

received by Buyer on or before the last day of such 30 day period, then the Closing Adjustment Amount set forth in a Buyer's Statement shall be final and binding upon Seller. Buyer shall have 30 days from its receipt of a Seller's Objection to review and respond to such Seller's Objection.

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

(e) Buyer shall provide to Seller and its accountants full access to the books and records of each Specified Business and to any other information, including work papers of its accountants (to the extent permitted by such accountants), and to any employees during regular business hours and on reasonable advance notice, to the extent reasonably necessary for Seller to review each Buyer's Statement, to prepare a Seller's Objection, if any, and to prepare materials for presentation to the CPA Firm in connection with Section 2.8(d). Seller and its accountants shall have full access to all information used by Buyer in preparing such Buyer's Statement, including the work papers of its accountants (to the extent permitted by such accountants).

(f) Upon satisfaction of the applicable procedures of this Section 2.8, the Purchase Price shall be adjusted with respect to each Specified Business by an amount equal to (i) the Final Adjustment Amount of such Specified Business *minus* (ii) the Estimated Closing Adjustment Amount of such Specified Business (the "Subsequent Adjustment Amount"). If the Subsequent Adjustment Amount is a positive number, then the Purchase Price allocated to such Specified Business shall be increased by the Subsequent Adjustment Amount and Buyer shall promptly (and in any event within five Business Days) after the final determination thereof pay to the Escrow Agent, for deposit into the Escrow Account, the Subsequent Adjustment Amount, plus interest from the Closing Date to the date of payment at LIBOR calculated on a 365-day basis, by wire transfer of immediately available funds to the Escrow Account. If the Subsequent Adjustment Amount is a negative number, then the Purchase Price allocated to such

Specified Business shall be decreased by the absolute value of the Subsequent Adjustment Amount and Buyer shall be entitled to payment of the Subsequent Adjustment Amount from the Escrow Account promptly (and in any event within five Business Days) after the final determination of the Subsequent Adjustment Amount, plus interest from the Closing Date to the date of payment at LIBOR calculated on a 365-day basis, by wire transfer of immediately available funds to an account designated by Buyer; provided, however, that, to the extent the payment obligations pursuant to this sentence exceed the remaining funds in the Escrow Account, Seller shall promptly (and in any event with five Business Days) after the final determination of the Subsequent Adjustment Amount, pay such excess amount to Buyer by wire transfer of immediately available funds to an account designated by Buyer.

Section 2.9 Group 2 Systems.

(a) Notwithstanding anything to the contrary contained herein, if any Group 2 System has not been finally determined to be wholly-owned by Seller or its wholly-owned Subsidiaries (it being understood that, for purposes of this Section 2.9(a), if Seller has the right to cause the transfer of good and marketable title to the Assets of any Group 2 System (free and clear of all Encumbrances other than Permitted Encumbrances) to Buyer (or has otherwise arranged for such transfer to occur at the Closing to the reasonable satisfaction of Buyer), such Disputed MCE System shall be deemed to be wholly owned by Seller or has been finally determined to be so owned but as to which there has not been an MCE Discharge as of the date on which the Seller's Statements are delivered under Section 2.8(a) (each such MCE System, a "Disputed MCE System"), then (i) the geographical areas serviced by such Disputed MCE System shall be deemed not to be listed on Schedule A of the Seller Disclosure Schedule and such Disputed MCE System shall be deemed not to be included in the Group 2 Business or otherwise Related to the Group 2 Business or the Acquired Business, (ii) any Assets, Liabilities or Employees that would, but for clause (i) above, have been Transferred Assets, Assumed Liabilities or Transferred Employees shall be deemed not to be Transferred Assets, Assumed Liabilities or Transferred Employees, respectively, (iii) the Closing shall be effected without such Disputed MCE System, (iv) the Purchase Price (before adjustment under Section 2.8) shall be reduced by an aggregate amount equal to the product of (A) the MCE Purchase Price multiplied by (B) the quotient obtained by dividing (1) the aggregate number of Basic Subscribers served by all such Disputed MCE Systems as of December 31, 2004 by (2) the aggregate number of Basic Subscribers served by all Group 2 Systems as of December 31, 2004 (such amount with respect to each such Disputed MCE System, the "Initial MCE Purchase Price"), (v) the Seller's Statement delivered in respect of the Group 2 Business shall be prepared to reflect the foregoing and (vi) with respect to the Disputed MCE Systems, the determination of the Closing Adjustment Amount (calculated as to each such Disputed MCE System separately as if it were its own Specified Business and assuming the Net Liabilities Adjustment Amount for each such Disputed MCE System is zero) shall be made in accordance with Section 2.8 except that the Subscriber Cap shall not apply to the determination of the Subscriber Adjustment Amount and there shall be no adjustment to the Purchase Price at the Closing as a result of such determination (the amount by which the Purchase Price would have been adjusted (expressed as a negative if decreased and as

a positive if increased) in respect of each such Disputed MCE System as determined pursuant to this clause (vi), the “Initial Disputed MCE System Adjustment Amount”).

(b) With respect to any Disputed MCE System, Seller shall (i) use commercially reasonable efforts to cause each such Disputed MCE System to be bound by a written management agreement with Buyer (or its designee) as of the Closing, in form and substance reasonably acceptable to Buyer and Seller (each such agreement, an “MCE Management Agreement”) and (ii) continue during the succeeding 15 months (the “MCE Period”) using commercially reasonable efforts to obtain full direct or indirect ownership of, and an MCE Discharge with respect to, such Disputed MCE System (it being understood that, for purposes of this Section 2.9(b), if Seller has the right to cause the transfer of good and marketable title to the Assets of any Group 2 System (free and clear of all Encumbrances other than Permitted Encumbrances) to Buyer (or has otherwise arranged for such transfer to occur at the MCE Closing to the reasonable satisfaction of Buyer), such Disputed MCE System shall be deemed to be wholly owned by Seller) (an “MCE Resolution”). Buyer shall not have any obligation to enter into an MCE Management Agreement unless Buyer is provided with reasonably satisfactory evidence of (A) the enforceability of such MCE Management Agreement from and after the Closing, (B) the authority of the counterpart(ies) to enter into and perform such MCE Management Agreement and to bind such Disputed MCE System and (C) the creditworthiness of such Group 2 System (or such other Person who or such instrument that guarantees the Liabilities of such Group 2 System pursuant to the applicable MCE Management Agreement). Seller shall notify Buyer of any MCE Resolution as promptly as practicable and in any event within three Business Days of obtaining any such MCE Resolution and shall provide Buyer with such information and documentation related thereto as Buyer reasonably requests.

(c) As to any Disputed MCE System that is the subject of an MCE Resolution that occurs prior to the expiration of the MCE Period, and with respect to which (i) Buyer (or its designee) enters into an MCE Management Agreement that has not been terminated in accordance with its terms (other than by Seller as a direct result of a breach by Buyer (or its designee)) or rejected and remains in full force and effect until the completion of the MCE Closing (a “Buyer Managed MCE System”) or (ii) Buyer (or its designee) does not enter into such an MCE Management Agreement but, within 60 days of such MCE Resolution, Buyer makes an election to purchase such Disputed MCE System, the parties agree that Seller shall sell, or cause to be sold, to Buyer and Buyer shall purchase from Seller (or the applicable transferor which Seller causes to sell) the Assets of such Disputed MCE Systems in exchange for an amount of cash equal to the Final MCE Purchase Price to be delivered by wire transfer of immediately available funds to one or more accounts designated by Buyer, at a single closing (the “MCE Closing”) that, subject to satisfaction of the conditions set forth in Sections 6.1, 6.2 (other than, without limiting Section 2.9(d)(ii), Sections 6.2(a), 6.2(f) (but only if Buyer is a Proximate Cause Party) and 6.2(h)) and 6.3 (other than, without limiting Section 2.9(d)(ii) and Section 6.3(a)) (applied with respect to such Disputed MCE Systems (treating such Systems as a Specified Business) *mutatis mutandis*), shall occur on the fifth Business Day following the earlier of (A) the expiration of the MCE Period and (B) the date all Disputed MCE Systems have been subject to an MCE Resolution; provided,

however, that 4% of the cash so delivered will be deposited in the Escrow Account. At the MCE Closing, the parties will assign or assume, as applicable, the Transferred Assets and Assumed Liabilities with respect to each such Disputed MCE System (treating such System as a Specified Business) that would have been assigned and assumed as if the Closing had been delayed until the date of the MCE Closing and shall execute such conveyance, assumption and other instruments as are required pursuant to Sections 2.11 and 2.12 (applied with respect to such Disputed MCE Systems (treating such Systems as a Specified Business) and applied with respect to the MCE Purchase Shares (treating such MCE Purchase Shares as Purchase Shares) *mutatis mutandis*. For purposes of determining the Disputed MCE System Adjustment Amount, the Net Liabilities Adjustment Amount in respect of each such Disputed MCE System shall be determined as of the date of the MCE Closing in accordance with Section 2.8 applied *mutatis mutandis* (treating each such System as a Specified Business).

