reasonable efforts to cooperate with Buyer to assist Buyer in developing and implementing a plan of transition. Buyer shall promptly reimburse Seller for the reasonable out-of-pocket costs and any incremental costs and expenses necessary to provide Transitional Services. All other terms and conditions for the provision of Transitional Services shall be reasonably satisfactory to both Buyer and Seller and subject to applicable Law.

## **ARTICLE VI**

### **CONDITIONS TO CLOSING**

**Section 6.1 Conditions to the Obligations of Buyer and Seller.** The obligations of the parties hereto to effect the Closing are subject to the satisfaction (or waiver by both parties) prior to the Closing of the following conditions:

(a) Bankruptcy Court Approval. The Confirmation Order shall have been entered by the Bankruptcy Court, shall be a Final Order and shall be in full force and effect, and the Plan shall be effective in accordance with its terms.

(b) Consummation of the Plan. All conditions precedent to consummation of the Plan shall have been satisfied or waived in accordance with the terms of the Plan and the Plan shall be consummated substantially contemporaneously with the Closing.

(c) SEC/DOJ Matters. There shall have been a SEC/DOJ Settlement.

(d) HSR. The waiting periods applicable to the consummation of the Transaction under the HSR Act shall have expired or been terminated.

(e) No Prohibition. No Law shall be in effect prohibiting the Transaction.

(f) Consents and Approvals. All Seller Required Approvals and all Buyer Required Approvals shall have been obtained, in each case in form and substance reasonably satisfactory to both parties.

(g) Registration of Purchase Shares. Unless the issuance of the Purchase Shares pursuant to the Plan and the terms of this Agreement is exempted from any registration under the Securities Act pursuant to the Confirmation Order or a no-action letter from the staff of the SEC, a registration statement in respect of the Purchase Shares shall have been declared effective by the SEC and no stop order suspending the effectiveness of such registration shall have been issued and no proceedings for that purpose shall have been initiated or threatened by the SEC. The Purchase Shares shall be freely tradable and not subject to any resale restrictions except to the extent that the holder thereof is an Affiliate of Parent or an underwriter (as defined in section 1145(b) of the Bankruptcy Code).

(h) Listing of Purchase Shares. The Purchase Shares shall have been approved for listing on the NYSE, subject only to official notice of issuance.

(i) Cross-Conditionality. Subject to Section 5.15, the closing under the Friendco Purchase Agreement shall have occurred contemporaneously with the Closing.

Section 6.2 Conditions to the Obligation of Buyer. The obligation of Buyer to effect the Closing is subject to the satisfaction (or waiver by Buyer) prior to the Closing of the following conditions:

(a) Representations and Warranties. The representations and warranties in Section 3.1, Section 3.2(a) (other than the first sentence thereof), Sections 3.3 through 3.6 and Sections 3.24 through 3.26 (the "Class 1 Representations and Warranties"; all other representations and warranties contained in Article III, the "Class 2 Representations and Warranties") that are qualified as to materiality or Material

Adverse Effect shall be true and correct, and the Class 1 Representations and Warranties that are not so qualified shall be true and correct in all material respects, in each case, at the time made and as of the Closing Date as if made at and as of such time (except, in each case, to the extent expressly made as of an earlier date, in which case as of such earlier date). The Class 2 Representations and Warranties (other than Section 3.19 (but only to the extent related to any event, occurrence, condition or circumstance first occurring after the date hereof), Section 3.20(b) or the first two sentences of Section 3.20(c), assuming, as to Sections 3.20(b) and 3.20(c), the information delivered pursuant to such Sections was prepared by Seller in good faith) shall be true and correct (without giving effect to any materiality or Material Adverse Effect qualifiers set forth therein) at the time made and as of the Closing Date as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such earlier date), except where the failure of such Class 2 Representations and Warranties to be true and correct has not and would not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

(b) Covenants. Each of the covenants and agreements of Seller to be performed on or prior to the Closing shall have been duly performed in all material respects.

(c) Ancillary Agreements. Seller and its Affiliates shall have executed and delivered the Ancillary Agreements to which they are a party except (i) those Ancillary Agreements the failure of which to have been executed and delivered would not reasonably be expected, individually or in the aggregate, to impair the benefit of the Transaction to Buyer (other than in a de minimis manner), taking into account Section 2.11, (ii) in respect of LFA Approvals not obtained as of the Closing and (iii) those Ancillary Agreements required to be delivered pursuant to Section 2.10 (s) the failure of which to have been delivered would not reasonably be expected, individually or in the aggregate, to materially impair the benefit of the Transaction to Buyer.

(d) Certificate. Buyer shall have received a certificate, signed on behalf of Seller by the Chief Executive Officer or Chief Financial Officer of Seller, dated the Closing Date, to the effect that the conditions set forth in Sections 6.2(a), 6.2(b) and 6.2(f) have been satisfied.

(e) Franchises. Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, all LFA Approvals shall have been obtained, and all Purchase Rights (other than in connection with the Exchange) shall have been waived, in respect of each Specified Business on or prior to the Closing; provided, that this condition shall be deemed not to have been satisfied until the earliest of (i) the date upon which this condition would be satisfied if the foregoing Material Adverse Effect exception were omitted, (ii) 30 days following the date the condition would have been satisfied but for this proviso and (iii) six Business Days prior to the Outside Date.

(f) No Material Adverse Change. Since the date of this Agreement, no event or condition has occurred that, individually or in the aggregate, has had or would reasonably be expected to have a Material Adverse Effect.

