

CAPTION SHEET

CASE MANAGEMENT SYSTEM

1. REPORT DATE: 00/00/00 :
 2. BUREAU: FUS :
 3. SECTION(S) : 4. PUBLIC MEETING DATE:
 5. APPROVED BY: : 00/00/00
 DIRECTOR: :
 SUPERVISOR: :
 6. PERSON IN CHARGE: : 7. DATE FILED: 04/09/04
 8. DOCKET NO: A-110550 F0347 : 9. EFFECTIVE DATE: 00/00/00

PARTY/COMPLAINANT: TELCOVE HOLDINGS OF PA, INC

RESPONDENT/APPLICANT: PECO ENERGY COMPANY

COMP/APP COUNTY:

UTILITY CODE: 110550

ALLEGATION OR SUBJECT

JOINT APPLICATION OF ADELPHIA BUSINESS SOLUTIONS, INC., D/B/A TELCOVE, ADELPHIA BUSINESS SOLUTIONS OF PA, INC., T/A TELCOVE, PECO TELCOVE, AND PECO ENERGY COMPANY FOR APPROVAL OF CERTAIN TRANSACTION RELATED TO THE TRANSFER OF SALE OF THE OWNERSHIP AND CONTROL OF PECO TELCOVE AND THE TRANSFER BY SALE OF CERTAIN ASSETS AND AMENDMENT OF A RELATED LEASE. SPECIFICALLY, THE TRANSFER OF THE OWNERSHIP INTEREST OF PECO ENERGY COMPANY AND ITS AFFILIATE PHT HOLDINGS, LLC IN PECO TELCOVE TO TELCOVE HOLDINGS OF PENNSYLVANIA, INC. DOCKET NUMBERS: ADELPHIA BUSINESS SOLUTIONS, INC T/A TELCOVE: A-310470F0009; ADELPHIA BUSINESS SOLUTIONS OF PA, INC T/A TELCOVE: A-310923F0007; PECO TELCOVE: A-310378F0006; AND PECO ENERGY COMPANY: A-110550F0347.

DOCKETED

MAY 05 2004

DOCUMENT
FOLDER

CAPTION SHEET

CASE MANAGEMENT SYSTEM

1. REPORT DATE: 00/00/00 :
 2. BUREAU: FUS :
 3. SECTION(S) : :
 5. APPROVED BY: : 4. PUBLIC MEETING DATE:
 DIRECTOR: : 00/00/00
 SUPERVISOR: : :
 6. PERSON IN CHARGE: : 7. DATE FILED: 04/09/04
 8. DOCKET NO: A-110550 F0159 : 9. EFFECTIVE DATE: 00/00/00

PARTY/COMPLAINANT: TELCOVE HOLDINGS OF PA, INC

RESPONDENT/APPLICANT: PECO ENERGY COMPANY

COMP/APP COUNTY:

UTILITY CODE: 110550

ALLEGATION OR SUBJECT

JOINT APPLICATION OF ADELPHIA BUSINESS SOLUTIONS, INC., D/B/A TELCOVE, ADELPHIA BUSINESS SOLUTIONS OF PA, INC., T/A TELCOVE, PECO TELCOVE, AND PECO ENERGY COMPANY FOR APPROVAL OF CERTAIN TRANSACTION RELATED TO THE TRANSFER OF SALE OF THE OWNERSHIP AND CONTROL OF PECO TELCOVE AND THE TRANSFER BY SALE OF CERTAIN ASSETS AND AMENDMENT OF A RELATED LEASE. SPECIFICALLY, THE TRANSFER OF THE OWNERSHIP INTEREST OF PECO ENERGY COMPANY AND ITS AFFILIATE PHT HOLDINGS, LLC IN PECO TELCOVE TO TELCOVE HOLDINGS OF PENNSYLVANIA, INC. DOCKET NUMBERS: ADELPHIA BUSINESS SOLUTIONS, INC T/A TELCOVE: A-310470F0009; ADELPHIA BUSINESS SOLUTIONS OF PA, INC T/A TELCOVE: A-310923F0007; PECO TELCOVE: A-310378F0006; AND PECO ENERGY COMPANY: A-110550F0159.

DOCUMENT
FOLDER

DATE: May 5, 2004

SUBJECT: A-310470F0009; A-310923F0007;
A-310378F0006; A-110550F0347
FO159

TO: Bureau of Fixed Utility Services

FROM: James J. McNulty, Secretary *act*

**JOINT APPLICATION OF ADELPHIA BUSINESS
SOLUTIONS, INC, T/A TELCOVE, ADELPHIA BUSINESS
SOLUTIONS OF PA, INC., T/A TELCOVE, PECO
TELCOVE, AND PECO ENERGY COMPANY**

We attach hereto a copy of the Joint Application of Adelphia Business Solutions, Inc, t/a Telcove, Adelphia Business Solutions of Pa, Inc., t/a Telcove, Peco Telcove, and Peco Energy Company, which has been captioned and docketed to the above numbers.

Applicant has served a copy of the application upon the Office of Consumer Advocate and the Office of Small Business Advocate, and has filed proof of such service with this Commission.

May we have a report prepared by your Bureau for Public Meeting.

Attachment

cc: Law Bureau

ddt

DOCKETED

MAY 05 2004

**DOCUMENT
FOLDER**

ORIGINAL

LEBOEUF, LAMB, GREENE & MACRAE
L.L.P.

A LIMITED LIABILITY PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

NEW YORK
WASHINGTON, D.C.
ALBANY
BOSTON
HARRISBURG
HARTFORD
HOUSTON
JACKSONVILLE
LOS ANGELES
NEWARK
PITTSBURGH
SALT LAKE CITY
SAN FRANCISCO

200 NORTH THIRD STREET
SUITE 300
P.O. Box 12105
HARRISBURG, PA 17108-2105
(717) 232-8199
FACSIMILE: (717) 232-8720
E-MAIL ADDRESS: MICHAEL.KLEIN@LLGM.COM

LONDON
(A LONDON-BASED
MULTINATIONAL PARTNERSHIP)
PARIS
BRUSSELS
JOHANNESBURG
(PTY) LTD.
MOSCOW
RIYADH
(AFFILIATED OFFICE)
BISHKEK
ALMATY
BEIJING

May 28, 2004

BY HAND

James J. McNulty, Secretary
Secretary's Bureau
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
2nd Floor, Room-N201
400 North Street
Harrisburg, PA 17120

RECEIVED
MAY 28 11 3:05
SECRETARY'S BUREAU

DOCKETED
JUL 12 2004

Re: Joint Application of Adelpia Business Solutions, Inc., d/b/a TelCove,
Adelpia Business Solutions of Pennsylvania, Inc., d/b/a TelCove, PECO
TelCove, and PECO Energy Company, for approval of Certain Transactions
Related to the Transfer by Sale, of the Ownership and Control of PECO
TelCove and the Transfer by Sale of Certain Assets and Amendment of a
Related Lease
Docket Nos. A-310470F009, A-310923F007, A-10378F006 and
A-110550F0347

FOIS9

Dear Secretary McNulty:

Please remove from the referenced caption, the Docket No. A-310923F007. Said
Docket No. was incorrectly included in our original filing.

Thank you.

Sincerely,

Michael D. Klein
Michael D. Klein

DOCUMENT
FOLDER

MDK:lls

cc: Clemens B. Glunz
Douglas T. Beebe
Brian Fitzgerald, Esquire
Meabh Purcell, Esquire
Michael W. Gang, Esquire
Michael W. Hassell, Esquire

53

COMMONWEALTH OF PENNSYLVANIA
PENNSYLVANIA PUBLIC UTILITY COMMISSION
P. O. BOX 3265, HARRISBURG PA 17105-3265

IN REPLY PLEASE
REFER TO OUR FILE
Secretary
717-772-7777

May 5, 2004

A-310470F0009; A-310923F0007
A-310378F0006; A-110550E0347

FOIS 9

MICHAEL D KLEIN ESQUIRE
EDWARD G LANZA ESQUIRE
LEBOEUF LAMB GREENE AND MACRAE
200 NORTH THIRD STREET SUITE 300
HARRISBURG PA 17108-2105

Dear Mr. Lanza:

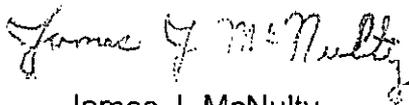
Receipt is acknowledged of the Joint Application of Adelphia Business Solutions, Inc., d/b/a TelCove, Adelphia Business Solutions of Pennsylvania, Inc., d/b/a TelCove, PECO TelCove, and PECO Energy Company, for approval of Certain Transactions Related to the Transfer by Sale, of the Ownership and Control of PECO TelCove and the Transfer by Sale of Certain Assets and Amendment of a Related Lease, which has been captioned and docketed to the above numbers.

This matter will receive the attention of the Commission and you will be advised of any further necessary procedure.

Sincerely,

DOCKETED

MAY 05 2004



James J. McNulty
Secretary

JJM:ddt

cc: Brian Fitzgerald, Esquire
Meabh Purcell, Esquire
Michael W. Gang, Esquire
Michael W. Hassell, Esquire

DOCUMENT
FOLDER

ORIGINAL

LEBOEUF, LAMB, GREENE & MACRAE
L.L.P.

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(A LONDON-BASED
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(PTY) LTD.
MOSCOW
RIYADH
(AFFILIATED OFFICE)
BISHKEK
ALMATY
BEIJING

A-110550 F0349
0159

April 9, 2004

BY HAND

James J. McNulty, Secretary
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17101-3265

RECEIVED
2004 APR 9 PM 3:47
SECRETARY'S BUREAU

Re: Joint Application of TelCove, PECO TelCove and PECO for Approval of
the Transfer of Ownership of PECO TelCove, Transfer of Utility Assets and
the Amendment of a Lease
Docket Nos. A-310470, A-310923, A-310378 and A-110550

Dear Mr. McNulty:

Enclosed for filing please find the Joint Application of TelCove, PECO TelCove
and PECO for Approval of a Transfer of Ownership, Assets and the Amendment of a Lease.
Certificate of Service is also attached.

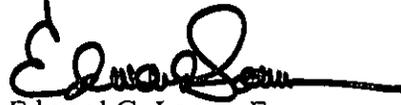
Please be advised that the filing contains CONFIDENTIAL information which the
Joint Applicants wish to exclude from the public record in this proceeding.

DOCUMENT
FOLDER

James J. McNulty, Secretary
April 9, 2004
Page 2

Please call the undersigned if you have any questions or concerns.

Sincerely,

A handwritten signature in black ink, appearing to read "Edward G. Lanza", with a long horizontal flourish extending to the right.

Edward G. Lanza, Esq.
Counsel for TelCove

Enclosures

cc: All Parties on Certificate of Service

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

In the Matter of the Joint Application of : Docket Nos. A-310470
Adelphia Business Solutions, Inc. d/b/a : A-310923
TelCove, Adelphia Business Solutions of : A-310378
Pennsylvania, Inc. d/b/a TelCove, PECO : A-110550
TelCove, and PECO Energy Company for :
Approval of Certain Transactions Related to :
the Transfer by Sale, of the Ownership and :
Control of PECO TelCove and the Transfer :
by Sale of Certain Assets and Amendment :
of a Related Lease :

FD347
FO159

JOINT APPLICATION FOR APPROVAL OF A CHANGE OF CONTROL, THE TRANSFER OF ASSETS AND THE AMENDMENT OF A LEASE

RECEIVED
MAY 05 2004
SECRETARIAT'S BUREAU

To the Honorable Commissioners of The Pennsylvania Public Utility Commission

DOCUMENT FOLDER

DOCKETED

MAY 05 2004

A. INTRODUCTION

Joint Applicants PECO TelCove, Adelphia Business Solutions, Inc. d/b/a TelCove ("TelCove"), Adelphia Business Solutions of Pennsylvania, Inc. d/b/a TelCove, ("TelCove-PA") and PECO Energy Company ("PECO"), by way of this Application filed pursuant to Section 1102 of the Public Utility Code, 66 Pa.C.S. §1102, respectfully request that the Public Utility Commission, ("Commission") approve the transfer of the ownership interest of PECO, and its affiliate PHT Holdings, LLC ("PHT") in PECO TelCove to TelCove Holdings of Pennsylvania, Inc. ("TelCove Holdings"), as described herein as contemplated by the Agreement dated April 7 2004 (the "Agreement"), by and among PECO TelCove, TelCove, TelCove-PA, TelCove Holdings, PHT, Exelon Communications Company, L.L.C. ("Exelon Communications"), Exelon

Enterprises Company, LLC (“Exelon Enterprises”) and PECO. In addition, Joint Applicants request that the Commission approve the transfer, by sale, of certain fiber-optic cables (“Fibers”) from Exelon Communications to PECO TelCove, pursuant to the Agreement and the amendment of a fiber lease between PECO and PECO Telcove.

The Agreement provides, subject to obtaining certain regulatory approvals and other conditions, that TelCove Holdings, will purchase for Twenty Five Million dollars (\$25,000,000) PECO’s and PHT’s combined fifty (50%) percent interest in PECO TelCove. Following the closing of the transaction, PECO TelCove will be renamed “TelCove of Eastern Pennsylvania.” The Agreement further provides that Exelon Communications will sell certain fiber optic assets to PECO TelCove in consideration of Seventeen Million dollars (\$17,000,000) in cash. A copy of the Agreement is attached as Exhibit A.¹ The sale of the fibers also necessitates the amendment of an existing lease between PECO and PECO Telcove. The Amended Lease is Exhibit A of the Agreement.

B. THE PARTIES TO THE TRANSACTION

1. PECO TelCove is a Pennsylvania general partnership with its principal offices at 121 Champion Way, Cannonsburg, PA 15317. PECO TelCove is a competitive local exchange carrier, providing local and long-distance, point-to-point voice and data communications, internet access and enhanced data services for businesses and institutions in eastern Pennsylvania. PECO TelCove utilizes a large-scale, fiber-optic cable-based network and is connected to major long-distance carriers and local businesses. PECO TelCove provides

¹ Due to the confidential nature of the Agreement, the Joint Applicants are providing a copy of the Agreement to the Commission under seal. The Agreement is not part of the public record in this matter.

services to approximately 1,000 customers in Philadelphia, Delaware, Montgomery, Chester, Bucks, Lehigh, Berks and Northampton counties.