(d) In connection with the transfer to Buyer of any Disputed MCE Systems, (i) Assumed Liabilities related to such Disputed MCE Systems shall be deemed to have been assumed effective as of the date of the MCE Closing only, and (ii) at, and as a condition to, the MCE Closing, (A) Seller shall be deemed to have restated the representations and warranties in Article III in respect of such Disputed MCE Systems (x) with respect to the Class 2 Representations and Warranties, as of the date made and as of the Closing, and (y) with respect to the Class 1 Representations and Warranties, as of the date made and as of the MCE Closing, (B) Seller shall deliver to Buyer a certificate certifying to the satisfaction of Section 6.2(a) with respect to such Disputed MCE Systems (treating such Disputed MCE Systems as if they were a Specified Business and multiplying all applicable monetary and materiality thresholds by the MCE Fraction) (x) with respect to the Class 2 Representations and Warranties, as of the Closing, and (y) with respect to the Class 1 Representations and Warranties, as of the MCE Closing, (C) Article VII shall apply to such Disputed MCE Systems *mutatis mutandis* (including by multiplying the applicable basket and cap amounts by the MCE Fraction), provided, that, notwithstanding Section 7.1, all the representations and warranties in Article III shall, with respect to such Disputed MCE Systems, survive the MCE Closing until the expiration of the later of the survival period in Section 7.1 and twelve months after the date of the MCE Closing (and the Buyer Indemnification Deadline shall be extended with respect to such Disputed MCE Systems by a corresponding period) and (D) Sections 2.13 and 5.10 shall apply *mutatis mutandis*. For purposes of any covenants in this Agreement governing the parties hereto following the Closing and any Ancillary Agreement, any Assets related to any such Disputed MCE Systems which are transferred to Buyer after Closing under this Section 2.9 shall become part of the Group 2 Business as of the time of the MCE Closing.

Section 2.10 Closing. The Closing shall take place at the offices of Paul, Weiss, Rifkind, Wharton & Garrison LLP, 1285 Avenue of the Americas, New York, New York 10019-6064 at 10:00 a.m., New York City time, on the last Business Day of the calendar month in which the conditions set forth in Article VI (other than those conditions that by their nature are to be satisfied at the Closing but subject to the fulfillment or waiver of those conditions) have been satisfied or waived, unless such conditions have not been so satisfied or waived (other than those conditions that by their

nature are to be satisfied at the Closing but subject to the fulfillment or waiver of those conditions) by the fifth Business Day preceding the last Business Day of such calendar month, in which case the Closing shall take place on the last Business Day of the next calendar month (or at such other time and place as the parties hereto may mutually agree); provided, however, that the Closing shall not occur prior to the earliest of (a) immediately following the closing of the Redemption under the Friendco Parent Redemption Agreement, (b) 30 days following the date on which the conditions set forth in Article VI (other than those conditions that by their nature are to be satisfied at the Closing but subject to the fulfillment or waiver of those conditions) have been satisfied or waived (provided, that the Outside Date or the Extended Outside Date, as the case may be, shall be extended to the last Business Day of the calendar month in which the end of such 30-day period occurs if the Outside Date or Extended Outside Date, as the case may be, would otherwise occur prior to such last Business Day), and (c) the termination of the Friendco Parent Redemption Agreement. The date on which the Closing occurs is called the "Closing Date."

Section 2.11 Deliveries by Buyer. At the Closing, Buyer shall:

(a) deliver to Seller, the Purchase Price less the Aggregate Buyer Discharge Amount and less the Escrow Amount to be delivered at Closing, in immediately available funds by wire transfer to an account which has been designated by Seller at least two Business Days prior to the Closing Date;

(b) deliver to the Escrow Agent the Escrow Amount in immediately available funds by wire transfer to the Escrow Agent, to be held by the Escrow Agent in the Escrow Account;

(c) cause each Buyer JV Partner to deliver to its applicable Transferred Joint Venture Parent the Buyer Discharge Amount applicable to such Transferred Joint Venture Parent in immediately available funds by wire transfer to an account for such Transferred Joint Venture Parent which has been designated by Seller at least two Business Days prior to the Closing Date and;

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

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

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

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

(iv) with respect to each Transferred Joint Venture Parent, a duly executed counterpart of a JV Interest Assignment Agreement;

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

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

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

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

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

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

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

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

Section 2.12 Deliveries by Seller. At the Closing, Seller shall deliver, or cause to be delivered, to Buyer, with respect to each Specified Business, such bills of sale, instruments of assumption and other instruments or documents, in form and substance reasonably acceptable to Seller and Buyer, as may be reasonably necessary to effect, in each case in accordance with the terms of this Agreement (w) the assumption by Buyer of the Assumed Liabilities Related to such Specified Business (other than Assumed Liabilities retained by any Transferred Joint Venture Entity), (x) the conveyance, transfer and assignment to Buyer of the Transferred Assets Related to such Specified Business (and the retention by each Transferred Joint Venture Entity of the Transferred Assets to be retained by such Transferred Joint Venture Entity), (y) in the case of the Group 1 Business, the assumption by the applicable Seller JV Partner of all Liabilities of such Transferred Joint Venture Parent and its Subsidiaries (other than any such Liabilities that constitute Assumed Liabilities) and the assumption by Seller or its Affiliate (other than a Transferred Joint Venture Entity or the Palm Beach Joint Venture) of all other Excluded Liabilities to which the Group 1 Business is subject and (z) in the case of Group 1 Business, the conveyance, transfer and assignment to Seller of all Excluded Assets held by any Transferred Joint Venture Entity, including the following:

- (a) a duly executed counterpart of one or more Bills of Sale;
- (b) a duly executed counterpart of one or more Assignment and Assumption Agreements;
- (c) a duly executed counterpart of one or more Transferred Investment Assignment Agreements;
- (d) a duly executed counterpart of one or more Intellectual Property Assignment Agreements;
- (e) a duly executed counterpart of one or more Lease Assignment Agreements;
- (f) a duly executed counterpart of one or more Sublease Assignment Agreements;
- (g) a duly executed counterpart of one or more Rights-of-Way Assignment Agreements;
- (h) special warranty deeds (or local equivalent) in respect of the Transferred Owned Real Property Related to such Specified Business;
- (i) with respect to each Transferred Joint Venture Parent, a duly executed counterpart of a JV Interest Assignment Agreement;
- (j) such instruments of assumption and other instruments or documents, in form and substance reasonably acceptable to Buyer and Seller, as may be necessary to effect the assumption by Seller or its Affiliate (other than any Transferred Joint Venture Entity or the Palm Beach Joint Venture) of all Liabilities of such Transferred Joint Venture Parent and its Subsidiaries (other than any such Liabilities that constitute Assumed Liabilities) in accordance with Section 2.2;
- (k) duly executed certifications from Seller and each Subsidiary that in this Transaction will be a transferor described in Treasury Regulations Section 1.1445-1(g)(3) that Seller and such Subsidiaries are not foreign Persons within the meaning set forth in Treasury Regulation Section 1.1445-2(b)(2)(iii)(A); it being understood that, notwithstanding anything to the contrary contained herein, if Seller fails to provide Buyer with such certifications, Buyer shall be entitled to withhold a portion of the Purchase Price in accordance with Section 1445 of the Code and the applicable Treasury Regulations;
- (l) the Books and Records Related to such Specified Business that are Transferred Assets (it being understood that Books and Records located on real property interests conveyed to Buyer at the Closing shall be deemed delivered pursuant to this Section 2.12(l));

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

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

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

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

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

(r) the Transferred Cash Related to such Specified Business (other than any Transferred Cash retained by any Transferred Joint Venture Entity) in immediately available funds by wire transfer to an account which has been designated by Buyer at least two Business Days prior to the Closing Date (it being understood that Transferred Cash shall be deemed delivered if it is either (i) located on real property interests being conveyed to Buyer at Closing or (ii) held in accounts assigned to Buyer pursuant to duly executed instruments of assignment that are reasonably satisfactory to Buyer);

(s) stock certificates (or other comparable evidence of ownership, if issued) representing the Transferred Investments Related to such Specified Business,

duly endorsed for transfer or accompanied by executed stock transfer powers or other appropriate instruments of assignment and transfer;

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

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

Section 2.13 Non-Assignability of Assets.

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

(b) If the transfer or assignment of any Transferred Asset (other than any JV Interests or a Transferred Asset held by a Transferred Joint Venture Entity or, at the Closing, a Transferred Asset Related to a Disputed MCE System) intended to be transferred or assigned hereunder is not consummated prior to or at the Closing as a result of the failure to obtain any Authorization, then Seller or its Affiliate shall thereafter, directly or indirectly, hold such Transferred Asset for the use and benefit of Buyer (at the expense of Buyer), insofar as reasonably possible. In addition, to the extent not prohibited by Law, Seller shall take or cause to be taken such other actions as may be reasonably requested by Buyer in order to place Buyer, insofar as reasonably possible, in the same position as if such Transferred Asset had been transferred as contemplated hereby and so that all the benefits and burdens relating to such Transferred Asset, including possession, use, risk of loss, potential for gain, and dominion, control and command over such Transferred Asset, are to inure from and after the Closing to Buyer. To the extent permitted by Law and to the extent otherwise permissible in light of any required Authorization, Buyer shall be entitled to, and shall be responsible for, the management of any Transferred Assets not yet transferred to it as a result of this Section 2.13 and the parties hereto agree to use commercially reasonable efforts to cooperate and coordinate with respect thereto.