(g) Bankruptcy Plan and Confirmation Order. The Confirmation Order and the Plan confirmed by the Bankruptcy Court shall, to the extent relating to or affecting the Transaction, the Transferred Assets, the Assumed Liabilities, Parent or its Affiliates (in the case of Parent or its Affiliates, only to the extent related to the Transaction or an interest in the Transferred Joint Venture Parents (other than with respect to Plan distribution matters) and not in their capacity as creditors or, with respect to Plan distribution matters, equityholders), be in all material respects satisfactory to Buyer in its reasonable discretion and, without limiting the generality of the foregoing, the Confirmation Order shall contain the finding that Buyer is a good faith purchaser of the Transferred Assets pursuant to section 363(m) of the Bankruptcy Code unless Buyer's actions have been determined by the Bankruptcy Court to have not been in good faith preclude such a finding.

(h) Subscribers. At least 60 days prior to the Closing, Seller shall have implemented the Subscriber Accounting System. The number of Eligible Basic Subscribers served by each Specified Business shall be at least equal to (i) the Base Subscriber Number for such Specified Business minus (ii) the Subscriber Basket for such Specified Business minus (iii) the Subscriber Cap for such Specified Business.

(i) Intentionally Omitted.

(j) No Buyer Adverse Tax Event. There shall not have been a Buyer Adverse Tax Event that is in existence as of the Closing.

(k) Financial Information. Seller shall have provided Buyer with all Financial Information and the Additional Financial Statements contemplated by Section 5.11 (disregarding for this purpose all references therein to "commercially reasonable efforts") except to the extent Buyer has obtained relief from the SEC with respect thereto or has failed to comply with its obligations under Section 5.11(d).

Section 6.3 Conditions to the Obligation of Seller. The obligation of Seller to effect the Closing is subject to the satisfaction (or waiver by Seller) prior to the Closing of the following conditions:

(a) Representations and Warranties. The representations and warranties in Sections 4.1 through 4.8 and 4.24 (the "Buyer Class 1 Representations and Warranties"; all other representations and warranties contained in Article IV, the "Buyer Class 2 Representations and Warranties") that are qualified as to materiality or Parent Material Adverse Effect shall be true and correct, and the Buyer Class 1 Representations and Warranties that are not so qualified shall be true and correct in all material respects, in each case, at the time made and as of the Closing Date as if made at and as of such time (except, in each case, to the extent expressly made as of an earlier date, in which case as of such earlier date). The Buyer Class 2 Representations and Warranties shall be

true and correct (without giving effect to any materiality or Parent Material Adverse Effect qualifiers set forth therein) at the time made and as of the Closing Date as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such earlier date), except where the failure of such Buyer Class 2 Representations and Warranties to be true and correct has not and would not, individually or in the aggregate, reasonably be expected to result in a Parent Material Adverse Effect.

(b) Covenants. Each of the covenants and agreements of Buyer to be performed on or prior to the Closing shall have been duly performed in all material respects.

(c) Ancillary Agreements. Buyer shall have, and shall have caused Parent to have, executed and delivered the Ancillary Agreements to which it is a party except (i) those Ancillary Agreements the failure of which to have been executed and delivered would not reasonably be expected, individually or in the aggregate, to impair the benefit of the Transaction to Seller (other than in a de minimis manner), (ii) in respect of LFA Approvals not obtained as of the Closing and (iii) the Ancillary Agreements required to be delivered pursuant to Section 2.9(d)(xi) the failure of which to have been delivered would not reasonably be expected, individually or in the aggregate, to materially impair the benefit of the Transaction to Seller.

(d) Certificate. Seller shall have received a certificate, signed on behalf of Buyer by the Chief Executive Officer or Chief Financial Officer of Buyer, dated the Closing Date, to the effect that the conditions set forth in Sections 6.3(a), 6.3(b) and 6.3(e) have been satisfied.

(e) No Material Adverse Change. Since the date of this Agreement, no event or condition has occurred that, individually or in the aggregate, has had or would reasonably be expected to have a Parent Material Adverse Effect.

(f) Legal Opinion. Seller shall have received an opinion of counsel that the Purchase Shares have been validly issued in accordance with the laws of the State of Delaware.

(g) Bankruptcy Plan and Confirmation Order. The Confirmation Order and the final Plan shall not differ in a manner that would be materially adverse to Seller and its Affiliates from the confirmation order and the Plan, respectively, proposed by Seller to the Bankruptcy Court in accordance with Section 5.13.

(h) Amended and Restated Charter and Amended and Restated By-laws. The Amended and Restated Charter shall have been filed with the Secretary of State of the State of Delaware and shall be effective as of immediately following the Closing. The Amended and Restated By-laws shall have been duly adopted by Parent and shall be effective as of immediately following the Closing.

## ARTICLE VII

### SURVIVAL; INDEMNIFICATION; CERTAIN REMEDIES

Section 7.1 Survival. The representations and warranties of Buyer contained in this Agreement shall expire upon the Closing. The representations and warranties of Seller contained in this Agreement shall survive the Closing for the period set forth in this Section 7.1. Subject to Section 2.7(d), all representations and warranties made by Seller contained in this Agreement and all claims with respect thereto shall terminate upon the expiration of twelve months after the Closing Date (the "Buyer Indemnification Deadline"); it being understood that in the event notice of any claim for indemnification under this Article VII has been given (within the meaning of Section 9.1) prior to the Buyer Indemnification Deadline, the representations and warranties that are the subject of such indemnification claim shall survive with respect to such claim until such time as such claim is finally resolved.

Section 7.2 Indemnification by Seller.