PECO Hyperion Telecommunications (name changed to PECO Adelphia Communications and later to PECO TelCove) was granted a certificate of public convenience on March 14, 1996, at Docket No. A-310378, to provide competitive access telecommunications service within the Commonwealth of Pennsylvania. In addition, PECO Hyperion Telecommunications was granted a certificate of public convenience (Docket No. A-310378 F0002) to provide competitive Local Exchange Carrier Services in Pennsylvania.

The PECO TelCove partnership was formed in October 1995 with each of TelCove-PA and PECO owning a fifty percent (50%) interest. TelCove is the Manager of PECO TelCove, pursuant to a management agreement executed on October 9, 1995. Pursuant to a Commission Opinion and Order issued on June 22, 2000 at Docket No. A-110550F0147, on "The Application of PECO Energy Company pursuant to Chapters 11, 19, 21, 22 and 28 of the Public Utility Code for Approval of (1) a Plan of Corporate Restructuring, including the Creation of a Holding Company (the "Restructure") and (2) the Merger of the Newly Formed Holding Company and Unicom Company," PECO transferred 49% of its 50% interest in PECO TelCove to its affiliate, PHT. PECO continues to hold a 1% interest in PECO TelCove.

2. PECO is a Pennsylvania corporation with its principal offices at 2301 Market Street, Philadelphia, PA 19103. PECO provides electric and natural gas service to the public in portions of the City of Philadelphia and surrounding communities pursuant to certificates of public convenience granted by the Commission at Docket No. A-110550.

3. PHT is a Delaware limited liability company with its principal offices at Falconer House, 108 Pitt's Bay Road, Pembroke, Bermuda HM08. PHT is a holding company that owns 49% of PECO TelCove. PHT does not provide public utility services in the Commonwealth of Pennsylvania and is not certificated by the Commission.

4. Exelon Communications is a Delaware limited liability company with its principal offices at 300 River Road, Building One, West Conshohocken, PA 19428. Exelon Communications project manages, owns, maintains and leases fiber optic cables to PECO TelCove. Exelon Communications does not provide public utility services in the Commonwealth of Pennsylvania and is not currently certificated by the Commission.

5. Exelon Enterprises is a Pennsylvania limited liability company with its principal offices at 10 South Dearborn, 37th Floor, Chicago, IL 60603. Exelon Enterprises is the holding company for Exelon Corporation's unregulated investments, which consist primarily of businesses providing energy, mechanical and infrastructure services. Exelon Enterprises does not provide public utility services in the Commonwealth of Pennsylvania and is not currently certificated by the Commission.

6. PECO, Exelon Communications, PHT and Exelon Enterprises are represented by:

Michael W. Gang, Esq.
Michael W. Hassell, Esq.
Morgan, Lewis & Bockius LLP
417 Walnut Street
Harrisburg, PA 17101
(717) 237-4024

7. TelCove, TelCove-PA and TelCove Holdings are corporations of the State of Delaware with their principal offices located at 712 North Main Street, Coudersport, Pennsylvania 16915. (Collectively TelCove, TelCove-PA, TelCove Holdings are referred to herein as the "TelCove Parties"). The TelCove Parties currently serve approximately 850 customers in Pennsylvania.

TelCove Holdings is a wholly owned subsidiary of TelCove-PA, which in turn is wholly owned by TelCove. TelCove-PA is authorized to provide competitive local exchange carrier ("CLEC"), Competitive Access Provider ("CAP"), interexchange telecommunications carrier ("IXC") reseller and facilities based telecommunications services pursuant to certificates of public convenience issued by the Commission at Docket Nos. A-310470, F0001-F0004. As noted previously, TelCove-PA also owns a 50% interest in PECO TelCove. After consummation of the transaction, TelCove Holdings and TelCove-PA will each hold a fifty percent (50%) interest in PECO TelCove.

8. PECO TelCove and the TelCove Parties are represented by:

Michael D. Klein, Esq.
Edward G. Lanza, Esq.
LeBoeuf, Lamb, Greene & MacRae
200 North Third Street, Suite 300
Harrisburg, PA 17108-2105
(717) 232-8199

and

Brian FitzGerald, Esq.
Meabh Purcell, Esq.
LeBoeuf, Lamb, Greene & MacRae, L.L.P.
99 Washington Avenue, Suite 2020
Albany, NY 12210-2820
(518) 626-9000

C. THE AGREEMENT

9. TelCove-PA, PHT, PECO and PECO TelCove entered into a Settlement Agreement dated as of December 30, 2002 (the "Settlement") which was approved by the U.S. Bankruptcy Court for the Southern District of New York on April 25, 2003 in TelCove's Chapter 11 proceedings at Case No. 02-11389 (REG). A copy of the Settlement is attached hereto as Exhibit B. Pursuant to the Settlement, TelCove-PA has agreed to make certain payments, referred to as Disproportionate Distributions, to PHT and PECO.

10. To resolve all rights and obligations in connection with PECO TelCove and the Settlement, including the Disproportionate Distributions, PHT and PECO have agreed to sell their entire fifty percent (50%) interest in PECO TelCove, consisting of PHT's current forty-nine (49%) percent interest and PECO's one (1%) percent interest, to TelCove Holdings in consideration of Twenty Five Million dollars (\$25,000,000), in cash to be paid by TelCove Holdings. To accomplish the sale, PECO will transfer its 1% interest to PHT immediately prior to Closing, and PHT will then transfer the 50% interest to TelCove Holdings.

Attached hereto as Exhibit C are organizational charts reflecting the ownership structure relevant to PECO TelCove both before and after the closing of the transaction. Following the closing the name of the partnership will be changed to "TelCove of Eastern Pennsylvania."

11. PECO leased to PECO TelCove certain excess telecommunications fibers pursuant to a certificate of public convenience granted by the Commission in 1996 at Docket No. A-110550F0121. Pursuant to the Restructure, PECO transferred most of the fibers to Exelon Communications. Exelon Communications proposes to sell the fibers it owns (the "Purchase

Fibers”) to PECO TelCove in consideration of Seventeen Million dollars (\$17,000,000), in cash, (the “Fiber Cash Payment”). Certain other fibers will continue to be leased by PECO to PECO TelCove, which requires that the lease be amended and restated to remove the Purchase Fibers from the lease and to provide for two additional five (5) year options to renew the term of the lease. The amended lease is Exhibit A of the Agreement.

D. AFFIRMATIVE PUBLIC BENEFITS

12. This Application is being filed pursuant to Section 1102 of the Public Utility Code, 66 Pa. C.S. §1102.

13. In considering a request for approval pursuant to the above-cited provision of the Public Utility Code, the Commission is required under the provisions of Section 1103 of the Code to find that the proposed transaction would affirmatively benefit the public. *City of York v. Pa. PUC*, 295 A.2d 825, 449 Pa. 136 (1972).

14. The proposed transaction will not result in any change in the existing rates for customers of PECO TelCove. PECO TelCove will continue to operate under its existing tariffs and rate structures until the Commission approves changes to PECO TelCove's tariffs.

15. PECO TelCove will continue to provide reliable, affordable, high quality telephone service to its customers. As TelCove will continue to manage PECO TelCove, the day-to-day operations will continue in the same manner under TelCove ownership, with no adverse impact on customer service. As more particularly described below, TelCove, by virtue of its telecommunications focus and experience will be better positioned as the manager and ultimate owner to provide innovative services that meet the future demands of customers and to ensure that high quality service is maintained.

16. The proposed change in control is in the public interest and fully satisfies the applicable legal standards under Section 1103 of the Code. Indeed, as discussed below, TelCove Holding's assumption of PECO's and PHT's interests in PECO TelCove interest will benefit the customers and shareholders of PECO TelCove and will promote the public interest by ensuring greater expertise, more focused management and increased opportunities for growth.

(a) Size and Financing Capability

The ability to focus the management of PECO TelCove via consolidation of the ownership and control will allow more unified management with a simplified ownership structure, thus facilitating access to capital markets.

(b) Improved Efficiency

The consolidation of PECO TelCove's customers and assets into the organizational structure of the TelCove Parties will result in increased purchasing power and the prospect of a more efficiently run business. This will give TelCove of Eastern Pennsylvania the necessary means to become a better competitive choice for Pennsylvania consumers.

(c) Research and Development

TelCove, TelCove-PA and TelCove Holdings as entities focused solely on telecommunications will continue to be in a position to bring advanced new technologies to the Commonwealth.

(d) Community Outreach

TelCove has a long-standing commitment to community service and encourages its employees to become involved in their local communities.

17. The Agreement does not contemplate any changes in the existing management and officers of TelCove as a result of the transaction. Thus, TelCove will continue to apply its proven management experience and capability to PECO TelCove, thus allowing PECO TelCove to provide high quality service to the public. The transaction contemplated by the Agreement will not result in any changes in PECO TelCove's policies with respect to service to customers, operations, rates, depreciation, maintenance, or other matters affecting the public interest or utility operations.

E. NOTICE AND COMMUNICATIONS

18. Notice to be provided by the parties is governed by 52 Pa. Code § 5.14(b)(7). In accordance with that regulation, the Joint Applicants request that, promptly upon its receipt of this Joint Application, the Commission: (1) cause notice to be published in the Pennsylvania Bulletin, if necessary; and (2) direct the Joint Applicants as to the additional forms of notice, if any, that are required.

19. Contemporaneously with the filing of this Application, copies hereof will be served upon the Commission's Law Bureau and the Office of Trial Staff, the Pennsylvania Office of Consumer Advocate and the Pennsylvania Office of Small Business Advocate.

20. All correspondence and communications related to this proceeding are to be addressed to the following:

On behalf of PECO TelCove and the TelCove Parties:

Michael D. Klein, Esq.
Edward G. Lanza, Esq.
LeBoeuf, Lamb, Greene & MacRae, L.L.P.
200 North Third Street, Suite 300
Harrisburg, PA 17108-2105
(717) 232-8199
(717) 232-8720 [fax]

Brian FitzGerald, Esq.
Meabh Purcell, Esq.
LeBoeuf, Lamb, Greene & MacRae, L.L.P.
99 Washington Avenue, Suite 2020
Albany, NY 12210
(518) 626-9000
(518) 626-9010 [fax]

On behalf of PECO, Exelon Communications, PHT and Exelon Enterprises:

Michael W. Gang, Esq.
Michael W. Hassell, Esq.
Morgan, Lewis & Bockius LLP
417 Walnut Street
Harrisburg, PA 17101
Phone 717.237.4024
Fax 717.237.4004

21. The consummation of the transaction and the benefits to be derived therefrom, as discussed above, will be realized more expeditiously if the Commission considers the matter as quickly as possible. Every effort has been and will be made to provide the Commission with all the information and assurances that it needs to promptly consider the transaction. For these reasons, the Applicants respectfully request that the Commission process this matter and issue the requested relief on an expedited basis.

WHEREFORE, the Joint Applicants respectfully request:

A. That the Commission issue an Order (i) granting the Joint Applicants a certificate of public convenience pursuant to Section 1102 of the Public Utility Code and (ii) approving the acquisition of control described herein as contemplated by the Agreement between PECO TelCove, TelCove, TelCove-PA, TelCove Holdings, PECO, Exelon Communications, PHT and Exelon Enterprises dated April 7, 2004; (iii) authorizing Exelon Communications to transfer fibers to PECO TelCove and approving the amended lease between PECO and PECO TelCove pursuant to Chapter 11 of the Public Utility Code; and (iv) determining that no further approval of the Commission is required with regard to the Agreement; and

B. That the Commission expedite the processing of this request in order to permit the transaction to proceed as soon as reasonably possible so that the benefits of the transaction can be realized.

[Intentionally Left Blank]

C. That the Commission grant such other and further relief as the Commission may deem appropriate or necessary to effectuate the terms of the Agreement.

Respectfully submitted,



Michael D. Klein, Esq.
Edward G. Lanza, Esq.
LeBoeuf, Lamb, Greene & MacRae, L.L.P.
200 North Third Street, Suite 300
Harrisburg, PA 17108-2105
(717) 232-8199
(717) 232-8720 [fax]

Brian FitzGerald, Esq.
Meabh Purcell, Esq.
LeBoeuf, Lamb, Greene & MacRae, L.L.P.
99 Washington Avenue, Suite 2020
Albany, NY 12210-2820
(518) 626-9000
(518) 626-9010

Counsel for PECO TelCove, Adelpia Business Solutions of Pennsylvania, Inc. d/b/a TelCove, Adelpia Business Solutions, Inc., d/b/a TelCove and TelCove Holdings of Pennsylvania, Inc.

Michael Gang, Esq.
Michael W. Hassell, Esq.
Morgan, Lewis & Bockius LLP
417 Walnut Street
Harrisburg, PA 17101
(717) 237-4024
(717) 237-4004 [fax]

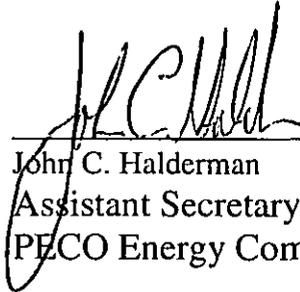
Counsel for PECO, Exelon Communications, PHT and Exelon Enterprises

Date: April 9, 2004

VERIFICATION

I, John C. Halderman, assistant secretary of PECO Energy Company, hereby verify the following:

1. I am authorized to make this Verification for and on behalf of PECO Energy Company;
2. The facts set forth herein are true and correct to the best of my knowledge, information and belief;
3. I understand that statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 relating to unsworn falsification to authorities.