(c) If and when the Authorizations, the absence of which caused the deferral of transfer of any Transferred Asset pursuant to this Section 2.13, are obtained, the transfer of the applicable Transferred Asset to Buyer shall automatically and without

further action be effected in accordance with the terms of this Agreement and the applicable Ancillary Agreements.

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

(e) The parties hereto further agree that, assuming as set forth in Section 2.13(b) that all or substantially all of the benefits and burdens relating to the Transferred Assets inure to Buyer, (i) any Delayed Transferred Assets referred to in this Section 2.13(e) shall be treated for all income Tax purposes as Assets of Buyer and (ii) neither Buyer nor Seller shall take, and each of Buyer and Seller shall prevent any of their respective Affiliates from taking, any position inconsistent with such treatment for any income Tax purposes (unless required by a change in applicable income Tax Law or a good faith resolution of a contest).

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF SELLER

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

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

Section 3.2 Subsidiaries, Transferred Joint Venture Entities and Transferred Investments.

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

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

(b) Schedule 3.2(b) of the Seller Disclosure Schedule sets forth a true and complete list of (i) each Transferred Joint Venture Parent and each Transferred Joint Venture Subsidiary, together with its jurisdiction of authorization, (ii) each Transferred Joint Venture Entity’s authorized and outstanding Joint Venture Securities, (iii) the Joint Venture Securities held by Seller and its Affiliates, and the Joint Venture Securities held by other Persons in each Transferred Joint Venture Parent and (iv) the Joint Venture Securities held by each Transferred Joint Venture Parent and by each Transferred Joint Venture Subsidiary in each Transferred Joint Venture Subsidiary. Except as set forth in Schedule 3.2(b) of the Seller Disclosure Schedule, there are no outstanding Equity Securities of any Transferred Joint Venture Entity (“Joint Venture Securities”). All of the Joint Venture Securities have been duly authorized, and are validly issued, fully paid and non-assessable.

(c) There are no preemptive or other outstanding rights, options, warrants, conversion rights, stock appreciation rights, redemption rights, repurchase rights, agreements, arrangements or commitments of any character under which Seller or any of its Affiliates, is or may become obligated to issue or sell, or giving any Person a right to subscribe for or acquire, or in any way dispose of, any Joint Venture Securities, and no securities or obligations evidencing such Joint Venture Securities are authorized,

issued or outstanding, except in each such case as set forth in any JV Documents. Except as set forth in the JV Documents, none of the Joint Venture Securities are subject to any voting trust agreement or other contract, agreement or arrangement restricting or otherwise relating to the voting, dividend rights or disposition of such Joint Venture Securities. There are no phantom stock or similar rights providing economic benefits based, directly or indirectly, on the value or price of any of the Joint Venture Securities. Seller has provided or made available to Buyer complete copies of the JV Documents.

(d) Except to the extent of any Claims that will be discharged (or the functional equivalent thereof in terms of its effect on Buyer, each Specified Business, the Transferred Assets and the Assumed Liabilities) pursuant to the Discharge (or, as applicable, the MCE Discharge or an Additional Discharge), Seller or its Affiliate has good and valid title to the JV Interests, free and clear of all Encumbrances, other than Encumbrances existing under the JV Documents, and at the Closing Seller or its Affiliate will deliver to Buyer good and valid title to the JV Interests, free and clear of all Encumbrances, other than Encumbrances existing under the JV Documents and those created by Buyer or any of its Affiliates (other than, prior to the Closing, any Transferred Joint Venture Entity or the Palm Beach Joint Venture). Except to the extent of any Claims that will be discharged (or the functional equivalent thereof in terms of its effect on Buyer, each Specified Business, the Transferred Assets and the Assumed Liabilities) pursuant to the Discharge (or, as applicable, the MCE Discharge or an Additional Discharge), the relevant Transferred Joint Venture Parent (as set forth in Schedule 3.2(b) of the Seller Disclosure Schedule) has (and immediately after the Closing will have), directly or indirectly, good and valid title to all of the Joint Venture Securities of the Transferred Joint Venture Subsidiaries, free and clear of any Encumbrances other than Encumbrances existing under the JV Documents.

(e) Except as set forth in Schedule 3.2(b) of the Seller Disclosure Schedule, no Transferred Joint Venture Entity owns, directly or indirectly, any capital stock or other equity interests of any Person or has any direct or indirect equity or ownership interest in any business, or is a member of or participant in any partnership, joint venture or similar Person.

(f) At the time of the Closing, no Transferred Joint Venture Entity shall: conduct any business or operations other than the applicable Joint Venture Business. There are no Assets or Liabilities of any Transferred Joint Venture Entity that Relate to the Group 2 Business, the Friendco Business or to a Joint Venture Business other than the Joint Venture Business applicable to such Transferred Joint Venture Entity. None of Seller or its Affiliates (other than any Transferred Joint Venture Entity) owns any Transferred Asset Primarily Related to any Joint Venture Business.

(g) Schedule 3.2(g) of the Seller Disclosure Schedule sets forth a true and complete list of each Investment Entity, the Equity Securities of Seller and its Affiliates in each Investment Entity and, to the Knowledge of Seller, with respect to those Investment Entities identified on Schedule 3.2(g)(i) of the Seller Disclosure Schedule, the jurisdiction of organization and authorized and outstanding Equity Securities of such Investment Entities. Seller has provided or made available to Buyer true and complete

copies of the Investment Documents. Except to the extent of any Claims that will be discharged (or the functional equivalent thereof in terms of its effect on Buyer, each Specified Business, the Transferred Assets and the Assumed Liabilities) pursuant to the Discharge (or, as applicable, the MCE Discharge or an Additional Discharge), the outstanding Equity Securities held by Seller or any of its Affiliates in respect of each Transferred Investment identified on Schedule 3.2(g)(i) of the Seller Disclosure Schedule and, to the Knowledge of Seller, in respect of any other Investment Entities, have been duly authorized, and are validly issued, fully paid and non-assessable.

(h) Except to the extent of any Claims that will be discharged (or the functional equivalent thereof in terms of its effect on Buyer, each Specified Business, the Transferred Assets and the Assumed Liabilities) pursuant to the Discharge (or, as applicable, the MCE Discharge or an Additional Discharge), Seller has good and valid title to the Transferred Investments, free and clear of all Encumbrances, other than as set forth in any Investment Document, and upon delivery by Seller and/or any of its Affiliates of the Transferred Investments at Closing, good and valid title to the Transferred Investments, free and clear of all Encumbrances, other than as set forth in any Investment Document and those resulting from Buyer's ownership, will pass to Buyer. Except for the Transferred Investments, none of Seller or any of its Affiliates owns, directly or indirectly, any Equity Securities of any Person (other than a Subsidiary of Seller) or has any direct or indirect equity or ownership interest in any business (other than any business operated by a Subsidiary of Seller), or is a member of or participant in any partnership, joint venture or similar Person (other than a Subsidiary of Seller) that is Related to the Acquired Business or the Friendco Business.

Section 3.3 Corporate Authorization.

(a) Seller has, with respect to Section 5.8 and Article VIII, full corporate power and authority to execute and deliver this Agreement, and to perform its obligations hereunder. The execution, delivery and performance by Seller of this Agreement, with respect to Section 5.8 and Article VIII, have been duly and validly authorized and no additional corporate, shareholder or similar authorization or consent is required in connection with the execution, delivery and performance by Seller of this Agreement.

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

(c) Each Affiliate of Seller has or prior to the Closing will have, subject to the entry of the Confirmation Order and its effectiveness at the Closing, full

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

(d) At a meeting duly called and held, the Board and the board of directors (or similar governing body) of each Asset Transferring Subsidiary has by the requisite vote: (i) determined that this Agreement and the Transaction are in the best interests of Seller, such Asset Transferring Subsidiaries and their respective stakeholders, (ii) approved and adopted this Agreement and (iii) resolved to cause each Asset Transferring Subsidiary to perform its obligations under the Ancillary Agreements to which it is (or will be) a party.