(a) Seller hereby agrees that from and after the Closing it shall indemnify, defend and hold harmless Buyer, its Affiliates, and their respective directors, officers, shareholders, partners, members, attorneys, accountants, agents, representatives and employees (other than the Transferred Employees) and their heirs, successors and permitted assigns, each in their capacity as such (the "Buyer Indemnified Parties" and, together with the Seller Indemnified Parties, the "Indemnified Parties") from, against and in respect of any damages, losses, charges, Liabilities, claims, demands, actions, suits, proceedings, payments, judgments, settlements, assessments, deficiencies, taxes, interest, penalties, and costs and expenses (including removal costs, remediation costs, closure costs, fines, penalties and expenses of investigation and ongoing monitoring, reasonable attorneys' fees, and reasonable out of pocket disbursements) (collectively, "Losses") imposed on, sustained, incurred or suffered by, or asserted against, any of the Buyer Indemnified Parties, whether in respect of third party claims, claims between the parties hereto, or otherwise, directly or indirectly relating to, arising out of or resulting from

(i) subject to Section 7.2(b), any breach of any representation or warranty made by Seller contained in this Agreement for the period such representation or warranty survives, (ii) any breach of any covenant or agreement of Seller contained in this Agreement and (iii) any Excluded Asset or Excluded Liability.

(b) Seller shall not be liable to the Buyer Indemnified Parties for any Losses with respect to the matters contained in Section 7.2(a)(i):

(i) until any such Losses in respect of the Group 1 Business exceed an aggregate amount equal to the Group 1 Threshold Amount, and then for all such Losses in excess of \$42,000,000, up to an aggregate amount not to exceed the Group 1 Cap Amount; provided, however, that the limitations herein regarding the Group 1 Threshold Amount shall not apply to the Class 1 Representations and Warranties; and

(ii) until any such Losses in respect of the Group 2 Business exceed an aggregate amount equal to the Group 2 Threshold Amount, and then for all such Losses in excess of \$38,000,000, up to an aggregate amount not to exceed the Group 2 Cap Amount; provided, however, that the limitations herein regarding the Group 2 Threshold Amount shall not apply to the Class 1 Representations and Warranties.

(c) Subject to Section 7.8, the Buyer Indemnified Parties shall be entitled to receive payment only from the Escrow Account with respect to any Liability of Seller for any Losses under Section 7.2(a) and, with respect to each Specified Business, only up to an aggregate amount not to exceed the Cap Amount applicable to such Specified Business. Notwithstanding anything to the contrary in this Agreement, Seller shall not be liable for any Losses that (i) are reflected in the Closing Net Liabilities Amount used in calculating the Final Adjustment Amount to the extent and only to the extent so reflected or

(ii) have been actually 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) to the extent and only to the extent so discharged (or such functional equivalent).

Section 7.3 Indemnification by Buyer. Buyer hereby agrees that from and after the Closing it shall indemnify, defend and hold harmless Seller and its Affiliates and their respective directors, officers, stakeholders, partners, members, attorneys, accountants, agents, representatives and employees and their heirs, successors and permitted assigns, each in their capacity as such (the "Seller Indemnified Parties") from, against and in respect of any Losses imposed on, sustained, incurred or suffered by, or asserted against, any of the Seller Indemnified Parties, whether in respect of third party claims, claims between the parties hereto, or otherwise, directly or indirectly relating to, arising out of or resulting from (a) the Assumed Liabilities Related to each Specified Business, (b) any breach of a covenant or agreement of Buyer contained in this Agreement or (c) the Transferred Assets Related to each Specified Business, each Specified Business or the Transferred Employees to the extent attributable to the operation or ownership of the Transferred Assets Related to such Specified Business or such Specified Business, or the employment of the Transferred Employees following the Closing. Notwithstanding anything to the contrary set forth in this Agreement, to the extent that any Seller Indemnified Party is or becomes a shareholder or other equity holder of Parent or any of its Affiliates, indemnification hereunder shall not include Losses suffered by such Seller Indemnified Party (or its Affiliates) in such shareholder or other equity holder capacity by reason of (i) the indemnities being provided by Buyer hereunder or (ii) Losses suffered in such capacity in respect of any Transferred Assets or Assumed Liabilities.

Section 7.4 Third Party Claim Indemnification Procedures.

(a) In the event that any written claim or demand for which an indemnifying party (an "Indemnifying Party") may have liability to any Indemnified Party hereunder is asserted against or sought to be collected from any Indemnified Party by a third party (a "Third Party Claim"), such Indemnified Party shall promptly, but in no

event more than thirty days following such Indemnified Party's receipt of a Third Party Claim, notify the Indemnifying Party in writing of such Third Party Claim, the amount or the estimated amount of damages sought thereunder to the extent then ascertainable (which estimate shall not be conclusive of the final amount of such Third Party Claim), any other remedy sought thereunder, any relevant time constraints relating thereto and, to the extent practicable, any other material details pertaining thereto (a "Claim Notice"); provided, however, that the failure timely to give a Claim Notice shall not affect the rights of an Indemnified Party hereunder except to the extent that such failure has a material prejudicial effect on the defenses or other rights available to the Indemnifying Party with respect to such Third Party Claim. The Indemnifying Party shall have 15 days (or such lesser number of days set forth in the Claim Notice as may be required by court proceeding in the event of a litigated matter) after receipt of the Claim Notice (the "Notice Period") to notify the Indemnified Party that it desires to defend the Indemnified Party against such Third Party Claim; provided, however, that the Indemnifying Party shall not be entitled to assume or maintain control of the defense of any Third Party Claim and shall pay the fees and expenses of counsel retained by the Indemnified Party if (i) the Third Party Claim relates to or arises in connection with any criminal proceeding, action, indictment, allegation or investigation, (ii) the Third Party Claim seeks injunctive or equitable relief against the Indemnified Party, (iii) the Indemnifying Party has failed to defend or is failing to defend in good faith the Third Party Claim, (iv) the Indemnifying Party and the Indemnified Party are both named parties to the proceedings and the Indemnified Party shall have reasonably concluded that representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them or (v) in the case of a Buyer Indemnified Party, it is reasonably likely that the Losses arising from such Third Party Claim will exceed the amount such Buyer Indemnified Party will be entitled to recover as a result of the limitations set forth in Section 7.2(b); provided, further, that prior to assuming control of such defense, the Indemnifying Party must acknowledge that it would have an indemnity obligation for any Losses resulting from such Third Party Claim.