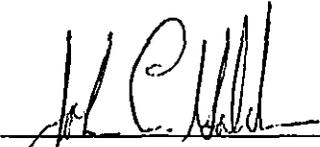
John C. Halderman
Assistant Secretary
PECO Energy Company

Date: April 3, 2004

VERIFICATION

I, John C. Halderman, Secretary of Exelon Communications Company, LLC, hereby verify the following:

1. I am authorized to make this Verification for and on behalf of Exelon Communications Company, LLC;
2. The facts set forth herein are true and correct to the best of my knowledge, information and belief;
3. I understand that statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 relating to unsworn falsification to authorities.



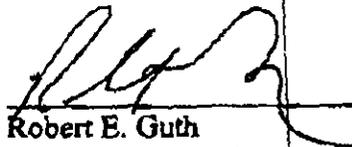
John C. Halderman
Secretary
Exelon Communications Company,
LLC

Date: April 8, 2004

VERIFICATION

I, Robert E. Guth, President and Chief Executive Officer of Adelpia Business Solutions of Pennsylvania, Inc. d/b/a TelCove, Managing Partner of PECO TelCove hereby verify the following:

1. I am authorized to make this Verification for and on behalf of PECO TelCove;
2. The facts set forth herein are true and correct to the best of my knowledge, information and belief;
3. I understand that statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 relating to unsworn falsification to authorities.



Robert E. Guth
President and CEO
Adelpia Business Solutions of
Pennsylvania, Inc. d/b/a TelCove

Managing Partner

Date: April 8, 2004

VERIFICATION

I, Robert E. Guth, President and Chief Executive Officer of Adelpia Business Solutions, Inc. d/b/a TelCove, hereby verify the following:

1. I am authorized to make this Verification for and on behalf of Adelpia Business Solutions, Inc. d/b/a TelCove, and Adelpia Business Solutions of Pennsylvania, Inc. d/b/a TelCove;
2. The facts set forth herein are true and correct to the best of my knowledge, information and belief;
3. I understand that statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 relating to unsworn falsification to authorities.


Robert E. Guth
President and CEO
Adelpia Business Solutions, Inc.
d/b/a TelCove

Date: April 8, 2004

**BEFORE THE
PENNSYLVANIA PUBLIC UTILITY COMMISSION**

In the Matter of the Joint Application of	:	Docket Nos.	A-310470	_____
Adelphia Business Solutions, Inc. d/b/a	:		A-310923	_____
TelCove, Adelphia Business Solutions of	:		A-310378	_____
Pennsylvania, Inc. d/b/a TelCove, PECO	:		A-110550	_____
TelCove, and PECO Energy Company for	:			
Approval of Certain Transactions Related to	:			
the Transfer by Sale, of the Ownership and	:			
Control of PECO TelCove and the Transfer	:			
by Sale of Certain Assets and Amendment	:			
of a Related Lease	:			

SECRETARY'S BUREAU

2004 APR -9 PM 3:47

RECEIVED

CERTIFICATE OF SERVICE

I hereby certify that I have this 9th day of April, 2004 served a true and correct copy of the foregoing Joint Application for Approval of a Change of Control, the Transfer of Assets and the Amendment of a Lease upon the persons and in the manner indicated below, which service satisfies the requirements of 52 Pa. Code § 1.54.

Via Hand Delivery:

James McNulty, Secretary
Public Utility Commission
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17105-3265

Office of Trial Staff
Commonwealth Keystone Building
400 North Street, 2nd Floor
Harrisburg, PA 17105-3265

William Lloyd
Office of Small Business Advocate
Suite 1102, Commerce Building
300 North Second Street
Harrisburg, PA 17101

Irwin Popowsky
Consumer Advocate
Office of Consumer Advocate
555 Walnut Street, 5th Floor
Harrisburg, PA 17101-1923

Barney Glunz
Doug Beebe
Robert Wilson
Bureau of Fixed Utility Services
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 3rd Floor
Harrisburg, PA 17105-3265

Chairman Terrance J. Fitzpatrick
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 3rd Floor
Harrisburg, PA 17105-3265

Commissioner Glen R. Thomas
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 3rd Floor
Harrisburg, PA 17105-3265

Commissioner Wendell F. Holland
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 3rd Floor
Harrisburg, PA 17105-3265

Frank Wilmarth, Esquire
Blair Hopkin, Esquire
Law Bureau
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 3rd Floor
Harrisburg, PA 17105-3265

Vice-Chairman Robert K. Bloom
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 3rd Floor
Harrisburg, PA 17105-3265

Commissioner Kim Pizzingrilli
Pennsylvania Public Utility Commission
Commonwealth Keystone Building
400 North Street, 3rd Floor
Harrisburg, PA 17105-3265

Via First Class Mail (Postage Prepaid):

James France, Esquire
TelCove
121 Champion Way
Canonsburg, PA 15317

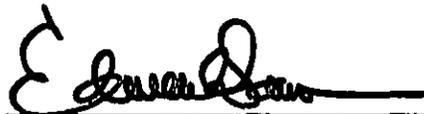
Brian FitzGerald, Esquire
LeBoeuf, Lamb, Greene & MacRae L.L.P.
99 Washington Avenue, Suite 2020
Albany, NY 12210-2820

John C. Aldeman
PECO Energy Company
2301 Market Street
Philadelphia, PA 19103

Jeff Heins, Esquire
TelCove
712 North Main Street
Coudersport, PA 16915

Michael W. Gang, Esq.
Michael W. Hassell, Esq.
Morgan, Lewis & Bockius LLP
417 Walnut Street
Harrisburg, PA 17101

Respectfully submitted,



Edward G. Lanza, Esq.
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200 North Third Street, Suite 300
Harrisburg, PA 17108-2105
(717) 232-8199
(717) 232-8720 [fax]

Counsel for PECO TelCove, Adelphia Business
Solutions of Pennsylvania, Inc. d/b/a TelCove,
Adelphia Business Solutions, Inc., d/b/a TelCove
and TelCove Holdings of Pennsylvania, Inc.

Date: April 9, 2004

EXHIBIT A

A-110 550F ~~0347~~
0159

**SETTLEMENT & PURCHASE
AGREEMENT**

CONFIDENTIAL

A-110550 ~~F0157~~
F0159EXECUTION COPY**SETTLEMENT AGREEMENT**

THIS SETTLEMENT AGREEMENT (this "**Agreement**") dated as of this 30th day of December, 2002 and becoming effective as of the Effective Date (as defined in Section 4 hereof) is made by and among ADELPHIA BUSINESS SOLUTIONS OF PENNSYLVANIA, INC., a Delaware corporation ("**ABIZ PA**"), PHT HOLDINGS LLC, a Delaware limited liability company ("**PHT**"), PECO ENERGY COMPANY, a Pennsylvania corporation ("**PECO**") and PECO HYPERION TELECOMMUNICATIONS, a Pennsylvania general partnership (the "**Partnership**"). PHT and PECO are collectively referred to as the "**PHT Partners**". PHT, PECO and ABIZ PA are collectively referred to as the "**Partners**".

Background

A. The Partnership was formed pursuant to that certain Partnership Agreement dated as of October 9, 1995, as amended, (the "**Partnership Agreement**") between ABIZ PA and PECO, with ABIZ PA and PECO each owning a fifty percent (50%) interest in the Partnership. Unless otherwise defined herein, all capitalized terms used in this Agreement shall have the meanings ascribed to such terms in the Partnership Agreement.

B. Out of its 50% interest in the Partnership, PECO has transferred a 49 % interest in the Partnership to PHT, and continues to hold a 1% interest in the Partnership.

C. ABIZ PA is a wholly owned subsidiary of Adelpia Business Solutions Operations, Inc., a Delaware corporation and since March 27, 2002, a debtor and debtor in possession under the Bankruptcy Code ("**ABSO**"), which in turn is a wholly owned subsidiary of Adelpia Business Solutions, Inc., a Delaware corporation formerly known as Hyperion Telecommunications, Inc. and since March 27, 2002, a debtor and debtor in possession under the Bankruptcy Code ("**ABIZ**").

D. Prior to January 2002, ABIZ was a majority-owned subsidiary of ADELPHIA COMMUNICATIONS CORPORATION, a Delaware corporation, and since June 25, 2002, a debtor and debtor in possession under the Bankruptcy Code ("**ADLAC**"). In January, 2002, ADLAC spun off to its own stockholders all of the stock ADLAC then held in ABIZ. ADLAC is not currently affiliated with either the PHT Partners or ABIZ PA, but purports to hold a first priority security interest on ABIZ PA's interest in the Partnership. ADLAC is willing to subordinate its purported security interest in ABIZ PA's interest in the Partnership to the security interest in ABIZ PA's interest in the Partnership being granted to the PHT Partners pursuant to the Pledge Agreement (as defined herein) and in accordance with the terms of the ADLAC Intercreditor Agreement (as defined herein).

E. Without their prior approval, the PHT Partners have received substantially less money from the Partnership than they were entitled to receive under the Partnership Agreement, in

violation of the allocation provisions set forth in the Partnership Agreement (the "**Disproportionate Distributions**"). The Partners and the Partnership desire to address said situation by treating the same as the receipt by ABIZ PA of distributions from the Partnership without a pro rata portion thereof being paid to the PHT Partners, and by remedying the same in the manner herein provided and including, among other things, the granting of the right of the PHT Partners to receive certain priority payments from the Partnership and ABIZ PA until the PHT Partners have been made whole, as more particularly set forth herein.

F. The PHT Partners have agreed that, at the time specified in Section 12 hereof, the PHT Partners shall release the Released Parties from any and all claims that the PHT Partners have or may have against any of them relating to the Disproportionate Distributions, as more particularly set forth herein. As used in this Agreement, the "**Released Parties**" shall consist of the following: (i) ABIZ PA; (ii) ABIZ; (iii) each of the debtors whose bankruptcy cases, on the date of this Agreement, are jointly administered with that of ABIZ; (iv) Adelpia Business Solutions Capital, Inc., a Delaware corporation (collectively with (i) – (iii), the "**ABIZ Companies**"); (v) the respective officers and directors of the ABIZ Companies; (vi) the shareholders of ABIZ; (vii) the Partnership; (viii) ADLAC; and (ix) ADLAC'S officers, directors, shareholders and subsidiaries as of the date of this Agreement.

G. ABIZ PA and the Partnership desire to have completed and the PHT Partners have agreed to complete, certain fiber construction projects set forth in Exhibit "A" to this Agreement. In connection therewith and in contemplation of this settlement, pursuant to the terms of that certain Letter Agreement entered into between PHT and ABIZ PA on October 11, 2002 (the "Letter Agreement"), on October 12, 2002, PHT completed the fiber construction projects designated as AT&T/Vanguard Projects on Exhibit "A".

NOW, THEREFORE, in consideration of the above premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties agree as follows:

1. Right to Receive Make-Whole Amount.

ABIZ PA and the Partnership hereby acknowledge and agree that as of April 30, 2002, there were an aggregate of \$41,712,718 (which includes interest accrued from March 1 to April 30, 2002 compounded monthly at the rate of five percent (5.0%) per annum) in Disproportionate Distributions. To remedy the Disproportionate Distributions, the Partners and the Partnership agree that the PHT Partners shall be entitled to receive, in the aggregate, and without duplication, the following amount (the "**PHT Make-Whole Amount**") before ABIZ PA receives any further distributions of any kind from the Partnership: (i) from the Partnership, \$41,712,718 (before giving effect to the Paydown Amounts (as defined in Section 1(h) of this Agreement)), plus interest on the unpaid balance thereof at the rate of five percent (5.0%) per annum compounded monthly from May 1, 2002 until paid in full (the "**Partnership Repayment Amount**"), or (ii) from ABIZ PA, \$20,856,359 (before giving effect to the Paydown Amounts), plus interest on the unpaid balance thereof at the rate of five percent (5.0%) per annum compounded monthly from May 1, 2002 until paid in full (the "**ABIZ PA Repayment Amount**"). In order to ensure the payment of the PHT Make-Whole Amount to the PHT Partners, ABIZ PA, the Partnership, and the PHT Partners agree as follows, subject to the payment, priority and related provisions of the Intercreditor Agreements (as defined in Section 4 hereof):

(a) Until the PHT Partners have received the PHT Make-Whole Amount in full, the PHT Partners shall receive one hundred percent (100%) of all future distributions from the Partnership, whether such distributions arise from operations, from the sale of the Partnership's assets, upon the liquidation of the Partnership, or are direct payments in respect of the Partnership Repayment Amount, or otherwise (the "**Priority Distributions**").

(b) The Partnership shall not make any further distributions of any kind to ABIZ PA until the PHT Partners have received the PHT Make-Whole Amount in full, at which time the Partnership shall resume making distributions to the Partners in accordance with their respective Partnership Interests.

(c) ABIZ PA hereby acknowledges and agrees that the PHT Partners are entitled to receive the PHT Make-Whole Amount in full. Until that time, the Partnership shall have the right to set off the PHT Make-Whole Amount against any claim or right that ABIZ PA may have to receive any distributions from the Partnership, whether such distributions arise from operations, from the sale of the Partnership's assets, upon the liquidation of the Partnership, or otherwise, and to pay over that set off amount to the PHT Partners for credit to the PHT Make-Whole Amount.

(d) In the event that the Partnership at any time sells, transfers or otherwise disposes of any or all of its assets or business, at the closing of such transaction the Partnership shall distribute and pay the proceeds of such transaction, subject to the cash reserve requirement in Section 6 below, solely to the PHT Partners until the PHT Partners have received the PHT Make-Whole Amount in full.

(e) In the event that ABIZ PA at any time sells, transfers or otherwise disposes of all or any part of its Partnership Interest, including in a sale of the type contemplated by Section 11 hereunder, at the closing of such transaction ABIZ PA shall cause the buyer to pay the proceeds of such transaction to the PHT Partners in an amount that they are then entitled to under the Intercreditor Agreements (as defined in Section 4). Any remaining proceeds shall then be paid to ABIZ PA for distribution in accordance with the Intercreditor Agreements defined in Section 4.