Section 3.4 Consents and Approvals. No consent, approval, waiver, authorization, notice or filing is required to be obtained by Seller or any of its Affiliates from, or to be given by Seller or any of its Affiliates to, or made by Seller or any of its Affiliates with, any Person (and assuming solely for this purpose that all Contracts Related to the Acquired Business shall constitute Assigned Contracts but, for purposes of Section 6.2(a) only, excluding any Contract that is not an Assigned Contract if the consent, approval, waiver, authorization, notice or filing is required only to the extent such Contract would have been an Assigned Contract), in connection with (a) the execution, delivery and performance by Seller or any of its Affiliates of Section 5.8 and Article VIII and (b) other than the entry by the Bankruptcy Court of the Confirmation Order (or the entry of an order pursuant to section 365(f) of the Bankruptcy Code authorizing the assumption and, if applicable, assignment of Assigned Contracts), the execution, delivery and performance by Seller or any of its Affiliates of the remainder of this Agreement and the Ancillary Agreements to which it is (or will be) a party, other than, in the case of this clause (b) only, the consents, approvals, waivers, authorizations, notices or filings the failure of which to obtain or make would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 3.5 Non-Contravention. The execution, delivery and performance by Seller and its Affiliates of this Agreement and the Ancillary Agreements to which they are a party, and the consummation of the transactions contemplated hereby and thereby (and assuming solely for this purpose that all Contracts Related to the Acquired Business shall constitute Assigned Contracts but, for purposes of Section 6.2(a) only, excluding any Contract that is not an Assigned Contract), do not and will not (a) violate any provision of the articles of incorporation, bylaws or other organizational documents of Seller or any of its Affiliates, (b) assuming (i) the entry of the Confirmation Order (or the entry of an order pursuant to section 365(f) of the Bankruptcy Code authorizing the assumption and, if applicable, assignment of Assigned Contracts), and (ii) the receipt of all consents, approvals, waivers and authorizations and the making of the

notices and filings set forth on Schedule 3.4 of the Seller Disclosure Schedule with respect to any Person which is not a Government Entity or Self-Regulatory Organization (which assumption shall not apply to Section 5.8 and Article VIII), conflict with, or result in the breach of, or constitute a default under, or result in the termination, cancellation, modification or acceleration of any right or obligation of Seller or any of its Affiliates under, or result in a loss of any benefit to which Seller or any of its Affiliates is entitled under, any Contract, or result in the creation of any Encumbrance upon any of the Transferred Assets or give rise to any Purchase Right, in each case, whether after the filing of notice or the lapse of time or both, or (c) assuming the entry of the Confirmation Order and the receipt of all consents, approvals, waivers and authorizations and the making of notices and filings set forth on Schedule 3.4 of the Seller Disclosure Schedule with respect to Government Entities or Self-Regulatory Organizations or required to be made or obtained by Buyer (which assumption shall not apply to Section 5.8 and Article VIII), violate or result in a breach of or constitute a default under any Law to which Seller or any of its Affiliates is subject, or under any Governmental Authorization, except for (which exception shall not apply to Section 5.8 and Article VIII), in the cases of clauses (b) and (c), conflicts, breaches, terminations, defaults, cancellations, accelerations, losses, violations, Encumbrances or Purchase Rights that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

Section 3.6 Binding Effect. Subject to the Bankruptcy Court's entry of the Confirmation Order and its effectiveness at the Closing, this Agreement and each of the Ancillary Agreements dated the date hereof is, and each other Ancillary Agreement will constitute, when executed and delivered by Seller and each Affiliate of Seller party to such agreements and by Buyer and the other parties thereto, a valid and legally binding obligation of Seller and each Affiliate of Seller party to such agreements, enforceable against Seller and each such Affiliate in accordance with their respective terms. Notwithstanding the foregoing, Section 5.8 and Article VIII constitute valid and legally binding obligations of Seller, enforceable against Seller in accordance with their respective terms. Upon the Bankruptcy Court's entry of the Confirmation Order and subject to its effectiveness at Closing, each of the unexecuted Ancillary Agreements to be entered into on or prior to the Closing Date, when executed and delivered by Seller and each Affiliate of Seller party to such agreements and by Buyer and the other parties thereto, will constitute a valid and legally binding obligation of Seller and each Affiliate of Seller party to such agreements, enforceable against Seller and each such Affiliate in accordance with its terms.

Section 3.7 Financial Statements.

(a) Set forth on Schedule 3.7(a) of the Seller Disclosure Schedule is a copy of (i) the consolidated audited balance sheets and audited statements of income, stockholders' equity and cash flows for Seller and its Affiliates for the fiscal years ended December 31, 2001, December 31, 2002, and December 31, 2003 (the "Audited Financial Statements"), (ii) the unaudited balance sheet and unaudited statements of income, stockholders' equity and cash flows of each Specified Business, but including the Excluded Assets and the Excluded Liabilities to the extent Related to such Specified

Business, at and for the fiscal year ended December 31, 2003 (but not including, except with respect to the unaudited statements of income, Unallocated Shared Assets and Liabilities), in each case derived from the Audited Financial Statements for the corresponding time period (the "Derivative 2003 Financial Statements") and (iii) the unaudited balance sheet and unaudited statements of income, stockholders' equity and cash flows for each Specified Business, but including the Excluded Assets and the Excluded Liabilities Related to such Specified Business, at and for the fiscal year ended December 31, 2004 (but not including, except with respect to the unaudited statements of income, Unallocated Shared Assets and Liabilities) (the "Derivative 2004 Financial Statements") and (iv) the unaudited balance sheet and unaudited statements of income, stockholders' equity and cash flows for the Unallocated Shared Assets and Liabilities at and for the fiscal year ended December 31, 2004 (the "Derivative Unallocated 2004 Financial Statements"). The Audited Financial Statements have been prepared from the books and records of Seller and its Affiliates in accordance with GAAP consistently applied (except as may be indicated in the notes thereto), and fairly present, in all material respects, the financial condition and results of operations, stockholders' equity and cash flows of Seller and its Affiliates (assuming the exclusion of the Group 2 Systems and the MCE Systems (as defined in the Friendco Purchase Agreement) from the Business) as of the dates thereof or for the periods then ended. The Derivative 2003 Financial Statements and the Derivative 2004 Financial Statements have been specially prepared from the books and records of Seller and its Affiliates in accordance with GAAP consistently applied (except as may be indicated in the notes thereto) and fairly present, in all material respects, the financial condition and results of operations, stockholders' equity and cash flows of each such Specified Business (including the Group 2 Systems) as of the dates thereof or for the periods then ended, subject to the absence of footnotes and similar presentation items therein and excluding the Unallocated Shared Assets and Liabilities (other than the related revenues and expenses). The Derivative Unallocated 2004 Financial Statements have been specially prepared from the books and records of Seller and its Affiliates in accordance with GAAP consistently applied (except as may be indicated in the notes thereto) and fairly present, in all material respects, the Unallocated Shared Assets and Liabilities as of December 31, 2004 or for the period ended thereon.

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

within those entities; and such disclosure controls and procedures are effective in alerting Seller's Chief Executive Officer and its Chief Financial Officer to material information of the nature required to be disclosed in periodic reports pursuant to the Exchange Act in a timely fashion.

(c) The financial statements prepared by Seller and delivered to Buyer pursuant to Section 5.9(a) shall, when so delivered, be prepared from the books and records of Seller and its Affiliates in accordance with GAAP consistently applied (except as may be indicated in the notes thereto), and fairly present, in all material respects, the financial condition and results of operations, stockholders' equity and cash flows of each Specified Business as of the dates thereof or the period then ended, subject to, in the case of interim financial statements, normal year-end adjustments and the absence of footnotes and similar presentation items therein.

(d) The Additional Financial Statements prepared by Seller and delivered to Buyer pursuant to Section 5.9(b) shall, when so delivered, be prepared from the books and records of Seller and its Affiliates in accordance with GAAP consistently applied (except as may be indicated in the notes thereto), and will fairly present, in all material respects, the financial condition and results of operations, stockholders' equity and cash flows of (i) in the case of the Seller Audited Financial Statements, Seller and its Affiliates (assuming, with respect to any period prior to January 1, 2004, the exclusion of the Group 2 Systems and the MCE Systems (as defined in the Friendco Purchase Agreement) from the Business), (ii) in the case of the Derivative Audited Financial Statements, each such Specified Business and (iii) in the case of the MCE Financial Statements, the Group 2 Systems, in each case as of the dates thereof or for the periods then ended, subject, solely in the case of the MCE Financial Statements, to the absence of footnotes and similar presentation items therein.

Section 3.8 Litigation and Claims.

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

(b) Except (i) to the extent of any Claims that will be discharged (or the functional equivalent thereof in terms of its effect on Buyer, each Specified Business, the Transferred Assets and the Assumed Liabilities) pursuant to the Discharge (or, as applicable,

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

Section 3.9 Taxes.