(b) In the event that the Indemnifying Party notifies the Indemnified Party within the Notice Period that it desires to defend the Indemnified Party against a Third Party Claim and subject to Section 7.4(a), the Indemnifying Party shall have the right to defend the Indemnified Party by appropriate proceedings and shall have the sole power to direct and control such defense at its expense. Once the Indemnifying Party has duly assumed the defense of a Third Party Claim, the Indemnified Party shall have the right, but not the obligation, to participate in any such defense and to employ separate counsel of its choosing. Subject to Section 7.4(a), the Indemnified Party shall participate in any such defense at its expense. The Indemnifying Party shall not, without the prior written consent of the Indemnified Party, settle, compromise or offer to settle or compromise any Third Party Claim unless (i) the Indemnifying Party shall have agreed to indemnify and hold the Indemnified Party harmless from and against any and all Losses caused by or arising out of any such settlement or compromise, (ii) such settlement or compromise shall include as an unconditional term thereof the giving by the claimant of a release of the Indemnified Party, reasonably satisfactory to the Indemnified Party, from all Liability with respect to such Third Party Claim and (iii) such settlement or compromise would not result in (A) the imposition of a consent order, injunction or

decree that would restrict the future activity or conduct of the Indemnified Party or any of its Affiliates, (B) a finding or admission of a violation of Law or violation of the rights of any Person by the Indemnified Party or any of its Affiliates, (C) a finding or admission that would have an adverse effect on other claims made or threatened against the Indemnified Party or any of its Affiliates, or (D) any monetary liability of the Indemnified Party that will not be promptly paid or reimbursed by the Indemnifying Party.

(c) If the Indemnifying Party (i) is not entitled to defend a Third Party Claim, (ii) elects not to defend the Indemnified Party against a Third Party Claim, whether by not giving the Indemnified Party timely notice of its desire to so defend or otherwise or (iii) after assuming the defense of a Third Party Claim, fails to take reasonable steps necessary to defend diligently such Third Party Claim within ten days after receiving written notice from the Indemnified Party to the effect that the Indemnifying Party has so failed, the Indemnified Party shall have the right but not the obligation to assume its own defense; it being understood that the Indemnified Party's right to indemnification for a Third Party Claim shall not be adversely affected by assuming the defense of such Third Party Claim. The Indemnified Party shall not settle a Third Party Claim for which the Indemnifying Party shall have monetary liability hereunder without the consent of the Indemnifying Party, which consent shall not be unreasonably withheld.

Section 7.5 Consequential Damages; Materiality; Interest. Notwithstanding anything to the contrary contained in this Agreement, no Person shall be liable under this Article VII for any consequential, punitive, special, incidental or indirect damages, including lost profits, except to the extent awarded by a court of competent jurisdiction in connection with a Third Party Claim, except to the extent the Loss arises out of an intentional or willful breach by the non-claiming party and the Loss was reasonably foreseeable. Any computation of Losses hereunder in respect of a breach of representation or warranty shall measure such Losses without giving effect to any qualifier for materiality or Material Adverse Effect set forth therein. Amounts payable in respect of any Losses under Section 7.3 shall bear interest at LIBOR calculated on a 365-day basis from the date notice of the Losses for which indemnification is sought was delivered until the date of payment of indemnification by the Indemnifying Party. Amounts payable in respect of any Losses under Section 7.2 shall bear interest as set forth in the definition of "Escrow Payment."

Section 7.6 Payments. The Indemnifying Party shall pay all amounts payable pursuant to this Article VII, promptly following receipt from an Indemnified Party of a bill, together with all accompanying reasonably detailed back up documentation, by (a) in the case of a payment by Seller, making an Escrow Payment from the Escrow Account, subject to the proviso to the last sentence in Section 2.6(f) with respect to the matters set forth in Section

2.6(f) (including as applied to any MCE System in accordance with Section 2.7(c)), and (b) in the case of a payment by Buyer, wire transfer of immediately available funds, in an amount equal to the Loss that is the subject of indemnification hereunder, unless the Indemnifying Party in good faith disputes the Loss, in which event it shall so notify the Indemnified Party. In any event,

the Indemnifying Party shall pay to the Indemnified Party (i) in the case of a payment by Seller, an Escrow Payment from the Escrow Account, subject to the proviso to the last sentence in Section 2.6(f) with respect to the matters set forth in Section 2.6(f) (including as applied to any MCE System in accordance with Section 2.7(c)), and (ii) in the case of a payment by Buyer, by wire transfer of immediately available funds, in each case in an amount equal to the amount of any Loss (and any interest thereon) for which it is liable hereunder no later than three days following any final determination of such Loss and the Indemnifying Party's liability therefor. A "final determination" shall exist when (A) the parties to the dispute have reached an agreement in writing, (B) a court of competent jurisdiction shall have entered a final and non appealable order or judgment, or (C) an arbitration or like panel shall have rendered a final non appealable determination with respect to disputes the parties have agreed to submit thereto.