(f) For purposes of computing the remaining balance of the PHT Make-Whole Amount at any time, (i) any and all amounts received by the PHT Partners from ABIZ PA (including, among other things, upon the sale of ABIZ PA's Partnership Interest under Section 11 or in foreclosure under the Pledge Agreement (as defined below)) and applied against the ABIZ PA Repayment Amount shall be multiplied by two and such product shall be applied against the Partnership Repayment Amount, and (ii) any and all Priority Distributions received by the PHT Partners from the Partnership and applied against the Partnership Repayment Amount shall be divided by two and such quotient shall be applied against the ABIZ PA Repayment Amount. Accordingly, the balance of the ABIZ PA Repayment Amount at any time shall equal one-half of the balance of the Partnership Repayment Amount at such time, provided however that if the PHT Partners should release the Partnership before the PHT Partners have received the PHT Make-Whole Amount, the ABIZ PA Repayment Amount shall be computed thereafter without reference to the Partnership Repayment Amount and the PHT Partners shall still be obligated to cause the Partnership to make Priority Distributions until the ABIZ PA Repayment Amount is paid in full.

(g) In determining the Partnership Repayment Amount and the ABIZ PA Repayment Amount, interest shall be computed in accordance with this Section 1 on the basis of twelve 30-day months.

(h) PHT and PECO hereby acknowledge that since May 1, 2002 and to the date of this Agreement, the Partnership has made Priority Distributions to the PHT Partners totaling \$24,000,000 from the Partnership, and that as a result of such payments the original aggregate \$41,712,718 Partnership Repayment Amount set forth in this Section 1 has been reduced by \$24,000,000 (the "**Partnership Paydown Amount**") and the ABIZ PA Repayment Amount set forth in Section 1 hereof has been reduced by \$12,000,000 (together with the Partnership Paydown Amount, the "**Paydown Amounts**").

(i) If at any time on or before the Claim Determination Date (as defined in Section 1(j)), and for any reason, it is reasonably determined that the aggregate amount of the Disproportionate Distributions is greater than the amount set forth in Section 1 hereof, ABIZ PA and the PHT Partners agree to increase that the PHT Make-Whole Amount (and its two components, the ABIZ PA Repayment Amount and the Partnership Repayment Amount) by an amount necessary to make the PHT Partners whole as result of the actual aggregate Disproportionate Distributions. This adjustment shall not be subject to the approval or consent rights set forth in the ADLAC Intercreditor Agreement necessary to bind ADLAC to such increase for purposes of the subordination effected under that agreement.

(j) Upon their receipt of the Partnership's audited financial statements for the years 2001 and 2002, as provided in Section 9(b), the PHT Partners shall within a commercially reasonable time verify the aggregate amount of the Disproportionate Distributions (it being acknowledged that such process may take 120 days or more) and, within a commercially reasonable time after such verification, evaluate whether the PHT Make-Whole Amount should be increased as provided in Section 1(i). Absent fraud or intentional misrepresentation in the information delivered to the PHT Partners (either in the audited financial statements or in connection with the verification of the aggregate amount of the Disproportionate Distributions), upon the PHT Partners' completion of such verification and evaluation of its results, the PHT Make-Whole Amount shall become final and shall not be subject to further adjustments by the PHT Partners (the "Claim Determination Date").

(k) Notwithstanding any other provision of this Agreement to the contrary, on or prior to June 30, 2003, the Partnership shall pay the entire unpaid portion of the Partnership Repayment Amount or ABIZ PA shall pay the entire unpaid portion of the ABIZ PA Repayment Amount, in each case, as such amounts are constituted on June 30, 2003; it being agreed that should either such amount be increased after such date (up to the Claim Determination Date) as permitted under subsection (i), the amount of any such increase shall be payable by ABIZ PA and/or the Partnership, as applicable, within 30 days after their receipt of the PHT Partners' written demand therefor. It is understood and agreed, in all cases, that the Partnership Repayment Amount and the ABIZ PA Repayment Amount are components of the PHT Make-Whole Amount and that the PHT Partners shall be entitled in the aggregate to one recovery only.

(l) Unless otherwise instructed in writing by the PHT Partners, all amounts payable to the PHT Partners pursuant to this Agreement shall be paid to PHT, for itself and as agent for PECO, by wire transfer to the following account:

Mellon Bank

ABA # 0310-00037

Account Name: PHT Holdings

Account Number: 8-158-198

2. Security Agreement.

Concurrently with the execution of this Agreement, ABIZ PA, PHT, and PECO shall execute a Security Agreement, in the form attached hereto as Exhibit "B" (the "**Security Agreement**"), under which ABIZ PA will grant the PHT Partners a security interest in all of the rights, title and interest of ABIZ PA in, to and under that certain Telecommunications Services Contract dated as of May 3, 2000 (together with all schedules and annexes there to, in each case, as the same may be amended, restated, supplemented or otherwise modified from time to time) between ABIZ PA and the Commonwealth of Pennsylvania (the "**COPA Contract**") and certain related assets, for the purpose of securing the obligation of ABIZ PA to pay the ABIZ PA Repayment Amount to the PHT Partners.

3. Pledge of ABIZ PA Partnership Interest.

Concurrently with the execution of this Agreement, ABIZ PA shall pledge to the PHT Partners, and grant to the PHT Partners a perfected first priority security interest in the Partnership Interest of ABIZ PA pursuant to the terms and conditions of a Pledge Agreement (in the form attached hereto as Exhibit "C" (the "Pledge Agreement")), in order to secure the obligation of ABIZ PA to pay the ABIZ PA Repayment Amount to the PHT Partners. Except as expressly otherwise provided in the Pledge Agreement, the PHT Partners agree not to commence foreclosure proceedings before June 30, 2003 (or, as to any portion of the PHT Make-Whole Amount due thereafter as provided in Section 1(k) hereof, the due date thereof); it being agreed however that nothing herein is intended to modify or defer the timing or procedures relating to the appraisal process set forth in Section 5 of the Pledge Agreement, all of which shall remain in full force and effect.

4. Intercreditor Agreements and Effectiveness.

This Agreement shall become effective upon the "**Effective Date**," which shall be the date upon which all of the following have been satisfied: (a) the full execution by ADLAC and the PHT Partners and the acknowledgement by ABIZ and ABIZ PA of an Intercreditor Agreement substantially in the form attached hereto as Exhibit "D" and entitled "ADLAC/PHT Partners Intercreditor Agreement (the "ADLAC Intercreditor Agreement"); (b) the full execution by Beal Bank, S.S.B. (together with any successors and/or assigns thereof or thereto or any other entity or entities parties to, and providing financing under, any refinancing or replacement of the Beal DIP defined below, provided that in any case, such successor, assign or other party has become a party to and is bound by the Beal Intercreditor Agreement defined below, being collectively, "**Beal**") and the PHT Partners and the acknowledgement by ABIZ and ABIZ PA of an Intercreditor Agreement substantially in the form attached hereto as Exhibit "E" and entitled "Beal/PHT Partners Intercreditor Agreement (the "Beal Intercreditor Agreement" and together with the ADLAC Intercreditor Agreement, the "Intercreditor Agreements"); (c) the full execution of this Agreement, the Security Agreement, the Pledge Agreement, the Partnership Make-Whole Agreement (as defined below), the ADLAC Intercreditor Agreement, and the Beal Intercreditor Agreement (collectively, the "**Settlement Documents**"); (d) the full execution of the amendment (and related instruments and agreements), relating to these Settlement Documents, to that certain Secured Debtor in Possession Priming Credit and Security

Agreement, dated as of August 9, 2002 (the "**Beal DIP**"); and (e) the entry of an order approving the Settlement Documents and the above-referenced amendments to the Beal DIP by the United States Bankruptcy Court for the Southern District of New York (the "**Bankruptcy Court**") in the bankruptcy case of ABIZ; and (f) the entry of an order approving the ADLAC Intercreditor Agreement by the Bankruptcy Court in the bankruptcy case of ADLAC.

5. Make-Whole Agreement of Partnership.

Concurrently with the execution of this Agreement, the Partnership has executed and delivered to the PHT Partners a Guaranty and Make-Whole Agreement of even date herewith (the "**Partnership Make-Whole Agreement**"), pursuant to which the Partnership has guaranteed the payment of the Partnership Repayment Amount to the PHT Partners and agreed to make the PHT Partners whole in respect thereof not later than June 30, 2003 (or, as to any portion of the PHT Make-Whole Amount due thereafter as provided in Section 1(k) hereof, the due date thereof). The Partnership Make-Whole Agreement shall be separate from and independent of this Agreement, except that the obligation of the Partnership under the Partnership Make-Whole Agreement shall be reduced in the same manner as provided herein with respect to the Partnership Repayment Amount.

6. Authority to Make Partnership Distributions.

Notwithstanding anything to the contrary contained in the Partnership Agreement or the Management Agreement, the parties covenant and agree that until the PHT Partners have received the PHT Make-Whole Amount in full, PHT shall have the sole and exclusive right to authorize and direct the Partnership to make distributions, and shall have the sole discretion over the timing and amount of any such distributions, which shall be made not less often than monthly; provided, however, that PHT shall not cause the Partnership to make any Partnership distribution that would result in the Partnership having a cash reserve for working capital needs less than \$500,000 or such other amount as the Management Committee may agree from time to time (the "**Cash Reserve**"). Subject to the Cash Reserve, PHT shall cause the Partnership to make distributions when the Partnership has distributable cash available. ABIZ PA and the Partnership shall provide to PHT in a timely manner all information reasonably requested by PHT in order to make decisions regarding Partnership distributions.

7. Representations and Warranties of ABIZ PA.

ABIZ PA hereby represents and warrants to the PHT Partners that:

(a) To the best of its knowledge following reasonable due diligence, as of April 30, 2002, the total amount of the Disproportionate Distributions did not exceed \$41,712,718.

(b) Since April 30, 2002, all Partnership funds have been either: (i) used to pay Partnership expenses in the ordinary course of business, or (ii) directly deposited in or transferred to account number 2090001967338 at Wachovia Bank National Association (the "**Partnership Account**"). The Partnership Account is titled in the name of the Partnership and does not contain any funds other than Partnership funds. There are no deposit accounts, investment accounts or other accounts containing Partnership funds or investments, other than those accounts listed in Exhibit "F" to this Agreement.

(c) All customers and other payers of the Partnership have been instructed in writing to remit their payments owed to the Partnership to the following lock boxes (the "**Partnership Lock Boxes**"): (i) ABS/PECO Main-Wholesale Lockbox, Account Number 2090001967338,

Routing Number 063000021, Adelphia Business Solutions, P.O. Box 932560, Atlanta, GA 31193-2560; and (ii) ABS/PECO Aurora-Wholesale Lockbox, Account Number 2090001967338, Routing Number 063000021, Adelphia Business Solutions, P.O. Box 932554, Atlanta, GA 31193-2554. The Partnership Lock Boxes are titled in the name of the Partnership and are not used for the receipt of any collections other than Partnership collections.

(d) Except for an accounting charge of \$3,658,109 that had been charged to the Partnership in December 2001 as a corporate allocation in ADLAC ledger account no. 81515000 (the "**Erroneous Accounting Charge**"), which has subsequently been reversed, any and all fees or charges assessed by ABIZ PA or ABIZ have been charged to the Partnership in strict accordance with the terms of both the Partnership Agreement and the Management Agreement or were otherwise charged to the Partnership with the knowledge and approval of PHT.

(e) As of the date hereof, the Partnership is current on all invoices submitted to the Partnership by PECO and its Affiliates.

8. Covenants Regarding Operation of Partnership.

Notwithstanding anything to the contrary contained in the Partnership Agreement or the Management Agreement, ABIZ PA and the Partnership covenant and agree as follows:

(a) From and after the date hereof, unless PHT provides prior written consent to the contrary, (a) the Partnership shall continue to instruct in writing its customers and other payers to remit their payments owed to the Partnership to the Partnership Lock Boxes and there shall be no change in such remittance instructions; (b) the Partnership shall directly deposit all Partnership funds received in the Partnership Lock Boxes into the Partnership Account, and (c) the Partnership shall transfer any Partnership funds that may continue to be sent to the joint lock box previously used by ABIZ for Partnership collections (the "**Joint Lock Box**") to the Partnership Account as soon as such receipts can be identified as Partnership funds, but in no event no more than five (5) business days after such funds are received in the Joint Lock Box; provided that the Partnership will continue to use commercially reasonable efforts to direct the remission of all payments to the Partnership Lock Box. Neither the Partnership Lock Boxes nor the Partnership Account shall be changed or relocated without the prior written consent of PHT. No funds or investments of the Partnership shall be deposited or held in any other lock box or account without the prior written consent of the PHT Partners.

(b) All purchases, contracts, commitments and other expenditures and obligations incurred or paid by the Partnership in an amount greater than or equal to \$250,000 shall require the joint written approval of PHT and ABIZ PA, which approval shall not be unreasonably withheld.

(c) PHT shall have the right at any time to change the signature authority on the Partnership Account to require the signature of a PHT representative in addition to the signature of ABIZ or ABIZ PA on any check drawn on the Partnership Account or for any transfer or withdrawal of funds in the Partnership Account in an amount equal to or exceeding \$250,000. ABIZ PA and the Partnership hereby authorize and direct Wachovia Bank National Association, as the depository for the Partnership Account, to effect such change in the signature authority on the Partnership Account at any time upon the written request of PHT, and Wachovia Bank National Association shall be fully protected in relying on this Agreement as authority for

making such change in signature authority without the further consent or approval of ABIZ PA or the manager of the Partnership.

(d) Other than the payment of monthly management fees to ABIZ as provided in paragraph 5(a) of the Management Agreement, the Partnership shall not enter into any commitment or obligation or make any payment to ADLAC or its subsidiaries, or to ABIZ or ABIZ PA or their respective subsidiaries, without the prior written approval of PHT.

(e) PHT shall have the right to monitor and conduct periodic audits of the cash management system used by the Partnership or its manager to administer the funds of the Partnership. PHT shall have the right, in its sole discretion, to take over the direction of such cash management system or to engage a management consultant to implement changes to such cash management system.