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

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

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

(d) Except as set forth on Schedule 3.9(d) of the Seller Disclosure Schedule, (i) none of Seller, any Affiliate of Seller or any member of the Tax Group of which Seller is the common parent has executed or filed with any Tax Authority any consent, agreement or other document extending or having the effect of extending the period for filing any Tax Return with respect to any Transferred Joint Venture Entity (other than routine six-month extensions of the time for filing income Tax Returns), or assessment or collection of any Taxes with respect to any Transferred Joint Venture Entity, (ii) there is no material action, suit, proceeding, investigation, audit or claim relating to Taxes currently pending with respect to any Transferred Joint Venture Entity,

and neither Seller, any Affiliate of Seller or a Tax Group of which Seller is the common parent has received any written notice of the commencement of any such action, suit, proceeding, investigation, audit or claim, (iii) all material deficiencies in Taxes that have been claimed, proposed or asserted against any Transferred Joint Venture Entity have been paid in full, (iv) no Person currently holds, with respect to the Tax Returns filed or to be filed prior to the Closing Date, powers of attorney from Seller, any Affiliate of Seller or any member of a Tax Group of which Seller is the common parent with respect to any Transferred Joint Venture Entity, and (v) no Transferred Joint Venture Entity is a party to, is bound by or has any obligation under any Tax sharing or similar agreement; provided, that, solely for purposes of Section 6.2(a), this Section 3.9(d) shall be qualified in its entirety by the Knowledge of Seller.

(e) Schedule 3.9(e) of the Seller Disclosure Schedule sets forth a list of all jurisdictions (whether foreign or domestic) in which any Transferred Joint Venture Entity currently files Tax Returns.

(f) No Transferred Joint Venture Entity has made an election to be treated as a corporation for United States federal income Tax purposes.

(g) No Asset of a Transferred Joint Venture Entity nor any Transferred Asset: (i) is property required to be treated as being owned by another Person pursuant to the provisions of Section 168(f)(8) of the Internal Revenue Code of 1954, as amended and in effect immediately prior to the enactment of the Tax Reform Act of 1986, (ii) constitutes "tax-exempt use property" within the meaning of Section 168(h)(1) of the Code or (iii) is "tax-exempt bond financed property" within the meaning of Section 168(g)(5) of the Code.

(h) As of the date hereof, (i) Western (a) has never reported any item of income, gain, loss, deduction or credit for Tax purposes nor (b) has it reported any assets or liabilities on a Tax Return, in the case of (a) and (b), in an amount greater than \$3,500; (ii) none of the business operations of Parnassos have been reported on a Tax Return relating to Western; (iii) neither Seller nor any of its Affiliates has reported Western as a party to any "partnership division" within the meaning of Treas. Reg. Sec. 1.708-1(d); and (iv) the information included in the restated financial statement of Seller published on December 23, 2004 would not cause Seller to change the reporting described in clauses (i), (ii) and (iii).

(i) As of the date hereof, since January 1, 2002, Seller has not reported any Subsidiary of a Transferred Joint Venture Parent as an entity that is separate and apart from its owner for U.S. federal income Tax purposes.

Section 3.10 Employee Benefits.

(a) All benefit and compensation plans, programs, contracts, policies, agreements or arrangements, including any trusts (including any trusts required in the future as a result of the Transaction or otherwise), trust instruments, funding arrangements or insurance contracts, any "employee benefit plans" within the meaning of

Section 3(3) of ERISA, including any multiemployer pension plans within the meaning of Section 3(37) of ERISA (each, a "Multiemployer Plan"), any pension, profit-sharing, savings, retirement, deferred compensation, stock option, stock purchase, stock appreciation rights, stock based, incentive, bonus, workers' compensation, short term disability, sick leave, group insurance, hospitalization, medical, dental, life, cafeteria or flexible spending, vacation, continuity, sale bonus, retention, fringe benefit, employee loan and severance plans and all employment, collective bargaining, consulting, severance and change in control agreements, plans, policies, programs or arrangements, whether formal or informal, written or oral, and all amendments thereto, under which (i) any Employee, director or consultant of Seller or any of its Affiliates has any present or future right to benefits and which are contributed to, sponsored by or maintained by Seller or any of its Affiliates, or (ii) Seller or any of its Affiliates has any present or future liability (whether contingent or otherwise) (the "Benefit Plans"), are listed on Schedule 3.10(a) of the Seller Disclosure Schedule. Schedule 3.10(a)(i) of the Seller Disclosure Schedule lists each of the Benefit Plans sponsored or maintained by a Transferred Joint Venture Entity. Each Benefit Plan which is intended to be qualified under Section 401(a) of the Code has received a favorable determination letter from the Internal Revenue Service National Office and has been separately identified. Seller has provided or made available to Buyer true and complete copies of all Benefit Plans (or, with respect to any individual employment agreements, shall provide such agreements to Buyer not later than 14 Business Days following the date hereof) and, with respect to each Benefit Plan, to the extent applicable, all related service agreements, summaries, summary plan descriptions, actuarial reports, the most recently filed Forms 5500 and the most recent determination letters.

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

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

(d) Neither Seller nor any of its ERISA Affiliates has, within the six years preceding the date of this Agreement, or expects to incur any obligation to contribute to, or any withdrawal liability under Subtitle E of Title IV of ERISA with

respect to, a Multiemployer Plan (whether based on contributions of Seller or an ERISA Affiliate) nor do Seller or any of its ERISA Affiliates have any Liabilities under any such plan that remain unsatisfied.

(e) There has been no amendment to, or announcement by Seller or any of its Affiliates (whether or not written) in respect of the Employees relating to any Benefit Plan which would increase materially the expense of maintaining such Benefit Plan above the level of the expense incurred therefor for the most recent fiscal year, except as would not directly or indirectly adversely affect Buyer.

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

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

(h) As of the date hereof with respect to those Employees listed on Schedule 5.5(a)(ii) of the Seller Disclosure Schedule and as of the date hereof and as of the Closing Date with respect to all other Employees, no Benefit Plan exists that, as a result of the execution of this Agreement or the Transaction (whether alone or in connection with any subsequent event(s)), will (i) entitle any Employee, director or consultant of Seller or any of its Affiliates to severance pay or any increase in severance pay upon any termination of employment after the date of this Agreement, (ii) accelerate the time of payment or vesting or result in any payment or funding (through a grantor trust or otherwise) of compensation or benefits under, increase the amount payable or result in any other material obligation pursuant to, any of the Benefit Plans, (iii) limit or restrict the right of Seller or any of its Affiliates to merge, amend or terminate any of the Benefit Plans or (iv) result in payments under any of the Benefit Plans which would subject any recipient of the payments to excise taxes under Section 4999 of the Code.

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

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

Section 3.11 Compliance with Laws. Each Specified Business and all of the Transferred Assets have since July 1, 2003 and currently are being conducted, held and operated in compliance with all applicable Laws and Governmental Authorizations,

including the Communications Act, the Cable Communications Policy Act of 1984, the Cable Television Consumer Protection and Competition Act of 1992, the Telecommunications Act of 1996, the Copyright Act of 1976 and all rules and regulations of the FCC and the United States Copyright Office, except for failures to comply that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Since July 1, 2003 and, to the Knowledge of Seller, and except to the extent of any Claims that will be discharged (or the functional equivalent thereof in terms of its effect on Buyer, each Specified Business, the Transferred Assets and the Assumed Liabilities) pursuant to the Discharge (or, as applicable, the MCE Discharge or an Additional Discharge), prior to July 1, 2003, neither Seller nor any of its Affiliates has received any notice alleging any violation by Seller or any of its Affiliates under any applicable Law for a violation, except for violations that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, each Specified Business has all Governmental Authorizations necessary for the conduct of such Specified Business as currently conducted and such Governmental Authorizations are in full force and effect. Nothing in this representation is intended to address any compliance matter that is specifically addressed by Sections 3.10 (Employee Benefits), 3.12 (Environmental Matters), 3.14 (Labor) and 3.17 (Franchises). Schedule 3.11 of the Seller Disclosure Schedule sets forth, with respect to each Specified Business, each Governmental Authorization issued by the FCC, each Governmental Authorization for the provision of telephony services and each other material Governmental Authorization, in each case Related to such Specified Business.

Section 3.12 Environmental Matters.

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

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

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

(d) There are no underground storage tanks, asbestos-containing materials, lead-based products or polychlorinated biphenyls on, at or under any of the

Owned Real Property or Transferred Assets other than in compliance in all material respects with all Environmental Laws; provided, that, solely for purposes of Section 6.2(a), this Section 3.12(d) shall be deemed to exclude any such items of which Seller does not have Knowledge.

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

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

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

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

Section 3.14 Labor.

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

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

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

Section 3.15 Contracts.

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 3.16 Cable System and Subscriber Information.

(a) Except for the Friendco Transferred Assets, none of Seller or any of its Affiliates, directly or indirectly, owns any Systems other than the Cable Systems listed on Schedule 3.16(a) of the Seller Disclosure Schedule.

(b) Except for the Group 2 Systems and the Friendco Transferred Assets, none of Seller or any of its Affiliates, directly or indirectly, manages or operates any Systems which it does not, directly or indirectly, wholly own.

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

(d) Schedule 3.16(d) of the Seller Disclosure Schedule sets forth the aggregate number of Basic Subscribers, Digital Subscribers and HSI Subscribers of each Specified Business (detailed by Cable System) as of December 31, 2004. Each such aggregate number has been determined in accordance with the Seller Subscriber Accounting Policy.