Section 7.7 Characterization of Indemnification Payments. All payments made by an Indemnifying Party to an Indemnified Party in respect of any claim pursuant to this Article VII shall be treated as adjustments to the Purchase Price for all income Tax purposes but shall not affect the Escrow Amount (other than to the extent of any payment hereunder); provided, however, that any payments pursuant to this Article VII that represent interest payable under Section 7.5 shall be treated as (a) deductible to the Indemnifying Party and (b) taxable to the Indemnified Party. The parties agree to treat, and to cause their respective Affiliates to treat, any such payments in the foregoing manner, for all income Tax purposes (unless otherwise required by a change in applicable income Tax Law or as a result of a good faith resolution of a contest).

Section 7.8 Remedies. From and after the Closing, the rights and remedies of Seller and Buyer under this Article VII shall be exclusive and in lieu of any and all other rights and remedies which Seller and Buyer may have under this Agreement or otherwise against each other with respect to the Transaction for monetary relief with respect to (a) any breach of any representation or warranty or any failure to perform any covenant or agreement set forth in this Agreement, other than those which are intentional or willful and other than those in the proviso to the last sentence in Section 2.6(f) (including as applied to any MCE System in accordance with Section 2.7(c)), and (b) the Assumed Liabilities or the Excluded Liabilities, and Buyer and Seller each expressly waives any and all other rights or causes of action it or its Affiliates may have against the other party or its Affiliates for monetary relief now or in the future under any Law with respect to the Transaction.

## **ARTICLE VIII**

### **TERMINATION**

Section 8.1 Termination by Mutual Consent. This Agreement may be terminated at any time prior to the Closing by mutual written agreement of Seller and Buyer.

Section 8.2 Termination by Either Buyer or Seller. This Agreement may be terminated at any time prior to the Closing by Buyer or Seller, by giving written notice of termination to the other party, if (a) subject to Section 2.8(b), the Closing shall not have occurred on or before July 31, 2006 (the "Outside Date") so long as the party proposing to terminate has not breached in any material respect any of its representations, warranties, covenants or other agreements under this Agreement in any manner that shall have proximately contributed to the failure of the Closing to so occur (such breaching party, a "Proximate Cause Party"); provided, however, that if any Government Antitrust Entity has not completed its review of the Transaction or the transactions contemplated by the Friendco Purchase Agreement by such time, or either party determines in good faith at such time that additional time is necessary in order to forestall any action to restrain, enjoin or prohibit the Transaction or the transactions contemplated by the Friendco Purchase Agreement by any Government Antitrust Entity, and, in either such case, all conditions set forth in Article VI (other than Section 6.1(d)) have been satisfied or waived in writing by the party entitled to the benefit thereof or are immediately capable of being satisfied, then in either such case, such date may be extended by either party to a date not beyond October 31, 2006 (the "Extended Outside Date"); provided, further, that if the Closing has not occurred by such date as a result of the failure to satisfy Section 6.1(i) by reason of actions by, or failure to obtain Governmental Authorizations from, any Governmental Antitrust Entity or the FCC, then such date shall be extended for an additional six months following the date that the Extended Outside Date would otherwise occur or (b) any Law (other than an order, judgment or ruling contemplated by Section 8.3(d)(ii) or 8.4(c)(ii)) permanently restraining, enjoining or otherwise prohibiting consummation of the Transaction shall become final and non-appealable.

Section 8.3 Termination by Seller. This Agreement may be terminated at any time prior to the Closing by Seller, by written notice to Buyer:

(a) prior to the commencement of the Confirmation Hearing, if (i) as of the date of such termination, Seller is not in breach of Section 5.10, (ii) the Board authorizes Seller, subject to complying with the terms of this Agreement, to enter into a binding written agreement concerning a transaction that constitutes a Superior Proposal and Seller notifies Buyer in writing that it intends to enter into such an agreement, attaching the most current version of such agreement (and all related agreements) to such notice (provided, that if such intention changes Seller shall promptly notify Buyer of that fact) and  
(iii) Buyer does not make, within five Business Days of receipt of Seller's written notification of its intention to enter into a binding agreement for a Superior Proposal, an offer which, thereafter, the Board determines, in good faith after consultation with its financial advisors, is at least as favorable to the stakeholders of Seller as is the Superior Proposal (taking into account, without limitation, financial terms of any termination fee that may be payable pursuant to Section 8.5(b) and the likelihood of consummation);

(b) if there has been a breach of any representation, warranty, covenant or agreement made by Buyer in this Agreement such that an executive officer of Buyer would be unable to deliver the closing certificate to Seller regarding Buyer's

representations and warranties and Buyer's performance of its obligations as required pursuant to Section 6.3(a) and Section 6.3(b), respectively, and such breach or condition is not curable or, if curable, is not cured within 60 days after written notice thereof is given by Seller to Buyer; provided, however, that if, with respect to any such breach or condition that cannot reasonably be expected to be cured within 60 days, Buyer is diligently proceeding to cure such breach, this Agreement may not be terminated pursuant to this Section 8.3(b) for so long as (i) such breach is reasonably likely to be cured prior to the date on which this Agreement would otherwise be terminated under Section 8.2 and (ii) Buyer continues such efforts to cure; provided, further, that the right to terminate this Agreement pursuant to this Section 8.3(b) shall not be available to Seller if as of such time it is a Proximate Cause Party;

(c) prior to the commencement of the Confirmation Hearing, if (i) as of the date of such termination, Seller is not in breach of Section 5.10, (ii) the Board authorizes Seller to file a Superior Alternate Plan with the Bankruptcy Court and Seller notifies Buyer in writing that it intends to file such Superior Alternate Plan, attaching the most current version of such Superior Alternate Plan (and all related agreements and supporting documentation) to such notice (provided, that if such intention changes Seller shall promptly notify Buyer of that fact) and (iii) Buyer does not make, within ten Business Days of receipt of Seller's written notification of its intention to file a Superior Alternate Plan, an offer which, thereafter, the Board determines, in good faith after consultation with its financial advisors, is at least as favorable to the stakeholders of Seller as is the Superior Alternate Plan (taking into account, without limitation, financial terms of any termination fee that may be payable pursuant to Section 8.5(b) and the likelihood of consummation); or