9. Reporting Requirements; Inspections and Audits; Other Accounting Matters.

(a) The Partnership shall provide (or cause its manager to provide) to PHT the following statements and reports not later than the twentieth (20th) day of each month:

(i) a copy of the monthly bank statement of Wachovia Bank National Association showing all activity in the Partnership Account for the immediately preceding month;

(ii) a monthly report detailing all Partnership funds that have been received in the Joint Lock Box during the immediately preceding month, together with a description of the actions taken by the Partnership or its manager to have the payers of such funds remit future payments to the Partnership Lock Box;

(iii) a monthly report detailing all Partnership open invoices receivable as of the end of the immediately preceding month;

(iv) a monthly report detailing all Partnership invoices and expenses paid in the immediately preceding month;

(v) a monthly report detailing all Partnership customer receipts during the immediately preceding month;

(vi) monthly management-prepared financial statements of the Partnership for the immediately preceding month (including income statement, balance sheet and cash flow statement), which shall be prepared in accordance with generally accepted accounting principles, unless otherwise agreed in writing by PHT; and

(vii) a monthly statement that tracks both the Partnership Repayment Amount and the ABIZ PA Repayment Amount, including all payments made and interest accrued thereon through the end of the immediately preceding month, which statement shall be subject to PHT's review and approval.

(b) As soon as reasonably practicable following the full execution of the Settlement Documents, but prior to the grant of the Release pursuant to the provisions of Section 12 of this Agreement, the Partnership shall provide (or cause its manager to provide) to PHT the Partnership's audited financial statements for the year 2001. As soon as reasonably practicable, but prior to the grant of the Release pursuant to Section 12, the Partnership shall provide (or cause its manager to provide) to PHT the Partnership's audited financial statements for the year

2002. Thereafter, the Partnership shall provide (or cause its manager to provide) to PHT not later than March 31 of each year, annual audited financial statements for the Partnership for the immediately preceding calendar year (including a balance sheet as of the end of such year and an income statement and cash flow statement for such year), which shall be prepared in accordance with generally accepted accounting principles, unless otherwise agreed in writing by PHT, and certified by an accounting firm reasonably acceptable to PHT.

(c) The Partnership shall provide to PHT, not later than the thirtieth (30th) day after the end of each calendar quarter, officer's certificates of the chief executive officer, president or chief financial officer of ABIZ PA and of the manager of the Partnership, confirming that each of them has complied with and is in compliance with all of the requirements of this Agreement.

(d) In addition to the other statements and reports referred to in this Section 9, the Partnership and ABIZ PA shall provide (or cause its manager to provide) to PHT such other reports regarding the cash flow, financial condition, operations and affairs of the Partnership as PHT may reasonably request from time to time.

(e) PHT and its representatives shall be entitled to inspect and audit the books, records and properties of the Partnership at reasonable intervals, with the reasonable cost of any such inspections and audits being paid by the Partnership.

(f) PHT and its representatives shall be authorized to communicate directly with (i) the internal accountants (including without limitation any employees of ABIZ PA or the manager of the Partnership who may perform accounting functions for the Partnership) and the outside auditors for the Partnership; (ii) the bank that holds the Partnership Account; (iii) the Person, as that term is defined in the Partnership Agreement, that maintains the Partnership Lock Box; and (iv) the Person that maintains the Joint Lock Box.

(g) Upon the request of PHT, both the Partnership and ABIZ PA shall direct their respective outside auditors to cooperate with PHT and with an auditing firm selected by it in order to enable PHT and such auditing firm to conduct a review of the accounting practices used to prepare the Partnership's financial statements and reports (including any financial statements and reports required to be prepared or provided to PHT under this Agreement), the reasonable cost of which review shall be paid by the Partnership.

(h) ABIZ PA and the Partnership hereby confirm that the Erroneous Accounting Charge referred to in Section 7(d) hereof has been reversed. The Partnership has delivered to PHT a restated balance sheet and an income statement for the Partnership reflecting the reversal of the Erroneous Accounting Charge.

(i) As soon as reasonably practicable, but in no event later than December 31, 2002, the Partnership shall deliver to PHT, a report detailing the receipts and disbursements of the Partnership for calendar year 2001 and for the period from January 1, 2002 through the end of the month preceding the execution of this Agreement, which report shall be in form and substance reasonably satisfactory to PHT.

(j) The Partnership shall pay all amounts due to PECO or any Affiliate thereof not later than thirty (30) days after the submission of invoices therefor by PECO or such Affiliate and upon acceptance of such invoices by the Partnership's manager, which shall not be unreasonably withheld or delayed. Except for any good faith delay in the manager's acceptance of an item in

an invoice from PECO or an Affiliate thereof, the Partnership shall pay (or cause its manager to pay) all other items in such invoice in a timely manner.

10. Completion of Fiber Construction Projects.

The PHT Partners agree to complete each of the fiber construction projects listed on Exhibit "A" hereto. On October 12, 2002, pursuant to the terms of the Letter Agreement, PHT completed those fiber construction projects listed as AT&T/Vanguard Projects on Exhibit "A" hereto.

11. Efforts to Jointly Market and Sell Partnership.

(a) ABIZ PA and the PHT Partners shall use good faith efforts to jointly market and sell the Partnership (whether by a sale of their Partnership Interests or a sale of the assets and business of the Partnership or otherwise) so long as the PHT Make-Whole Amount remains outstanding; it being understood and agreed that once ABIZ PA and the PHT Partners enter into either a binding letter of intent or contract for purchase and sale of the Partnership or all or substantially all of its assets, neither payment by ABIZ PA of the ABIZ PA Repayment Amount nor payment by the Partnership of the Partnership Repayment Amount prior to the consummation of the proposed sale shall terminate such binding letter of intent or contract for purchase and sale of all or substantially all of the Partnership's assets or ABIZ PA's obligations under this Section or the obligations of ABIZ PA and the Partnership under Sections 8 and 9 of this Agreement. ABIZ PA and the PHT Partners shall commence their joint efforts to market the Partnership upon execution of this Agreement, with such efforts limited to preparations to present offers to sell the Partnership to potential buyers, and such efforts expressly exclude any contact with or attempts to contact new potential buyers until the completion of the fiber construction projects numbered "1C" through "2C" and 1V through 7V on Exhibit "A" (certain of which were completed on October 12, 2002, as referenced in Section 10, above). The commencement of contact with or attempts to contact new potential buyers shall not depend upon the commencement or completion of the fiber construction projects numbered "3C" through "7C" on Exhibit "A". Notwithstanding the foregoing commitment to jointly market and sell the Partnership, both the PHT Partners and ABIZ PA shall remain free to market and sell their respective Partnership Interests, each at its sole discretion and consistently with the provisions of the Partnership Agreement (and, in the case of ABIZ PA, subject to the terms of the Pledge Agreement). In furtherance of their efforts to jointly market and sell the Partnership, the PHT Partners shall engage Credit Suisse First Boston ("CSFB"), and ABIZ PA shall engage Jefferies & Company ("Jefferies"), to jointly market the Partnership to prospective buyers. CSFB shall be the lead advisor with day-to-day responsibility over the administration of the sale process. PHT shall be the primary contact for CSFB and Jefferies and shall be the lead Partner with day-to-day management authority over the sale process. ABIZ PA shall have reasonable direct access to CSFB to discuss any material developments in the sale process. PHT shall report to ABIZ PA regarding all material developments in the sale process. ABIZ PA shall use commercially reasonable efforts to fully support requests for information and provide timely access to the Partnership and its management to prospective buyers and to PHT when requested by CSFB, Jefferies or PHT or their representatives. The acceptance of any offer to purchase the Partnership shall remain subject to: (x) the approval of ABIZ PA and the PHT Partners, which shall not be unreasonably withheld; (y) a minimum dollar value requirement that will allow ABIZ to fulfill its duties to maximize the value of its estate as a debtor in possession under Chapter 11 of the Bankruptcy Code (the "**Minimum Bid Requirement**"), provided however that

despite the Minimum Bid requirement, the parties shall consider and evaluate all bids submitted, using ordinary business judgment in accordance with commercially reasonable terms, including, but not limited to, the liquidity of any consideration to be received; and (z) the approval of the Bankruptcy Court whether or not such approval would be required in the absence of this clause (z). The Minimum Bid Requirement shall be determined by Jefferies in its capacity as court-appointed financial advisor to ABIZ, but shall be subject to the approval, not to be unreasonably withheld, of ABIZ, ABIZ PA and the PHT Partners. The Minimum Bid Requirement merely establishes a threshold price below which the Partnership or all or substantially all of its assets cannot be sold; it shall not obligate either the PHT Partners or ABIZ PA to consent to a proposed sale of the Partnership or the sale of all or substantially all of the Partnership assets. However, and in accordance with clause (y) of this Section, should the Partners or Partnership receive an offer that meets or exceeds the minimum bid requirement, such consent shall not be unreasonably withheld. Further, notwithstanding the Minimum Bid Requirement that Jefferies may determine for the sale of the entire Partnership, the sale of all or substantially all of the Partnership assets, or the sale of ABIZ PA's partnership interest, the PHT Partners may at any time, and consistent with the terms of the Partnership Agreement, sell their interest in the Partnership for any price. The PHT Partners shall be responsible for CSFB's fees and expenses and ABIZ PA shall be responsible for Jefferies' fees and expenses.

(b) ABIZ PA's consent under subsection (a) shall be conditioned on its having received Beal's written consent thereto unless: (i) Beal's consent has been waived or previously obtained (in either case in writing); or (ii) the entire outstanding Beal Claim (as defined in the Beal Intercreditor Agreement) is being repaid in full, and such credit facility terminated, on the closing of the sale transaction.

12. Conditional Release.

After the occurrence of the Claim Determination Date and upon their receipt of the PHT Make-Whole Amount in full, the PHT Partners shall promptly deliver a release in favor of the Released Parties, substantially in the form of Exhibit "G" hereto (the "Release"), releasing any claims that the PHT Partners may have against any of the Released Parties related to the Disproportionate Distributions. Should a sale of the Partnership pursuant to Section 11 close without delivery of the audited financial statements required in Section 9(b), then (i) the date of such sale shall also constitute the Claim Determination Date and (ii) neither the PHT Make-Whole Amount nor its two components shall be subject to further adjustment thereafter and (iii) the PHT Partners shall deliver the Release upon their receipt of the PHT Make-Whole Amount in full. In all cases, such Release (if and when delivered) shall not become effective as to: (w) ADLAC or its officers, directors, shareholders, or subsidiaries; (x) the Partnership; (y) the officers and directors of each ABIZ Company; or (z) the shareholders of ABIZ until the later of (i) the expiration of any preference period that may apply to the payment of the PHT Make-Whole Amount, during which no preference claim has been asserted with respect to such payment, or (ii) if such a preference claim is asserted during the preference period, a final determination that such claim is without merit. Notwithstanding the release of ABIZ and ABIZ PA, if any part of the payments of the PHT Make-Whole Amount are avoided as a preference, the PHT Partners may file a claim against either ABIZ or ABIZ PA or both in any bankruptcy case in which either or both are the debtor. Furthermore, such release shall not release any of the Released Parties from any liability for the breach of their representations and warranties herein.

13. Reinstatement of PHT Make-Whole Amount.

The PHT Make-Whole Amount and this Agreement (including without limitation the obligation of the Partnership to pay the Partnership Repayment Amount to the PHT Partners and the obligation of ABIZ PA to pay the ABIZ PA Repayment Amount to the PHT Partners) shall automatically be reinstated if and to the extent that the PHT Partners are required to disgorge, return, pay over or surrender (including to a trustee in bankruptcy) any payment made to them pursuant to any of the Settlement Documents (or any proceeds of any collateral received by them thereunder), including as a result of such payment being declared a preference or a fraudulent conveyance or as a required turnover to any creditor with a superior right thereto pursuant to any Intercreditor Agreement any amount credited to the PHT Make-Whole Amount.

14. Reimbursement of Expenses.

(a) Pursuant to the terms of the Letter Agreement, on October 11, 2002, ABIZ PA paid \$350,000 in cash to PHT in partial reimbursement of PHT's reasonable fees and costs, including the reasonable fees and costs of legal counsel, accountants and other advisers that PHT has incurred as of October 11, 2002 as a result of the Disproportionate Distributions, as described in Section 1 hereof, and in connection with the negotiation and execution of that Term Sheet executed by the PHT Partners and ABIZ PA and dated as of June 19, 2002 (the "Term Sheet"), the Letter Agreement, the Settlement Documents, and any other documents negotiated and drafted in connection therewith. ABIZ PA reimbursed PHT using funds that were not and had not been property of the Partnership.

(b) Within 15 days after the submission of an invoice by PHT, ABIZ PA shall reimburse PHT for the remaining balance of any reasonable fees and costs, including without limitation the reasonable fees and costs of PHT's legal counsel, accountants and other advisers that PHT has incurred or may incur as a result of the Disproportionate Distributions, as described in Section 1 hereof, and in connection with the negotiation, execution, delivery, and to the extent necessary, recordation of the Term Sheet, the Letter Agreement, the Settlement Documents and any other documents delivered in connection therewith.

(c) In the event that any party to this Agreement shall breach or default on any of its representations, warranties, covenants or other obligations under any Settlement Document, such defaulting party shall, upon demand, reimburse the nondefaulting parties for any and all reasonable fees and costs that such nondefaulting parties may incur as a result of such breach or default, including without limitation any fees and costs that may be incurred by such nondefaulting parties in connection with the enforcement of their rights under any Settlement Document.

15. Amendment to Partnership Agreement.

To the extent that any of the terms of this Agreement are inconsistent with the terms of the Partnership Agreement, this Agreement shall constitute an amendment to the Partnership Agreement. ABIZ PA, PECO and PHT acknowledge and agree that the Partnership Agreement remains in full force and effect except as amended, modified or supplemented by this Agreement.