(e) Schedule 3.16(e) of the Seller Disclosure Schedule sets forth Seller's policy with respect to calculating subscribers (the "Seller Subscriber Accounting Policy").

(f) Schedule 3.16(f) of the Seller Disclosure Schedule sets forth the average total revenue per Basic Subscriber of each Specified Business as of December 31, 2004.

(g) Schedule 3.16(g) of the Seller Disclosure Schedule sets forth the Basic Subscriber monthly churn rate for each Specified Business as of December 31, 2004.

(h) Schedule 3.16(h) of the Seller Disclosure Schedule sets forth a true and complete list of the Cost Centers comprising each Specified Business.

Section 3.17 Franchises.

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

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

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

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

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

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

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

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

Section 3.20 Assets.

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

(b) The Shared Assets and Liabilities are the only Assets and Liabilities of Seller or any of its Affiliates that Relate to both of the Specified Businesses or to any Specified Business and any other business of Seller or its Affiliates, including any part of the Friendco Business. The Palm Beach Joint Venture does not hold any Assets that are Primarily Related to any portion of the Business other than the portion of

the Business conducted by the Palm Beach Joint Venture. Empire Sports Network has no Assets other than those Primarily Related to its business of operating a regional sports network and has no Assets Primarily Related to the Cable Systems.

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

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

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

Section 3.21 Real Property.

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

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

(c) Subject to the entry of the Confirmation Order, all Transferred Real Property Leases and Transferred Rights-of-Way, when assumed by Seller or its Affiliates and assigned to Buyer or its Affiliates (or, in the case of Transferred Real Property Leases and Transferred Rights-of-Way held by any Transferred Joint Venture Entity, when assumed and retained by such Transferred Joint Venture Entity upon completion of the Closing) pursuant to this Agreement and the Confirmation Order, will be in full force and effect and will be enforceable against each party thereto in accordance with the express terms thereof and will not require any consent of any Person or any payment thereunder in respect of such assignment (unless such payment is made by Seller or any of its Affiliates on or prior to the Closing) and any violation, breach or event of default, or event or condition that, after notice or lapse of time or both (to the extent required), would constitute a violation, breach or event of default thereunder on the part of Seller or any of its Affiliates existing prior to such assumption and assignment

will be fully discharged and none of Buyer nor any of its Affiliates shall have any responsibility therefor. To the Knowledge of Seller, no other party to any Transferred Real Property Lease or Transferred Right-of-Way is in default, violation or breach of such Transferred Real Property Lease or Transferred Right-of-Way and there are no disputes pending or threatened thereunder other than those defaults, violations, breaches and disputes that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Neither the Transferred Owned Real Property nor the Transferred Leased Real Property is subject to any material Real Property Sublease.

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

Section 3.22 Absence of Liabilities. Except to the extent of any Claims that will be discharged (or the functional equivalent thereof in terms of its effect on Buyer, each Specified Business, the Transferred Assets and the Assumed Liabilities) pursuant to the Discharge (or, as applicable, the MCE Discharge or an Additional Discharge), each Specified Business has no Liabilities and there is no existing condition, situation or set of circumstances that, individually or in the aggregate, would reasonably be expected to result in a Liability of any Specified Business, other than (a) Liabilities specifically reflected, reserved against or otherwise disclosed in the Derivative 2004 Financial Statements or, only with respect to Liabilities included in the Unallocated Shared Assets and Liabilities that become Assumed Liabilities pursuant to Section 2.5, the Derivative Unallocated 2004 Financial Statements, (b) Excluded Liabilities and (c) Liabilities that were incurred in the Ordinary Course of Business since the date of the Derivative 2004 Financial Statements and that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

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

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

Section 3.25 Transactions with Affiliates. Except for this Agreement, the Ancillary Agreements to which it is a party and any Liability arising under this Agreement or any such Ancillary Agreement, from and after the Closing, none of Buyer or its Subsidiaries shall, as a result of the Transaction, be bound by any Contract or any other arrangement of any kind whatsoever with, or have any Liability to, Seller, any Managed Cable Entity or any of their respective Affiliates.

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

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

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF BUYER

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

Section 4.1 Organization and Qualification.

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

Section 4.2 Corporate Authorization. (a) Buyer has full corporate power and authority to execute and deliver this Agreement and to perform its obligations hereunder. The execution, delivery and performance by Buyer of this Agreement have been duly and validly authorized and no additional corporate authorization or consent is required in connection with the execution, delivery and performance by Buyer of this Agreement.

(b) Prior to the Closing, each of Buyer and Buyer's Subsidiaries will have full corporate, partnership or similar power and authority to execute and deliver

each of the Ancillary Agreements to which it will be a party and to perform its obligations thereunder. Prior to the Closing, the execution, delivery and performance by each of Buyer and Buyer's Subsidiaries of each of the Ancillary Agreements to which it will be a party will have been duly and validly authorized and no additional shareholder or similar authorization or consent will be required in connection with the execution, delivery and performance by each of Buyer and Buyer's Subsidiaries of any of the Ancillary Agreements to which it will be a party.

Section 4.3 Consents and Approvals. No consent, approval, waiver, authorization, notice or filing is required to be obtained by Buyer or any of its Affiliates from, or to be given by Buyer or any of its Affiliates to, or made by Buyer or any of its Affiliates with, any Person in connection with the execution, delivery and performance by Buyer of this Agreement and by Buyer or any of its Subsidiaries of the Ancillary Agreements to which it is a party, other than the consents, approvals, waivers, authorizations, notices or filings the failure of which to obtain, give or make would not, individually or in the aggregate, reasonably be expected to materially impair or delay Buyer's or any of its Subsidiaries' ability to effect the Closing or to perform their respective obligations under this Agreement or any Ancillary Agreement to which Buyer or such Subsidiary is a party.

Section 4.4 Non-Contravention. The execution, delivery and performance by Buyer of this Agreement and the execution, delivery and performance by Buyer of each of the Ancillary Agreements to which it is a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not (a) violate any provision of the articles of incorporation, bylaws or other organizational documents of Buyer or any of its Subsidiaries, (b) assuming the receipt of all consents, approvals, waivers and authorizations and the making of notices and filings set forth on Schedule 4.3 of the Buyer Disclosure Schedule with respect to any Person which is not a Government Entity or Self-Regulatory Organization, conflict with, or result in the breach of, or constitute a default under, or result in the termination, cancellation, modification or acceleration (whether after the filing of notice or the lapse of time or both) of any right or obligation of Buyer or any of its Subsidiaries under, or result in a loss of any benefit to which Buyer or any of its Subsidiaries is entitled under, any Contract to which any of them is a party or result in the creation of any Encumbrance upon any of their Assets or give rise to any Purchase Right or (c) assuming the receipt of all consents, approvals, waivers and authorizations and the making of notices and filings set forth on Schedule 4.3 of the Buyer Disclosure Schedule with respect to Government Entities or Self-Regulatory Organizations or required to be made or obtained by Seller, violate or result in a breach of or constitute a default under any Law to which Buyer or any of its Subsidiaries is subject, or under any Buyer Governmental Authorization, other than, in the case of clauses (b) and (c), conflicts, breaches, terminations, defaults, cancellations, accelerations, losses, violations or Encumbrances that would not, individually or in the aggregate, reasonably be expected to materially impair or delay Buyer's or its Subsidiary's ability to effect the Closing or to perform their respective obligations under this Agreement or any Ancillary Agreement to which Buyer or such Subsidiary is a party.

Section 4.5 Binding Effect. This Agreement and each of the Ancillary Agreements dated the date hereof is, and each other Ancillary Agreement will constitute, when executed and delivered by Buyer and each Affiliate of Buyer party to such agreements and by Seller and the other parties thereto, a valid and legally binding obligation of Buyer and each Affiliate of Buyer party to such agreements, enforceable against Buyer and each such Affiliate in accordance with their respective terms.

Section 4.6 Litigation and Claims. There are no civil, criminal or administrative actions, suits, demands, claims, hearings, proceedings or investigations pending against, or, to the Knowledge of Buyer, threatened against or affecting, or otherwise relating to Buyer or any of its Affiliates, or the Transaction, other than those that would not, individually or in the aggregate, reasonably be expected to materially impair or delay Buyer's or any of its Subsidiaries' ability to effect the Closing or to perform their respective obligations under this Agreement or any Ancillary Agreement to which Buyer or such Subsidiary is a party. None of Buyer or any of its Affiliates is subject to any order, writ, judgment, award, injunction or decree of any court or governmental or regulatory authority of competent jurisdiction or any arbitrator or arbitrators, other than those that would not, individually or in the aggregate, reasonably be expected to materially impair or delay Buyer's or any of its Subsidiaries' ability to effect the Closing or to perform their respective obligations under this Agreement or any Ancillary Agreement to which Buyer or such Subsidiary is a party.

Section 4.7 Friendco Agreements.