(d) if (i) at any time after the conclusion of voting on the Plan as established by the Bankruptcy Court, Seller's stakeholders who are entitled to vote on the Plan vote in sufficient number and amount against the Plan such that the Plan is not otherwise capable of being confirmed by the Bankruptcy Court or

(ii) subject to compliance by Seller with the first sentence of Section 5.13(g), at any time after the expiration of 150 days following the entry of an order, judgment or ruling by a court of competent jurisdiction in the Reorganization Case denying entry of (or vacating), or that is inconsistent with the entry of, a Confirmation Order satisfying the condition set forth in Section 6.2(g), the Bankruptcy Court shall not have thereafter entered a Confirmation Order satisfying the condition set forth in Section 6.2(g); provided, however, that Seller may only terminate this Agreement pursuant to this Section 8.3(d)(ii) if at such time it would not reasonably be expected that a Confirmation Order satisfying the condition set forth in Section 6.2(g) shall be entered prior to the Outside Date.

Section 8.4 Termination by Buyer. This Agreement may be terminated at any time prior to the Closing by Buyer, by written notice to Seller:

(a) if there has been a breach of any representation, warranty, covenant or agreement made by Seller in this Agreement (assuming entry of the Confirmation Order) such that an executive officer of Seller would be unable to deliver the closing certificate to Buyer regarding Seller's representations and warranties and

Seller's performance of its obligations as required pursuant to Section 6.2(a) and Section 6.2(b), respectively, and such breach is not curable or, if curable, is not cured within 60 days after written notice thereof is given by Buyer to Seller; provided, however, that if, with respect to any such breach or condition that cannot reasonably be expected to be cured within 60 days, Seller is diligently proceeding to cure such breach, this Agreement may not be terminated pursuant to this Section 8.4(a) for so long as (i) such breach is reasonably likely to be cured prior to the date on which this Agreement would otherwise be terminated under Section 8.2 and (ii) Seller continues such efforts to cure;

(b) if (i) Seller has not, by October 15, 2005, filed all motions reasonably necessary to obtain the Confirmation Order or (ii) if the Protections Order is vacated or modified in any material respect following the date hereof;

(c) if (i) at any time after the conclusion of voting on the Plan as established by the Bankruptcy Court, Seller's stakeholders who are entitled to vote on the Plan vote in sufficient number and amount against the Plan such that the Plan is not otherwise capable of being confirmed by the Bankruptcy Court or

(ii) subject to compliance by Buyer with the first sentence of Section 5.13(g), at any time after the expiration of 150 days following the entry of an order, judgment or ruling by a court of competent jurisdiction in the Reorganization Case denying entry of (or vacating), or that is inconsistent with the entry of, a Confirmation Order satisfying the condition set forth in Section 6.2(g), the Bankruptcy Court shall not have thereafter entered a Confirmation Order satisfying the condition set forth in Section 6.2(g); provided, however, that Buyer may only terminate this Agreement pursuant to this Section 8.3(c)(ii) if at such time it would not reasonably be expected that a Confirmation Order satisfying the condition set forth in Section 6.2(g) shall be entered prior to the Outside Date; or

(d) following (i) the conversion of the Reorganization Case into one or more cases under chapter 7 of the Bankruptcy Code or (ii) the appointment of a chapter 11 trustee in the Reorganization Case; provided, however, that the right to terminate this Agreement pursuant to Section 8.4(a), (b) or (c) shall not be available to Buyer if as of such time it is a Proximate Cause Party.

#### Section 8.5 Effect of Termination.

(a) In the event of the termination of this Agreement in accordance with Article VIII, this Agreement shall thereafter become void and have no effect, and no party hereto shall have any Liability to the other party hereto or their respective Affiliates, or their respective directors, officers or employees, except for the obligations of the parties hereto contained in this Section 8.5 and in Sections 9.1, 9.4, 9.6, 9.7, 9.10, 9.11 and 9.13 (and any related definitional provisions set forth in Article I), and except that nothing in this Section 8.5 shall relieve any party from liability for any willful breach of this Agreement that arose prior to such termination.

(b) In the event that (i) this Agreement is terminated by Seller pursuant to Section 8.2(a) prior to the entry of a Confirmation Order satisfying the condition set forth in Section 6.2(g) which has not been vacated by a court of competent jurisdiction and Buyer is not a Proximate Cause Party as of the date of such termination, or (ii) this Agreement is terminated (A) by Seller pursuant to Section 8.3(a), 8.3(c) or 8.3(d) or (B) by Buyer pursuant to Section

8.4(a) (but, with respect to the representations and warranties of Seller, only in the case of a willful breach by Seller), 8.4(b) or 8.4(c) except, in the case of this clause (ii)(B), in the event that Buyer is a Proximate Cause Party as of the date of such termination, then Seller shall pay Buyer, by wire transfer of immediately available funds, a termination fee of \$352,850,000 payable upon the earlier of consummation of an Acquisition or the effective date of a chapter 11 plan of Seller and/or one or more of its Affiliates approved by the Bankruptcy Court, which plan involves a substantial portion of the Assets of Seller and its Affiliates.