16. Press Releases.

No press release or public disclosure, either written or oral, of the existence or terms of this Agreement shall be made by any party hereto or any of their respective Affiliates without the

consent of the others. This provision shall not, however, be construed to prohibit any party from making any disclosures which it is required to make under any legal requirement (including without limitation requirements under (i) the Securities Act of 1933 and the Securities Exchange Act of 1934, as amended, or any rule, regulation or form promulgated thereunder or (ii) the rules or regulations of any securities exchange or quotation system upon which the securities of such party are listed for trade), or from filing this Agreement with, or disclosing the terms of this Agreement to, any governmentally regulated institutional lender to such party; provided however, that the disclosing party shall provide notice thereof to each other party hereto as soon as reasonably practicable thereafter and in any event within 10 days thereafter. This Section 16 shall not limit the right of any party to make disclosures as contemplated by Section 28 below, nor prevent disclosure to any person party to any other Settlement Document.

17. Specific Performance.

Recognizing and agreeing that any breach by any party to this Agreement would result in irreparable injury to the other parties for which money damages could not adequately compensate such injured parties, each party agrees that in the event of any such breach by it, the other parties shall be entitled, in addition to any other rights and remedies which they may have at law or in equity, to have an injunction issued by any competent court of equity enjoining and restraining such breaching party from continuing such breach.

18. Severability.

If a court or an arbitrator of competent jurisdiction holds any provision of this Agreement to be illegal, unenforceable or invalid in whole or in part for any reason, such provision and other provisions of this Agreement shall be adjusted rather than voided, if possible to achieve the intent of the parties to the extent possible, and in any event the validity and enforceability of the remaining sections shall not be affected unless (i) an essential purpose of this Agreement would be defeated by the loss of the illegal, unenforceable or invalid provision or (ii) revisions to such sections are required to achieve the intent of the parties or the essential purpose of this Agreement.

19. No Waiver.

No failure or delay by any party to this Agreement in exercising any right, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

20. Governing Law.

This Agreement is made under, and shall be construed and enforced in accordance with, the laws of the Commonwealth of Pennsylvania applicable to agreements made and to be performed solely therein without regard to the conflict or choice of laws provisions thereof, and to the extent applicable, with the provisions of the Bankruptcy Code.

21. Successors and Assigns; Third Parties.

This Agreement shall not be assignable or delegable in whole or in part by the PHT Partners without the prior written consent of ABIZ PA or by ABIZ PA without the prior written consent of the PHT Partners; provided, however, that both ABIZ PA and the PHT Partners may assign or delegate this Agreement in whole or in part, without the prior written consent of

ADLAC; and further provided, that each PHT Partner may, without the consent of the other parties, assign its right, title and interest in and under this Agreement to any Person to which such PHT Partner transfers its Partnership Interest. Notwithstanding any assignment or delegation by a PHT Partner, such PHT Partner shall continue to be obligated to execute and deliver the Release at the time required under Section 12 hereof and ABIZ PA shall continue to be obligated to perform any obligations required in order to facilitate such Release. This Agreement shall be binding upon and inure to the benefit of each of the parties hereto and their successors and permitted assigns. None of the provisions of this Agreement shall be for the benefit of, or enforceable by, any other Person, except as and to the limited extent (if any) provided in any Settlement Document to which ABIZ PA, PHT, and PECO are parties or otherwise have given their written acknowledgement and agreement thereto.

22. Consent to Jurisdiction and Service.

Every dispute arising from or relating to this Agreement shall be submitted to the exclusive jurisdiction of any federal court or state court situated in the Eastern District of Pennsylvania except that the Bankruptcy Court also shall have jurisdiction for so long as ABIZ shall remain a debtor. Each of the parties consents to venue in those courts, and agrees that those courts shall have personal jurisdiction over them in any such action. In any such action or proceeding, the parties hereby absolutely and irrevocably waive personal service of any summons, complaint, declaration or other process and hereby absolutely and irrevocably agree that the service thereof may be made by certified or registered first-class mail directed to such parties at their respective addresses as set forth in Section 23 hereof.

23. Notices.

All notices, requests, demands and other communications required or permitted under this Agreement shall be in writing and addressed as set forth below (or to such other address as a party may from time to time designate in writing in accordance with this Section):

- (i) If to PHT:

PHT Holdings LLC
c/o Exelon Communications Company, LLC
401 City Avenue, Suite 900
Bala Cynwyd, PA 19004

Attention: Jim Morozzi
Fax No. 610-617-7005

with a copy given in the same manner to:

Exelon Business Services Company
2301 Market Street, S23-1
Philadelphia, PA 19101-8699

Attention: Todd Cutler, Esquire
Fax No. 215-568-3389

(ii) If to ABIZ PA:

Adelphia Business Solutions of Pennsylvania, Inc.
712 North Main Street
Coudersport, PA 16915

Attention: John Glicksman
Fax No. 814-260-2025

with a copy given in the same manner to:

Weil, Gotshal & Manges
767 Fifth Avenue
New York, New York 10153

Attention: Brian Haskel and Jeffrey Weinberg
Fax No. (212) 310-8007

(iii) If to the Partnership:

PECO Hyperion Telecommunications
c/o Adelphia Business Solutions, Inc.
712 North Main Street
Coudersport, PA 16915

Attention: John Glicksman
Fax No. 814-260-2025

with a copy given in the same manner to:

PHT Holdings LLC
c/o Exelon Communications Company, LLC
401 City Avenue, Suite 900
Bala Cynwyd, PA 19004

Attention: Jim Morozzi
Fax No. 610-617-7005

Each notice or other communication given to either party hereto in accordance with the provisions of this Agreement shall be deemed to have been received (i) on the business day it is sent, if sent by personal delivery, (ii) on the first business day after it is sent, if sent by overnight delivery, properly addressed and prepaid, (iii) upon receipt, if sent by mail (regular, certified or registered), or (iv) on the date and at the time shown on the telecopy confirmation of receipt, if sent by telecopy to the "Fax No." provided in this Section, provided that a copy of such telecopy shall also be sent by overnight delivery to such person on the same day. Notice of change of address or facsimile number shall be effective only upon receipt.

24. Counterparts.

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

25. Entire Agreement.

The Settlement Documents and the Letter Agreement constitute the entire agreement among the parties hereto relative to the subject matter hereof and supersede any previous agreement among the parties relative to the subject matter hereof.

26. Headings.

The headings of the sections and subsections of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

27. Mutual Drafting.

This Agreement is the joint product of the parties hereto, each of which has been represented by competent counsel of their own choosing. Each provision of this Agreement has been subject to the mutual consultation, negotiation and agreement of the parties hereto, and shall not be construed for or against any party hereto.

28. Confidentiality.

This Agreement and the terms hereof are confidential and shall not be disclosed by any party hereto or any third party beneficiary hereto to any other Person except: (i) to such party's legal counsel, accountants and other advisors on a need to know basis; (ii) to prospective buyers of the Partnership or of a Partner's interest in the Partnership, but only following the prospective buyer's execution of a confidentiality agreement; (iii) when required by law; (iv) when necessary to pursue a claim for breach of the Agreement; (v) to the Bankruptcy Court or as otherwise required by the Bankruptcy Court in the bankruptcy cases of either of ABIZ or ADLAC; or (vi) to the extent publicly disclosed by virtue of any of (i) – (v). This Agreement shall be entitled to the protection from use or disclosure afforded by Federal Rule of Evidence 408 and any similar applicable federal or state rule of evidence. No entity or Person not party to this Agreement shall offer or receive against any party hereto as evidence of a presumption, concession or admission with respect to any liability, fault or wrongdoing, or in any way referred to for any other reason as against any of the parties to this Agreement in any civil, criminal, or administrative action or proceeding, other than such proceedings as may be necessary to effectuate the provisions of this Agreement; provided, however, that if this Agreement is approved by the Bankruptcy Court, ABIZ may refer to it to effectuate the liability protection granted it hereunder.

29. Further Assurances.

ABIZ PA and the Partnership each agree to do such further acts and things, and to execute and deliver such additional agreements and instruments, as any of the PHT Partners may at any time reasonably request in connection with the administration or enforcement of this Agreement or any part thereof or in order better to assure and confirm unto each PHT Partner its rights, powers and remedies hereunder.

30. Third Party Beneficiaries.

ABIZ PA and the PHT Partners hereby acknowledge that ADLAC and Beal are entering into the Settlement Documents to which either or both of them is a party in reliance in part on the ability to benefit from and enforce certain specified aspects of this Agreement.

(a) It is understood and agreed that ADLAC shall have the status of an express third party beneficiary of Section 1(j), Section 12 and this Section 30(a) of this Agreement and Exhibit G hereto and shall be entitled to the benefits of and to enforce Section 1(j), Section 12, this Section 30(a) and Exhibit G as though an actual party to this Agreement for purposes of such sections and exhibit. In accordance with the foregoing provisions, no amendments or modifications to or waivers of Section 1(j), Section 12, this Section 30(a) or Exhibit G (or any defined term or other provision of the Settlement Agreement to the extent applicable to Section 1(j), Section 12, Exhibit G or this Section 30(a) that, in each case, if modified, amended, or waived would have the effect of modifying, amending or waiving the effect of Section 1(j), Section 12, Exhibit G, or this Section 30(a)) in any way materially detrimental to the interest of ADLAC shall be effective as against ADLAC without its prior written consent thereto, such consent not to be unreasonably withheld. Except as otherwise provided in this Section, ADLAC shall not have any benefits of or rights to enforce any other provision of this Agreement, nor shall ADLAC's consent be required as a condition to the amendment, modification, or waiver of any other provision of this Agreement.

(b) It is understood and agreed that Beal shall have the status of an express third party beneficiary of Section 11(b) and this Section 30(b) of this Agreement and shall be entitled to the benefits of and to enforce Section 11(b) and this Section 30(b) as though an actual party to this Agreement for purposes of Section 11(b) and this Section 30(b). In accordance with the foregoing provisions, no amendments or modifications to or waivers of Section 11(b) or this Section 30(b) (or any defined term or other provision of the Settlement Agreement to the extent applicable to Section 11(b) or this Section 30(b) that if modified, amended, or waived would have the effect of modifying, amending or waiving the effect of Section 11(b) or this Section 30(b)) in any way materially detrimental to the interest of Beal shall be effective as against Beal without its prior written consent thereto. Except as otherwise provided in this Section, Beal shall not have any benefits of or rights to enforce any other provision of this Agreement, nor shall Beal's consent be required as a condition to the amendment, modification, or waiver of any other provision of this Agreement.

31. Amendments in Writing.

Except as expressly provided in Section 30, ABIZ PA and the PHT Partners may by mutual agreement and with each other's express written consent, amend any provision of this Agreement without the consent of ADLAC. Any waiver of any provision of this Agreement shall be effective only if in a writing signed by the party against whom enforcement of such waiver may be sought.

32. Obligations to Give Notice.

ABIZ PA and ABIZ shall each make commercially reasonable efforts promptly to give to the PHT Partners copies of any notice of the occurrence of a default or event of default they may receive under that certain Secured Debtor in Possession Credit and Security Agreement dated as of March 27, 2002 (as the same has been or may be amended from time to time) and related

instruments; and under the Beal DIP (as the same has been or may be amended from time to time) and related instruments. Failure to send such notice shall not create a cause of action against the party failing to give such notice or create any claim or right on behalf of any third party. The sending or receipt of such notice shall not obligate the recipient to cure such default or event of default.

IN WITNESS WHEREOF, the parties hereto have caused this Settlement Agreement to be signed as of the date and year first above written.

**ADELPHIA BUSINESS SOLUTIONS
OF PENNSYLVANIA, INC.**

PHT HOLDINGS LLC

By: _____
Name:
Title:

By: _____
Name:
Title:

PECO ENERGY COMPANY

By: _____
Name:
Title:

PECO HYPERION TELECOMMUNICATIONS

By: **Adelphia Business Solutions of
Pennsylvania, Inc., as a
general partner**

By: _____
Name:
Title:

By: **PHT Holdings LLC, as a
general partner**

By: _____
Name:
Title:

Exhibit A

Schedule of Fiber Construction Projects

Commonwealth of Pennsylvania Projects

Project #	Address	City	County
1C	2701 N. Broad St.	Philadelphia	Philadelphia
2C	1400 Spring Garden St.	Philadelphia	Philadelphia
3C	1334 Bainbridge St.	Philadelphia	Philadelphia
4C	845 Main Street	Darby	Delaware
5C	5853 Gernantown Avenue	Philadelphia	Philadelphia
6C	5070 Parkside Ave. (PB & TC)	Philadelphia	Philadelphia
7C	235 W. Chelton Ave	Philadelphia	Philadelphia

AT & T/Vanguard OC-12 Accu-Ring

Project #	Address
1V	AT&T POP Phila
2V	AT&T POP Wayne
3V	1041 W. Valley (Vanguard)
4V	500 Vanguard Blvd
5V	100 Vanguard Blvd
6V	800 Vanguard Blvd
7V	PHT CO

Exhibit B
Security Agreement

SECURITY AGREEMENT

This Security Agreement (the "Agreement") dated as of the 30th day of December, 2002 and becoming effective as of the Effective Date under (and as defined in) the Settlement Agreement referred to below is made by and among Adelphia Business Solutions of Pennsylvania, Inc., a Delaware corporation ("ABIZ PA"), PECO ENERGY COMPANY, a Pennsylvania corporation ("PECO"), and PHT Holdings LLC, a Pennsylvania limited liability company, individually (in its individual capacity, "PHT") and as agent (in its capacity as agent, the "Agent") for the PHT Partners (as defined below). PHT and PECO are collectively referred to herein as the "PHT Partners".

Background

A. ABIZ PA, PHT, PECO and PECO Hyperion Telecommunications, a Pennsylvania general partnership (the "Partnership"), have entered into a Settlement Agreement of even date herewith (the "Settlement Agreement"), pursuant to which, among other things, ABIZ PA has agreed to pay or cause to be paid certain amounts to the PHT Partners. Capitalized terms used and not otherwise defined herein shall have the meanings ascribed to them in the Settlement Agreement.