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

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

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

Section 4.8 No On-Sale Agreements. Except with respect to the Transaction, the Exchange or the Redemptions, as of the date hereof, Buyer and its Affiliates have not entered into any binding agreement with any third party (other than Seller) with respect to a purchase and sale transaction, whether by merger, stock sale, asset sale or otherwise, for any of the Transferred Assets.

Section 4.9 Finders' Fees. There is no investment banker, broker, finder or other intermediary that has been retained by or is authorized to act on behalf of

Buyer or any Affiliate of Buyer who might be entitled to any fee or commission from Seller or any of its Affiliates in connection with the Transaction.

Section 4.10 No Other Representations or Warranties. Except for the representations and warranties contained in this Article IV, neither Buyer nor any other Person makes any other express or implied representation or warranty on behalf of Buyer.

ARTICLE V

COVENANTS

Section 5.1 Access and Information.

(a) From the date hereof until the Closing (and, with respect to any Disputed MCE System, until the expiration of the MCE Period), subject to applicable Laws, Seller shall (i) afford Buyer and its authorized representatives reasonable access, during regular business hours, upon reasonable advance notice, to the Employees, each Specified Business, the Friendco Business, Assets that will be Transferred Assets as of the Closing and the Friendco Transferred Assets, (ii) furnish, or cause to be furnished, to Buyer any financial and operating data and other information with respect to each Specified Business or in furtherance of the Transaction or the Exchange as Buyer from time to time reasonably requests, including, subject to Section 5.9, by providing to Buyer or its accountants sufficient information (A) for the preparation of the pro-forma balance sheet and statements of income, stockholders' equity and cash flows for the Buyer Business (in each case, if requested, assuming the Friendco Transaction and/or the Exchange have occurred) and (B) regarding compliance by Seller and its Affiliates with the requirements of the SOA with respect to the Business, and (iii) instruct the Employees, and its counsel and financial advisors to cooperate with Buyer in its investigation of each Specified Business and the Friendco Business, including instructing its accountants to give Buyer access to their work papers; provided, however, that in no event shall Buyer have access to any information that, based on advice of Seller's counsel, would (A) reasonably be expected to (i) create Liability under applicable Laws, including U.S. Antitrust Laws, (ii) waive any material legal privilege or (iii) otherwise be prohibited by an order of the Bankruptcy Court (provided, that in the case of clauses (ii) or (iii) Buyer and Seller shall use commercially reasonable efforts to cooperate to permit disclosure of such information, in the case of clause (ii), in a manner consistent with the preservation of such legal privilege and, in the case of clause (iii), by seeking relief from such order of the Bankruptcy Court to the extent reasonably requested by Buyer), (B) result in the disclosure of any trade secrets of third parties or (C) violate any obligation of Seller with respect to confidentiality so long as, with respect to confidentiality, to the extent specifically requested by Buyer, Seller has made commercially reasonable efforts to obtain a waiver regarding the possible disclosure from the third party to whom it owes an obligation of confidentiality; it being understood that Buyer shall not conduct any environmental sampling without the prior written consent of Seller, which consent may be withheld in Seller's reasonable discretion. All requests made pursuant to this Section 5.1(a) shall be directed to an executive officer of Seller or such Person or Persons as may be designated by Seller. All information received pursuant to this Section 5.1(a) shall,

prior to the Closing, be governed by the terms of the Seller Confidentiality Agreement. No information or knowledge obtained in any investigation by Buyer pursuant to this Section 5.1(a) shall affect or be deemed to modify any representation or warranty made by Seller hereunder.

(b) Following the Closing and until all applicable statutes of limitations (including periods of waiver) have expired, Buyer agrees to retain all Books and Records in existence on the Closing Date, and to the extent permitted by Law and confidentiality obligations existing as of the Closing Date, grant to Seller and its representatives during regular business hours and subject to reasonable rules and regulations, the right, at the expense of Seller, (i) to inspect and copy the Books and Records and (ii) to have personnel of Buyer made reasonably available to them or have Buyer otherwise cooperate to the extent reasonably necessary, including in connection with (A) preparing and filing Tax Returns and/or any Tax inquiry, audit, investigation or dispute, (B) any litigation or investigation or (C) the claims resolution, plan administration and case closing processes in the Reorganization Case; provided, however, that in no event shall Seller have access to any information that, based on advice of Buyer's counsel, would (1) reasonably be expected to create Liability under applicable Laws, including U.S. Antitrust Laws, or waive any material legal privilege (provided, that in such latter event Buyer and Seller shall use commercially reasonable efforts to cooperate to permit disclosure of such information in a manner consistent with the preservation of such legal privilege), (2) result in the disclosure of any trade secrets of third parties or (3) violate any obligation of Buyer with respect to confidentiality (provided, that with respect to clause (3), to the extent specifically requested by Seller, Buyer has in good faith sought to obtain a waiver regarding the possible disclosure from the third party to whom it owes an obligation of confidentiality). In no event shall Seller or its representatives have access to the Tax Returns of Buyer. No Books and Records shall be destroyed by Buyer without first advising Seller in writing and giving Seller a reasonable opportunity to obtain possession thereof at the transferee's expense. All information received pursuant to this Section 5.1(b) shall be governed by the terms of Section 5.1(d) .

(c) Following the Closing and until all applicable statutes of limitations (including periods of waiver) have expired (and with respect to Tax Returns, until the later of (I) the five year anniversary of the Closing and (II) the expiration of the statute of limitations with respect to such Tax Returns), Seller agrees to retain all Books and Records and all Excluded Books and Records, in each case in existence on the Closing Date and not transferred to Buyer or retained by a Transferred Joint Venture Entity (the "Retained Books and Records"), and to the extent permitted by Law and confidentiality obligations existing as of the Closing Date, (i) permit Buyer to make copies of any Tax Returns (including related workpapers) relating to any Transferred Joint Venture Entity (including any amended Tax Returns relating to such Transferred Joint Venture Entities and workpapers related thereto), (ii) grant to Buyer and its representatives the right to inspect and make copies of Retained Books and Records not described in clause (i) above (other than Excluded Books and Records) and (iii) grant to Buyer and its representatives during regular business hours and subject to reasonable rules and regulations, the right, at the expense of Buyer, to have personnel of Seller made

reasonably available to them or have Seller otherwise cooperate to the extent reasonably necessary, in each case, including in connection with (A) preparing and filing Tax Returns and/or any Tax inquiry, audit, investigation or dispute or (B) any litigation or investigation; provided, however, that in no event shall Buyer or its representatives have access to any information that, based on advice of Seller's counsel, would (1) reasonably be expected to create Liability under applicable Laws, including U.S. Antitrust Laws, or waive any material legal privilege (provided, that in such latter event Buyer and Seller shall use commercially reasonable efforts to cooperate to permit disclosure of such information in a manner consistent with the preservation of such legal privilege), (2) result in the disclosure of any trade secrets of third parties or (3) violate any obligation of Seller with respect to confidentiality (provided, that with respect to clause (3), to the extent specifically requested by Buyer, Seller has in good faith sought to obtain a waiver regarding the possible disclosure from the third party to whom it owes an obligation of confidentiality). No Retained Books and Records shall be destroyed by Seller without first advising Buyer in writing and giving Buyer a reasonable opportunity to obtain possession thereof at the transferee's expense.

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

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

compensation or similar compensation shall be required in respect thereof except to the extent such increase is required in the Ordinary Course of Business) and (z) use its commercially reasonable efforts to perform and honor all of its post-petition obligations under any Contract as they become due and otherwise discharge and satisfy all Liabilities thereunder as and when they become due. During the period from the date hereof to the Closing (and, following the Closing, with respect to any Disputed MCE System that is not a Buyer Managed MCE System, until the expiration of the MCE Period), except as otherwise contemplated by this Agreement or any Ancillary Agreement or as Buyer shall otherwise consent (provided, that Buyer shall respond as soon as reasonably practicable but in no event later than five Business Days following receipt of Seller's written request for such response) or as set forth in the applicable sections of Schedule 5.2 of the Seller Disclosure Schedule, Seller shall, and shall cause each of its Affiliates to, with respect to each Specified Business:

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

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

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

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

(e) not amend any of the JV Documents or Investment Documents;