(c) The obligation of Seller to pay the amount payable under Section

8.5(b) (and the payment thereof) shall be absolute and unconditional; such payment shall be an administrative expense under section 507(a)(1) of the Bankruptcy Code and shall be payable as specified herein and not subject to any defense, claim, counterclaim, offset, recoupment, or reduction of any kind whatsoever.

## ARTICLE IX

### MISCELLANEOUS

Section 9.1 Notices. All notices, requests, demands, approvals, consents and other communications hereunder shall be in writing and shall be deemed to have been duly given and made if served by personal delivery upon the party for whom it is intended or delivered by registered or certified mail, return receipt requested, or if sent by telecopier or email, provided that the telecopy or email is promptly confirmed by telephone confirmation thereof, to the Person at the address set forth below, or such other address as may be designated in writing hereafter, in the same manner, by such Person:

**To Buyer:**

c/o Time Warner Cable Inc.  
290 Harbor Drive  
Stamford, CT 06902-6732

Telephone: (203) 328-0670 Telecopy: (203) 328-3295 Email: glenn.britt@twcable.com Attention: Chief Executive Officer

With a copy to:

Legal Department  
Time Warner Cable Inc. 290 Harbor Drive  
Stamford, CT 06902-6732 Telephone: (203) 328-0631 Telecopy: (203) 328-4094 Email: marc.lawrence-apfelbaum@twcable.com Attention:  
General Counsel

-and-

Time Warner Inc.  
One Time Warner Center New York, NY 10019  
Telephone: (212) 484-7980 Telecopy: (212) 258-3172 Email: Paul.Cappuccio@timewarner.com Attention: General Counsel

-and-

Paul, Weiss, Rifkind, Wharton & Garrison LLP 1285 Avenue of the Americas New York, NY 10019-6064 Telephone: (212) 373-3000  
Telecopy: (212) 757-3990 Email: kparker@paulweiss.com rschumer@paulweiss.com Attention: Kelley D. Parker Robert B. Schumer

**To Seller:**

Adelphia Communications Corporation  
5619 DTC Parkway  
Greenwood Village, CO 80111

Telephone: (303) 268-6458 Telecopy: (303) 268-6662 Email: brad.sonnenberg@adelphia.com Attention: Brad Sonnenberg

With a copy to:

Sullivan & Cromwell LLP 125 Broad Street  
New York, NY 10004

Telephone: (212) 558-4000 Telecopy: (212) 558-3588 Email: korrya@sullcrom.com Attention: Alexandra D. Korry

Section 9.2 Amendment; Waiver. Any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by Buyer and Seller, or in the case of a waiver, by the party against whom the waiver is to be effective. No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by Law except as otherwise specifically provided in Article VII.

Section 9.3 No Assignment or Benefit to Third Parties. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, legal representatives and permitted assigns. No party to this Agreement may assign any of its rights or transfer or delegate any of its obligations under this Agreement, by operation of Law or otherwise, without the prior written consent of the other party hereto, except, in whole or in part, (a) as provided in Section 9.5, (b) with respect to Seller's rights and obligations, following the Closing to any entity acting on behalf of Seller's estate (provided, that no such assignment by Seller under this clause (b) will relieve Seller of its Liabilities hereunder), (c) to Friendco under the Exchange Agreement and (d) by Buyer to one or more direct or indirect wholly owned Subsidiaries of Buyer (provided, that Buyer identifies such Subsidiary and the rights and obligations to be assigned on or before Closing; provided, further, that no such assignment by Buyer to a wholly owned Subsidiary under this clause (d) will relieve Buyer of its Liabilities hereunder). Any assignment or transfer permitted hereunder shall be evidenced in writing signed by the assignor and assignee, a copy of which shall be delivered to the other party hereto. In connection with any assignment, transfer or delegation by Buyer to Friendco as permitted above, Buyer shall be relieved of any Liability so assigned, transferred or delegated to the extent Seller has the right to enforce in full against Friendco any such Liability. Nothing in this Agreement, express or implied, is intended to confer upon any Person other than Buyer, Seller, the Indemnified Parties and their respective successors, legal representatives and permitted assigns, any rights or remedies under or by reason of this Agreement.

Section 9.4 Entire Agreement. This Agreement (including all Schedules and Exhibits) and the Ancillary Agreements executed as of the date hereof contain the entire agreement between the parties hereto with respect to the subject matter hereof and thereof and supersede all prior agreements and understandings, oral or written,

with respect to such matters, except for the TWX Confidentiality Agreement and the Seller Confidentiality Agreement, which shall remain in full force and effect except as otherwise provided herein.

**Section 9.5 Debtor Obligations Joint and Several; Fulfillment of Obligations.** Seller shall, and shall cause each of its Affiliates to, cause each and every Debtor, including each that is an Asset Transferring Subsidiary hereunder, to agree for the benefit of Buyer, except to the extent any Liability is limited to the Escrow Account as a result of the limitations set forth in Article VII, to be jointly and severally liable for any breach or violation of Seller's representations, warranties or covenants hereunder and to execute and deliver such Contracts and take such further action as may be reasonably requested by Buyer to evidence the intent and effect of the foregoing (including, for the avoidance of doubt, the inclusion, except to the extent any Liability is limited to the Escrow Account as a result of the limitations set forth in Article VII, of an express undertaking of such joint and several liability in the Plan). Any obligation of any party to any other party under this Agreement, or any of the Ancillary Agreements, which obligation is performed, satisfied or fulfilled completely and without any adverse legal implications to the obligee, by an Affiliate of such party, shall be deemed to have been performed, satisfied or fulfilled by such party.