B. To induce the PHT Partners to enter into the Settlement Agreement and to secure the payment of ABIZ PA's obligations to the PHT Partners thereunder, ABIZ PA has agreed to pledge to the Agent, for the benefit of the PHT Partners, among other things, all of its interest in the "Collateral" (as defined below) on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the above premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties agree as follows:

1. Security Interest.

1.1 Each of the PHT Partners hereby appoints and designates the Agent as its agent under this Agreement (including as agent for perfection of the security interests and liens granted hereunder) and each PHT Partner hereby irrevocably authorizes the Agent to take such action on its behalf under the provisions of this Agreement and to exercise such powers as are set forth herein or are reasonably incidental hereto. In its capacity as Agent and in performing its duties and enforcing its rights under this Agreement, the Agent shall be acting solely as agent to the PHT Partners and shall not be deemed to have assumed any obligation toward or relationship of agency with ABIZ PA. The Agent may perform any of its duties under this Agreement by or through its agent or employees. Without limiting the foregoing, each of the PHT Partners and the Agent hereby appoints the other PHT Partners as their agent for perfection of the security interests and liens granted hereunder with respect to any Collateral which comes into the possession or under the control of any such PHT Partner.

1.2 As collateral security for the timely payment of the Secured Obligations (as defined below), ABIZ PA hereby pledges, hypothecates, assigns, transfers, sets over and delivers unto the Agent, as agent for the PHT Partners, and grants to the Agent, as such agent, a security interest in the Collateral.

1.3 "**Collateral**" shall mean all of the rights, title and interest of ABIZ PA in, to and under (i) the COPA Contract (as defined below) and any and all guarantees, indemnities, letters of credit or other arrangements or agreements supporting payments to ABIZ PA thereunder, (ii) all rights to payments and other distributions under the COPA Contract and such other arrangements and/or agreements, (iii) any security interests and/or liens in favor of ABIZ PA and all property subject thereto purporting to support the foregoing, and (iv) all products, proceeds, substitutions or accessions to any of the foregoing, in each of the cases of clauses (i)-(iv) above, whether now owned or hereafter acquired or arising and howsoever evidenced.

1.4 "**COPA Contract**" shall mean that certain Telecommunications Services Contract dated as of May 3, 2000 (together with all schedules and annexes thereto, in each case, as the same may be amended, restated, supplemented or otherwise modified from time to time) between ABIZ PA and the Commonwealth of Pennsylvania.

1.5 "**Permitted Liens**" shall mean (i) the lien and security interest in and on the Collateral granted to Beal Bank, S.S.B. (together with any successors and/or assigns thereof or thereto or any other entity or entities parties to, and providing financing under, any refinancing or replacement of the Beal Credit Agreement referred to below, provided that in any case, such successor, assign or other party has become a party to and is bound by the Beal Intercreditor Agreement, being collectively, "**Beal**") pursuant to that certain Secured Debtor in Possession Priming Credit and Security Agreement, dated as of August 9, 2002 (as entered into, and as thereafter in effect from time to time in accordance with the terms thereof and/or any refinancing or replacement agreement to the extent the parties providing credit thereunder has become a party to and is bound by the Beal Intercreditor Agreement, the "**Beal Credit Agreement**") among ABIZ and seventeen certain other direct and indirect subsidiaries of ABIZ, each as debtor and debtor in possession, as borrowers, ABIZ-PA, and Adelphia Business Solutions Capital, Inc., a Delaware corporation, each a direct or indirect subsidiary of ABIZ, as guarantors, and Beal, which lien and security interest are subject to the Beal Intercreditor Agreement (as used herein, such term refers to such agreement as amended, restated, supplemented or otherwise modified from time to time) and (ii) the lien and security interest in and on the Collateral granted to ADLAC pursuant to that certain Secured Debtor in Possession Credit and Security Agreement dated as of March 27, 2002 (as the same is in effect as of the date of this Agreement) among ADLAC, ABIZ and a number of its subsidiaries, which lien and security interest are subject to the ADLAC Intercreditor Agreement (as used herein, such term refers to such agreement as amended, restated, supplemented or otherwise modified from time to time).

1.6 "**Secured Obligations**" shall mean (i) the obligations of ABIZ PA to pay the ABIZ PA Repayment Amount to the PHT Partners under the Settlement Agreement and (ii) all other obligations and liabilities of ABIZ PA to the Agent and the PHT Partners under the

Settlement Agreement, this Agreement and each of the other Settlement Documents (as used in this Agreement, "Settlement Documents" shall include the Settlement Documents and the Letter Agreement described in the Settlement Agreement), in each case, whether now existing or hereafter arising, including, without limitation, all reasonable cost and expenses (including the fees and expenses of its professionals) incurred by any of the PHT Partners (individually or as agent) in connection with the enforcement of this Agreement, the Settlement Agreement and/or any of the other Settlement Documents or the valuation and/or sale of any Collateral hereunder. In the event that any of the PHT Partners (individually or as agent) are required to disgorge, return, pay over or surrender (including to a trustee in bankruptcy or to any party having a senior right thereto pursuant to the Intercreditor Agreements or otherwise) any payment made to it pursuant hereto, the Settlement Agreement or any of the other Settlement Documents (or any proceeds of any Collateral received by it hereunder or thereunder), including as a result of such payment being declared a preference or a fraudulent conveyance, the Secured Obligations shall be increased and reinstated by the amount of such payment or proceeds (including the amount of any interest, if any, required to be paid on such amounts so returned) and to the extent previously released, all liens and security interests originally granted hereunder shall be reinstated as if such payment had never been made.

1.7 The Agent shall have the right, at its discretion and upon its request, to require ABIZ PA to do or take all steps necessary, and ABIZ PA hereby consents thereto and agrees to take all such steps so requested, to perfect the Agent's security interest in, and lien on, any of the Collateral, including, without limitation (i) the filing of financing statements containing a description of the Collateral (in such terms as the Agent deems appropriate) in such locations as the Agent deems appropriate, together with such amendments thereto as the Agent or any of the PHT Partners deems appropriate; it being agreed that ABIZ PA hereby authorizes the Agent to file any financing statements (and any amendments thereto) covering the Collateral with or without ABIZ PA's signature, (ii) notifying any third party of, or marking any such Collateral with notice of, the Agent's security interest therein, (iii) notifying the Commonwealth of Pennsylvania and/or any guarantors, sureties or indemnitors thereof of the assignment of the COPA Contract and instructing it to make payments thereon directly to the Agent or its designee, and/or (iv) contacting the Commonwealth of Pennsylvania to verify performance and account balances under the COPA Contract. In addition, to the extent that ABIZ PA shall fail to perform any of its obligations or take any action under the COPA Contract, the Agent or its designee may (but shall have no obligation to) perform any such obligation or take such action at ABIZ PA's sole cost and expense. Notwithstanding anything contained herein to the contrary, the Agent shall not take any of the actions described in clause (ii)-(iv) above or pursuant to the immediately preceding sentence (a) to the extent prohibited by the Beal Intercreditor Agreement and/or (b) prior to the occurrence of an Event of Default (as defined below) hereunder. Notwithstanding such rights or the taking of any such actions, nothing herein shall be deemed to create a contractual relationship as between the Commonwealth of Pennsylvania and/or any guarantors, sureties or indemnitors thereof and the PHT Partners or the Agent or give rise to any obligation of the Agent or any of the PHT Partners to take any action, or if it or they take any action, to take any subsequent action with respect to the COPA Contract. ABIZ PA hereby agrees that this Agreement or a photocopy hereof shall be sufficient as a financing statement.

2. Representations and Warranties.

2.1 ABIZ PA hereby represents and warrants that as of the effective time of the Settlement Agreement:

2.1.1. ABIZ PA has obtained all necessary consents to grant the Agent a security interest in the Collateral (subject in priority only to the Permitted Liens as and to the extent provided in the Intercreditor Agreements).

2.1.2. ABIZ PA is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and is in good standing in each and every other jurisdiction where the nature of its business requires it be so qualified, except where the failure to be so qualified would not have a material adverse effect on the rights of the Agent or the PHT Partners under the Settlement Documents.

2.1.3. ABIZ PA is the legal, record and equitable owner of the Collateral. ABIZ PA has the power and authority to grant to the Agent a security interest in the Collateral (subject in priority only to the Permitted Liens as and to the extent provided in the Intercreditor Agreements), as provided herein.

2.1.4. The pledge of the Collateral pursuant to this Agreement creates a valid and, upon the filing of a financing statement describing the Collateral against ABIZ PA in the office of the Secretary of State of Delaware, perfected and continuing security interest in the Collateral (subject in priority only to the Permitted Liens as and to the extent provided in the Intercreditor Agreements), securing the payment of the Secured Obligations.

2.1.5. The execution and delivery of this Agreement and the consummation of the transactions provided for herein by ABIZ PA do not and will not, with or without the giving of notice, the lapse of time or both, result in the breach of any of the terms and provisions of, or constitute a default under, or conflict with or cause any acceleration of any obligation of ABIZ PA under (i) any agreement, indenture or other instrument by which ABIZ PA is bound, (ii) the certificate of incorporation or bylaws of ABIZ PA, (iii) any judgment, decree, order or award of any court, governmental body or arbitrator, or (iv) any applicable law, rule or regulation, nor will the execution, delivery and performance hereof by ABIZ PA give rise to any lien, claim or encumbrance in favor of any other person.

2.1.6. The COPA Contract is in full force and effect, and ABIZ PA is not in default thereunder and has not received any notices that the Commonwealth of Pennsylvania is terminating or is considering terminating such contract.

2.2 The representations and warranties set forth in this Section 2 are made as of the effective time of the Settlement Agreement and shall survive until this Agreement has been terminated in accordance with the terms hereof.

3. Covenants.

ABIZ PA hereby agrees and covenants that until this Agreement is terminated in accordance with the terms hereof:

3.1 ABIZ PA will continue to be the sole owner of all legal and beneficial interests in the Collateral and ABIZ PA will not, without the prior written consent of the Agent, sell, assign, pledge, encumber or otherwise transfer (voluntarily or involuntarily) any rights or interest in any of the Collateral to any Person other than (i) to the Agent pursuant to this Agreement and (ii) to Beal and ADLAC solely with respect to, and to the extent of, the Permitted Liens.

3.2 ABIZ PA shall ensure that the Agent's interest in the Collateral continues to be a perfected security interest (subject in priority only to the Permitted Liens as and to the extent provided in the Intercreditor Agreements), free and clear of all superior or *pari passu* liens, security interests, charges, encumbrances or restrictions of any kind, other than the Permitted Liens as and to the extent provided in the Intercreditor Agreements.

3.3 In the event that the Collateral or any portion thereof shall at any time include any certificated securities, documents, chattel paper or instruments, ABIZ PA will forthwith deliver such certificated securities, documents, chattel paper or instruments to the Agent, together with such endorsements or powers as shall be requested by the Agent.

3.4 ABIZ PA will maintain its corporate existence and, without giving the Agent at least 30 days' prior notice thereof or otherwise taking all such actions to assure that all of the Agent's and the PHT Partners' security interests pursuant to the Settlement Documents shall be and remain perfected and of equal priority, shall not change the state of its incorporation, change its corporate or organizational structure or change its name.

3.5 ABIZ PA shall give the Agent notice of any default, cancellation, threatened or intended cancellation or other material dispute by any party under the COPA Contract as soon as practicable, but in any event, within two business days of its learning thereof.

Provided, however, that for so long as the Beal Credit Agreement and the obligations thereunder remain in effect, ABIZ PA shall not be deemed to be in violation of the provisions of any particular covenant set forth in Sections 3.1 and 3.3 above to the extent (x) its compliance therewith conflicts with the express terms of the Beal Credit Agreement and the other instruments, documents and agreements relating thereto and the Beal Intercreditor Agreement, or (y) its non-compliance therewith resulted from the enforcement by Beal of its rights with respect to, security interests in, and liens on, the Collateral pursuant to, and in accordance with, the Beal Credit Agreement, the other instruments, documents and agreements relating thereto and the Beal Intercreditor Agreement; and thereafter, such compliance shall be determined based on the status of the Collateral after giving effect to the exercise of such rights, liens and/or security interests by Beal as aforesaid prior thereto.