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

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

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

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

(j) not (i) increase the compensation of any Employee or current director of Seller or any of its Subsidiaries, except for increases in salary or wage rates in the Ordinary Course of Business or as required by the terms of agreements or plans currently in effect and listed on Schedule 3.10(a) of the Seller Disclosure Schedule or with respect to any Employee listed on Schedule 5.5(a)(ii) of the Seller Disclosure Schedule, (ii) establish, amend, pay, agree to grant or increase any special bonus, sale bonus, stay bonus, retention bonus, deal bonus, emergence award or change in control bonus or any other benefit under Seller's Performance Retention Plan or other plan, agreement, award or arrangement, other than any such award, entitlement or arrangement that will be fully paid and satisfied on or prior to the Closing Date (other than any sale bonus under the Sale Bonus Program as provided below or as otherwise provided in the parenthetical at the end of this clause (ii) with respect to awards other than awards under the Sale Bonus Program or Seller's Performance Retention Plan) and the Liabilities of which will be Excluded Liabilities or, with respect to any sale bonus under the Sale Bonus Program, to the extent (but only to the extent) any such sale bonus amount is reflected in the Closing Net Liabilities Amount used in calculating the Final Adjustment Amount (provided, however, that an award, entitlement or arrangement under this clause (ii) granted to an Employee listed on Schedule 5.5(a)(ii) of the Seller Disclosure Schedule may be paid by Seller in accordance with its terms; provided, further, that (x) all payments that pursuant to the term of such award, entitlement or arrangement are to be paid on or prior to the Closing shall be paid by Seller on or prior to the Closing and (y) if Buyer offers employment to any such Employee pursuant to Section 5.5(a) (or, with respect to any Joint Venture Employee, continues such employment) and such Employee becomes a Transferred Employee, Seller shall fully pay and satisfy any such award, entitlement or arrangement as to such individual on or prior to the Closing), (iii) except as provided in clause (ii) or as required by Law, establish, adopt, enter into, amend or terminate any Benefit Plan (other than any broad based health or welfare plan) or any plan, agreement, program, policy, trust, fund or other arrangement that would be a Benefit Plan if it were in existence as of the date of this Agreement, (iv) hire any employee for any Specified Business with annual compensation in excess of the amount of compensation for a Person in a similar position consistent with past practice, other

than to fill vacancies arising in the Ordinary Course of Business, (v) enter into any new employment or severance agreements or amend any such existing agreement with any Employee (provided, that the foregoing shall not restrict Seller from taking any such action with respect to an Employee listed on Schedule 5.5(a)(ii) of the Seller Disclosure Schedule so long as Buyer will not be bound by any such action (including as it may relate to the terms of employment of any such Employee pursuant to Section 5.5 hereof)) if the Employee becomes employed by Buyer in connection with the Transaction, (vi) establish, adopt, enter into, amend or terminate any plan, 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 Buyer will not be bound by any such action (including as it may relate to the terms of any offer to any Employee, or the terms of continued employment of any Joint Venture Employee, pursuant to Section 5.5(a) hereof) if any Employee covered thereby becomes employed by 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) and (iii) any interest in or Assets of any entity which nominally owns any interest in any Group 2 System;

(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 Excluded 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 Commercially Reasonable Efforts.

(a) Subject to the Bankruptcy Code and any orders of the Bankruptcy Court, Seller and Buyer shall 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 (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 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 to agree to or to effect any divestiture, 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 an adverse impact that is material to the Buyer Business or the Transferred Assets or would materially constrain the operations of Buyer 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 Section 5.3(b) .

(c) No later than 45 days following the date hereof, Buyer and Seller shall 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 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 required. Buyer and Seller shall 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 Buyer or Friendco Parent 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 Buyer or Friendco Parent 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 (other than the Transferred Assets to be retained by a Transferred Joint Venture Entity), and to vest in the Transferred Joint Venture Entities good and marketable title to the Transferred Assets to be retained by such Transferred Joint Venture Entity, in each case free and clear of all Encumbrances other than, in the case of Transferred Assets other than the JV Interests and the Transferred Investments, Permitted Encumbrances, in the case of the JV Interests, Encumbrances under the JV Documents, and in the case of the Transferred Investments, Encumbrances under the Investment Documents and, in each case, Encumbrances created by Buyer or any of its Affiliates (other than, prior to the Closing, any Transferred Joint Venture Entity or the Palm Beach Joint Venture).

(e) Seller and Buyer shall 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 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 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, 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 Buyer 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 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) 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.

(i) After the Closing, Buyer shall, in the ordinary course of business of Buyer, 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 5.4 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 5.4(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 5.4(a) shall be Assumed Taxes.

(b) Tax Returns. (i) Seller shall file or cause to be filed when due all Tax Returns that are required to be filed by or with respect to all Transferred Joint Venture Entities for taxable years or periods ending on or before the Closing Date and shall pay any Taxes due in respect of such Tax Returns (which for the avoidance of doubt shall not include income Taxes payable by any partner in a Transferred Joint Venture Parent), and Buyer shall file or cause to be filed when due all Tax Returns that are required to be filed by or with respect to all Transferred Joint Venture Entities for taxable years or periods ending after the Closing Date.

(ii) Except as provided in Section 5.4(c), if either party shall be liable hereunder to pay over to the other party any portion of the Tax (including, for the avoidance of doubt, by reason of the inclusion of such Tax in Assumed Taxes or Excluded Taxes) of a Transferred Joint Venture Entity shown due on any such Tax Return required to be filed by the other party with respect to a taxable period that includes the Closing Date, the party preparing such Tax Return shall deliver a copy of the relevant portions of such Tax Return to the party so liable for its review and approval not less than 30 days prior to the date on which such Tax Return is due to be filed (taking into account any applicable extensions). If the parties disagree as to any item reflected on any such Tax Return, the non-preparing party shall notify the preparing party of such disagreement and its reasons for so disagreeing, in which case the parties shall attempt to resolve such disagreement. To the extent that Seller and Buyer cannot reach agreement with respect to such disputed item, the resolution of such dispute shall be made by the CPA Firm, or such nationally recognized firm of independent accountants agreed upon by Seller and Buyer, whose decision shall be final and binding and whose expenses shall be shared equally by Seller and Buyer. The party liable to pay over to the other party any

portion of a Tax under Section 5.4(b) that is payable with a Tax Return to be filed by the other party with respect to a taxable period that includes the Closing Date, shall pay the other party at least 10 days prior to the due date for the filing of such Tax Return.

(iii) Buyer shall not file any amended Tax Returns with respect to any Transferred Joint Venture Entity that includes a period ending on or before the Closing Date 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 5.4(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 5.4(c)(iii) and 5.4(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 consideration that is agreed pursuant to Section 5.4(d); provided, however, that if Buyer and Seller do not jointly agree to a Purchase Price Allocation Schedule as provided in Section 5.4(d) and except as provided in Section 5.4(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 5.4 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 5.4(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 5.4(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 5.4(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 consideration in the Transaction (including, as appropriate for Tax purposes, assumptions of liabilities) 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 5.4(c)(iii) and 5.4(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) Section 754 Elections.

(i) Seller agrees to use commercially reasonable efforts to cause each Transferred Joint Venture Parent to make a valid Section 754 Election (or comparable election, if provided for under applicable state or local law) for a taxable year ending on or prior to the Closing Date. Seller shall not take any action or permit any of its Affiliates (including any Transferred Joint Venture Parent) to take any action that would cause any such Section 754 Election to become void or invalid.

(ii) If Seller or any of its Affiliates reports any Subsidiary of a Transferred Joint Venture Parent as a partnership for U.S. federal income Tax purposes, Seller agrees to use commercially reasonable efforts to cause such Subsidiary to make a valid Section 754 Election (or comparable election, if provided for under state or local law) for a taxable year ending on or prior to the Closing Date.

Section 5.5 Post-Closing Obligations of each Specified Business to Certain Employees.

(a) Seller shall provide to Buyer not 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 not 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, not 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. Not 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 Buyer employees which customary employment conditions are set forth on Schedule 5.5(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 5.5(a)(ii) of the Seller Disclosure Schedule; and provided, further that Buyer need not extend an offer to any Applicable Employee who is employed by a Transferred Joint Venture Entity (such employees, other than those set forth on Schedule 5.5(a)(ii) of the Seller Disclosure Schedule, the “Joint Venture Employees”). Joint Venture Employees who have, as of the Closing Date, satisfied the Background Check and who are Applicable Employees on the Closing Date (“Transferred Joint Venture Employees”) shall remain employees of the applicable Transferred Joint Venture Entity as of immediately following the Closing and shall be entitled to compensation and benefits in accordance with the terms set forth in this Section 5.5. Buyer shall cooperate with Seller from and after the date hereof to communicate with Applicable Employees other than those set forth on Schedule 5.5(a)(ii) of the Seller Disclosure Schedule regarding (i) the anticipated offers of employment to be made by Buyer to such Applicable Employees hereunder or (ii) the continuation of such Applicable Employee’s employment with the applicable Transferred Joint Venture Entity, as the case may be. Offers of employment required by this Section 5.5(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 5.5. 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. Not 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 5.5(a). The parties hereto shall cooperate with each other to give effect to this Section 5.5(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 or the Joint Venture Employees becoming Transferred Joint Venture Employees, as the case may be, as of the Closing Date. Immediately prior to the Closing, the Transferred Joint Venture Entities shall employ no individuals other than those Employees who are or will be Transferred Joint Venture Employees Related to the applicable Joint Venture Business. 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 5.5(a).

(b) Beginning on the Closing Date and ending no earlier than the first anniversary of the Closing Date, Buyer shall 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 Buyer; provided, that for purposes of any equity-based compensation, such employees shall be deemed newly hired employees of Buyer. In addition, to the extent Buyer 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 Buyer. 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 5.5(b), beginning on the Closing Date, Buyer shall, 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 5.5(c) shall not result in any duplication of benefits to any Transferred Employee.