**Section 9.6 Public Disclosure.** Notwithstanding anything to the contrary contained herein, no press release or similar public announcement or communication shall be made or caused to be made relating to this Agreement and the Transaction unless specifically approved in advance by both parties hereto, except that a party hereto may issue any press release or make any public announcement or communication relating to this Agreement and the Transaction that may be required by any applicable Law (including any listing requirement) without such approval if, to the extent practicable, such party has used commercially reasonable efforts to obtain the approval of the other party before issuing such press release or making such public announcement or communication.

**Section 9.7 Expenses.** Except as otherwise expressly provided in this Agreement, whether or not the Closing occurs, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be borne by the party incurring such costs and expenses.

**Section 9.8 Schedules.**

(a) The disclosure of any matter in any Section relating to representations of the Seller Disclosure Schedule or the Buyer Disclosure Schedule shall not be deemed to constitute an admission by Seller or Buyer or to otherwise imply that any such matter is material for the purposes of this Agreement, unless the inclusion of such matter in such Schedule is required to make the representation true. A matter set forth in one Schedule of the Seller Disclosure Schedule or Buyer Disclosure Schedule pertaining to Article III or IV, as applicable, need not be set forth in any other Schedule of such disclosure schedule pertaining to Article III or IV, as applicable, or on a Schedule corresponding to any other Section of Article III or IV, as applicable, so long as

its relevance to such other Schedule or Section is readily apparent on the face of the information so disclosed. A matter set forth in one Schedule of the Seller Disclosure Schedule or Buyer Disclosure Schedule pertaining to Article V (which shall in no event address matters occurring prior to the date hereof) need not be set forth on a Schedule corresponding to any Section of Article III or IV, as applicable, so long as (a) its relevance to such other Schedule or Section is readily apparent on the face of the information so disclosed and (b) such matter does not qualify the representations and warranties set forth in Articles III or IV, as applicable, to the extent such representations and warranties are made as of the date hereof or as of another specific date prior to the date hereof.

(b) No later than ten Business Days prior to the Closing, Seller may deliver to Buyer an update to Schedule 3.8(a) and Schedule 3.8(b) of the Seller Disclosure Schedule but only in respect of matters 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) but arise from actions, omissions or circumstances continuing as of the Closing. No matter added to Schedule 3.8(a) or Schedule 3.8(b) of the Seller Disclosure Schedule pursuant to the preceding sentence will be treated as set forth on any other Schedule as a result of the second sentence of Section 9.8(a).

(c) When an area is set forth on one Schedule A Part as a primary Cost Center and another Schedule A Part as a non-primary Cost Center, the following shall apply in determining the Systems and System Group to which it relates: (i) for the Schedule A Part with respect to which such area is the primary Cost Center, such Schedule will be deemed to exclude the Subscribers, and Assets primarily related to those Subscribers, included in the applicable non-primary Cost Center(s) and (ii) for any given Schedule A Part with respect to which such area is a non-primary Cost Center, such Schedule A Part will be deemed to include only the Subscribers, and Assets primarily related to those Subscribers, included in the applicable non-primary Cost Center.

Section 9.9 Bulk Sales. Seller and Buyer agree to waive compliance with Article 6 of the Uniform Commercial Code as adopted in each of the jurisdictions in which any of the Transferred Assets are located to the extent that such Article is applicable to the transactions contemplated hereby.

Section 9.10 Governing Law; Submission to Jurisdiction; Selection of Forum; Waiver of Trial by Jury. THE AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW. Each party hereto agrees that it shall bring any action or proceeding in respect of any claim arising out of or related to this Agreement or the transactions contained in or contemplated by this Agreement and the Ancillary Agreements, exclusively in (a) the Bankruptcy Court so long as the Reorganization Case remains open and (b) after the completion of the Reorganization Case or in the event that the Bankruptcy Court determines that it does not have jurisdiction, the United States District Court for the

Southern District of New York or any New York State court sitting in New York City (together with the Bankruptcy Court, the "Chosen Courts"), and solely in connection with claims arising under this Agreement or the transactions that are the subject of this Agreement or any of the Ancillary Agreements (i) irrevocably submits to the exclusive jurisdiction of the Chosen Courts, (ii) waives any objection to laying venue in any such action or proceeding in the Chosen Courts, (iii) waives any objection that the Chosen Courts are an inconvenient forum or do not have jurisdiction over any party hereto and (iv) agrees that service of process upon such party in any such action or proceeding shall be effective if notice is given in accordance with Section 9.1. Seller irrevocably designates The Corporation Trust Company as its agent and attorney-in-fact for the acceptance of service of process and making an appearance on its behalf in any such claim or proceeding and for the taking of all such acts as may be necessary or appropriate in order to confer jurisdiction over it before the Chosen Courts and Seller stipulates that such consent and appointment is irrevocable and coupled with an interest. Each party hereto irrevocably waives any and all right to trial by jury in any legal proceeding arising out of or relating to this Agreement or the transactions contemplated hereby.

Section 9.11 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same Agreement.

Section 9.12 Headings. The heading references herein and the table of contents hereof are for convenience purposes only, and shall not be deemed to limit or affect any of the provisions hereof.

Section 9.13 Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof. If any provision of this Agreement, or the application thereof to any Person or any circumstance, is invalid or unenforceable, (a) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision and (b) the remainder of this Agreement and the application of such provision to other Persons or circumstances shall not be affected by such invalidity or unenforceability, nor shall such invalidity or unenforceability affect the validity or enforceability of such provision, or the application thereof, in any other jurisdiction.

Section 9.14 Specific Enforcement. The parties agree that irreparable damage would occur and that the parties would not have any adequate remedy at Law in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of Section 5.10 or Article VIII and to enforce specifically the terms and provisions of such Sections and, following entry of the Confirmation Order, the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement, such rights being in addition to any other remedy to which the parties are entitled at Law or in equity. The parties waive any requirement for