4. Events of Default and Remedies upon Default.

4.1 Any one or more of the following events shall constitute an "Event of Default" hereunder:

4.1.1. The PHT Partners shall not have received payment in full in cash of the PHT Make-Whole Amount (as such amount is constituted on June 30, 2003) on or prior to June 30, 2003 or, as to any portion of the PHT Make-Whole Amount due thereafter as provided pursuant to Section 1(k) of the Settlement Agreement, on or prior to the respective due date therefor set forth therein; or

4.1.2. Either or both of (i) the ADLAC Intercreditor Agreement or (ii) the Beal Intercreditor Agreement or, in either case, any material portion thereof shall be deemed to be unenforceable by any court or legislative or governmental authority; or any party (other than the Agent or any of the PHT Partners) violates the standstill, subordination, payment priority, or other material terms of either such agreement and such violation remains unremedied for five (5) days after the party in violation becomes aware or receives notice of such non-compliance; or a warrant of attachment, execution or similar process (other than in favor of the Agent or either of the PHT Partners) shall be issued against, or attach to, any part of the Collateral; or

4.1.3. ABIZ PA shall have failed to perform any of its material undertakings or covenants contained in this Agreement, the Partnership Agreement or the Settlement Documents within the time periods specified therein; or

4.1.4. Any of the representations and warranties of ABIZ PA in this Agreement, the Settlement Documents or in any certificate, instrument, document or agreement delivered by ABIZ PA pursuant thereto or in connection therewith shall not be true when made or delivered or states or fails to state any fact which makes any of the foregoing materially misleading; or

4.1.5. The Agent shall at any time fail to have a perfected security interest in the Collateral (subject in priority only to the Permitted Liens as and to the extent provided in the Intercreditor Agreements), other than to the extent such failure was caused by the erroneous termination of any security interest by the Agent or any failure by the Agent to file and maintain effective any financing statement in any jurisdiction, against any new name of ABIZ PA or against any Collateral with respect to which, in any case, the Agent had been properly notified by ABIZ PA pursuant hereto as then being applicable hereunder; or

4.1.6. ABIZ PA shall institute or consent to the institution of any proceeding under any bankruptcy, reorganization, liquidation, insolvency or similar debtor relief law, or shall make an assignment for the benefit of creditors; or shall apply for or consent to the appointment of any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer for it or for all or any material part of its property; or any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer shall be appointed without the application or consent of ABIZ PA and the appointment shall continue undischarged or unstayed for thirty (30) days; or any proceeding under any bankruptcy, reorganization, liquidation, insolvency or similar debtor relief law relating to ABIZ PA or to all or any part of its property shall be instituted without the consent

of ABIZ PA and shall continue undismissed or unstayed for forty-five (45) days, or an order for relief shall be entered in any such proceeding; or ABIZ PA shall become unable or shall admit in writing its inability or fails generally to pay its debts as they become due, or any writ or warrant of attachment or execution or similar process shall be issued or levied against the interest of ABIZ PA in the Partnership and shall not be released, vacated or fully bonded within thirty (30) days after its issue or levy; or ABIZ PA is consolidated with or becomes a party in any such proceeding with any entity in respect of which any of the foregoing shall have occurred; or

4.1.7. This Agreement, the Settlement Agreement, the Partnership Make-Whole Agreement or any of the other Settlement Documents (other than the Letter Agreement), shall, for any reason other than the agreement of the PHT Partners, cease to be in full force and effect, or is declared by a court of competent jurisdiction to be null and void, invalid or unenforceable in any material respect; or any party to this Agreement, the Settlement Agreement, the Partnership Make-Whole Agreement or any of the other Settlement Documents (other than the Agent or the PHT Partners) shall deny that it has any or further liability or obligation under any such document, or purports to revoke, terminate or rescind any such document; or

4.1.8. Beal shall have declared the obligations and liabilities owing to it under the Beal Credit Agreement due and payable prior to the date originally scheduled therefor or shall have taken any action to enforce or foreclose upon the Collateral;

4.2. Remedies upon Default:

4.2.1. Upon the occurrence of any of the above-described Events of Default and at any time thereafter, but in each case, subject to the Beal Intercreditor Agreement, (i) all Secured Obligations may, at the option of the PHT Partners, be declared to be immediately due and payable, without any notice, notice of dishonor or presentment; provided that upon the occurrence of an Event of Default of the type described in Sections 4.1.2 and 4.1.6 above, all such Secured Obligations shall automatically become due and payable without any action on the part of the Agent or any of the PHT Partners, (ii) the Agent or its designee may (but shall have no obligation to) inform the Commonwealth of Pennsylvania of such default and/or undertake performance of all of ABIZ PA's obligation under the COPA Contract and collect all sums due thereunder, in each case, to the extent permitted pursuant to law and the COPA Contract, (iii) the Agent may assign the COPA Contract to any other party or parties and (iv) without limiting the foregoing, the PHT Partners and the Agent shall have all other rights and remedies provided by law, including but not limited to those of a secured party under the Uniform Commercial Code as in effect in the Commonwealth of Pennsylvania, in addition to the rights and remedies provided herein. All of the Agent's and the PHT Partners' rights and remedies shall be cumulative and none are exclusive. Whether or not an Event of Default has occurred, all payments made by or on behalf of ABIZ PA and all credits due ABIZ PA under this Agreement or any of the other Settlement Documents may be applied to the Secured Obligations in whatever order and amounts the PHT Partners choose.

4.2.2. ABIZ PA consents and agrees that neither the Agent nor the PHT Partners shall be under any obligation to marshal any assets in favor of ABIZ PA or against or in payment of any or all of the PHT Make-Whole Amount.

4.2.3. To the extent that any notice of any action is required to be given to ABIZ PA in respect of any sale or disposition of the Collateral, the parties hereby agree that 10 days prior notice shall be deemed commercially reasonable notice.

4.2.4. In connection with any sale or disposition of any of the Collateral, the Agent is authorized to comply with any limitation or restriction as it may be advised by its counsel is necessary or desirable in order to avoid any violation of applicable law (including any of the Securities Laws) or to obtain any required approval of the purchaser or purchasers by any governmental regulatory agency or body.

4.2.5. Notwithstanding the foregoing, the PHT Partners may also institute one or more actions at law or in equity against ABIZ PA to obtain a judgment or decree of a court or courts of competent jurisdiction and to sell the Collateral, or any portion thereof, in execution on such judgment or pursuant to such decree.

4.2.6. IF AN EVENT OF DEFAULT EXISTS AS AFORESAID, ABIZ PA (PURSUANT TO AUTHORITY GRANTED BY ITS BOARD OF DIRECTORS) HEREBY WAIVES ALL RIGHTS TO NOTICE AND HEARING OF ANY KIND PRIOR TO THE EXERCISE BY THE AGENT OF ITS RIGHTS TO REPOSSESS THE COLLATERAL WITHOUT JUDICIAL PROCESS OR TO REPLEVY, ATTACH OR LEVY UPON SUCH COLLATERAL WITHOUT PRIOR NOTICE OR HEARING. ABIZ PA ACKNOWLEDGES THAT IT HAS BEEN ADVISED BY COUNSEL OF ITS CHOICE WITH RESPECT TO THIS TRANSACTION AND THIS AGREEMENT.

5. Application of Proceeds of Sale.

The proceeds of sale, disposition or other realization of or from the Collateral pursuant to Section 4 hereof shall, subject to the terms of the Intercreditor Agreements, be applied by the Agent and the PHT Partners, as follows:

5.1 First: (a) to the payment of any taxes, assessments or other charges on the Collateral prior to the lien of this Agreement; (b) to the payment of the reasonable costs and expenses of any sale of the Collateral and any judicial proceeding wherein the same may be made, including reasonable compensation to the Agent, its agents, attorneys and counsel; and (c) to the payment of all other reasonable costs and expenses incurred by the Agent and/or the PHT Partners in connection with the administration and enforcement of the Settlement Agreement, the Partnership Make-Whole Agreement and the other Settlement Documents (including fees and expenses of counsel);

5.2 Second: to the payment of the other Secured Obligations in such order as the Agent may elect and to all other fees and expenses due under the Settlement Documents; and

5.3 Third: the balance, if any, of such proceeds to ABIZ PA, its successors or assigns, or whomsoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

6. **Other Guarantors.**

6.1 ABIZ PA hereby agrees that, except as hereinafter provided, its obligations hereunder shall be unconditional, irrespective of (i) the absence of any attempt to collect the Partnership Repayment Amount from the Partnership or any other portion of the PHT Make-Whole Amount from any guarantor or other action to enforce the same; (ii) the waiver or consent by the Agent or any of the PHT Partners with respect to any provision of any instrument evidencing the PHT Make-Whole Amount or any part thereof, or any other agreement heretofore, now or hereafter executed by the Partnership and delivered to the Agent or any of the PHT Partners; (iii) the failure by any of the PHT Partners or the Agent to take any steps to perfect and maintain its security interest in, or to preserve its rights to, any security or collateral for any of the PHT Make-Whole Amount or any part thereof; (iv) the institution of any proceeding under the Bankruptcy Code, or any similar proceeding, by or against the Partnership or the PHT Partners election in any such proceeding of the application of Section 1111(b)(2) of the Bankruptcy Code; (v) any borrowing or grant of a security interest by the Partnership as debtor-in-possession, under Section 364 of the Bankruptcy Code; (vi) the disallowance, under Section 502 of the Bankruptcy Code, of all or any portion of the PHT Partners' claim(s) for repayment of any of the PHT Make-Whole Amount, or any part thereof; or (vii) any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor or a surety.

6.2 Until such time as the Secured Obligations shall have been fully and indefeasibly paid in full and this Agreement has been terminated in accordance with the terms hereof, ABIZ PA hereby waives any right of subrogation, contribution, indemnity or reimbursement (whether contractual or under law) to the Partnership or any other guarantor with respect to, or arising out of, any payment by ABIZ PA on account of any of the PHT Make-Whole Amount (including any payment made in connection with the foreclosure and sale of any of the Collateral hereunder).

6.3 The Agent and/or PHT Partners are each hereby authorized, without notice or demand and without affecting the liability of ABIZ PA hereunder, to, from time to time, (i) renew, extend, accelerate or otherwise change the time for payment of, or other terms relating to, the PHT Make-Whole Amount, or otherwise modify, amend or change the terms of the Settlement Documents (in each case, in accordance with the terms thereof) or of any promissory note or other agreement, document or instrument now or hereafter executed by the Partnership or any guarantor in respect thereof; (ii) accept partial payments on the PHT Make-Whole Amount; (iii) take and hold security or collateral for the payment of the PHT Make-Whole Amount secured hereby, and exchange, enforce, waive and release any such security or collateral; (iv) subject to the terms of the Settlement Agreement and this Agreement, apply such security or collateral and direct the order or manner of sale thereof as in its reasonable discretion it may determine; and (v) settle, release, compromise, collect or otherwise liquidate any or all of the PHT Make-Whole Amount (or any part thereof), any other guarantor of the PHT Make-Whole Amount (or any part thereof) and any security or collateral therefor in any manner, in each case without affecting or impairing the obligations of ABIZ PA hereunder; it being agreed however, that the release of the Partnership from any of its obligations and/or liabilities under the Settlement Documents as set forth above shall not affect the obligation of the PHT Partners and the Agent to continue to apply payments made by, on behalf of, or from the sale of, the

Partnership to the reduction of the PHT Make-Whole Amount in accordance with the provisions of the Settlement Agreement and to continue to cause the Partnership to make distributions as and to the extent required pursuant to Section 6 of the Settlement Agreement.

7. **Expenses; Indemnification.**

ABIZ PA hereby agrees to reimburse the Agent, the PHT Partners and each of their employees, officers, directors and agents (the “**Indemnified Parties**”), on demand, for all reasonable costs and expenses, losses, claims, damages and fees incurred by any such Indemnified Party in connection with the administration and enforcement of this Agreement, including without limitation the reasonable fees and costs of its legal counsel, accountants and other advisers, and agrees to indemnify and hold such Indemnified Parties harmless from and against any and all liability incurred by it in connection herewith, unless resulting from such party’s own gross negligence or willful misconduct. The obligations of ABIZ PA under this Section 7 shall survive the termination of this Agreement and shall be deemed Secured Obligations hereunder.

8. **The Agent Appointed Attorney-in-Fact.**

ABIZ PA hereby appoints the Agent as ABIZ PA’s attorney-in-fact, with full authority in the place and stead of ABIZ PA and in the name of ABIZ PA or otherwise, from time to time upon the occurrence and during the continuance of an Event of Default, in the Agent’s discretion to take any action and to execute any instrument which the Agent may deem necessary or advisable to accomplish the purpose of this Agreement, including, without limitation, to receive, endorse and collect all instruments made payable to ABIZ PA representing any dividend, interest payment or other distribution in respect of the Collateral or any part thereof and to give full discharge for the same. This power of attorney created under this Section 8, being coupled with an interest, shall be irrevocable for the term of this Agreement and thereafter as long as any of the Secured Obligations shall be outstanding.

9. **The Agent May Perform.**

If ABIZ PA fails to perform any agreement contained herein, the Agent may itself perform, or cause performance of, such agreement, and the expenses of the Agent or its designee incurred in connection therewith shall be payable by ABIZ PA under this Agreement.

10. **PHT Partners’ and Agent’s Duties.**

None of the PHT Partners or the Agent shall have any liability for any acts, omissions, errors of judgment or mistakes of fact or law, including, without limitation, acts, omissions, errors or mistakes with respect to the Collateral, except for those arising out of or in connection with such party’s own (i) gross negligence, (ii) willful misconduct, or (iii) failure to use reasonable care with respect to the safe custody of any certificate evidencing any of the Collateral which is in the physical possession of such party. Without limiting the generality of the foregoing, none of the PHT Partners or the Agent shall be under any obligation to take any steps necessary to preserve rights in the Collateral against any other parties but may do so at its option,

and all expenses incurred in connection therewith shall be for the sole account of ABIZ PA, and shall be added to the Secured Obligations secured hereby.

11. Termination.

This Agreement shall terminate upon receipt by the Agent of the indefeasible payment in full, in cash, of all of the ABIZ PA Repayment Amount and the other Secured Obligations.

12. Further Assurances.

ABIZ PA agrees to do such further acts and things, and to execute and deliver such additional conveyances, assignments, agreements and instruments, as the Agent or the PHT Partners may at any time request in connection with the administration or enforcement of this Agreement or related to the Collateral or any part thereof or in order better to assure and confirm unto the Agent and each of the PHT Partners its rights, powers and remedies hereunder.

13. Binding Agreement; Assignment.

This Agreement, and the terms, covenants and conditions hereof, shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that ABIZ PA shall not be permitted to assign this Agreement or any of its rights, duties, obligations or interests herein without the prior written consent of the Agent.

14. Notices.

All notices, requests, demands and other communications required or permitted under this Agreement shall be in writing and addressed as set forth below (or to such other address as a party may from time to time designate in writing in accordance with this Section):

- (i) If to any of the Agent or to any of the PHT Partners:

PHT Holdings LLC
c/o Exelon Communications Company, LLC
401 City Avenue, Suite 900
Bala Cynwyd, PA 19004

Attention: Jim Morozzi
Fax No. 610-617-7005

with a copy given in the same manner to:

Exelon Business Services Company
2301 Market Street, S23-1
Philadelphia, PA 19101-8699

Attention: Todd Cutler, Esquire
Fax No. 215-568-3389

(ii) If to ABIZ PA:

Adelphia Business Solutions of Pennsylvania, Inc.
712 North Main Street
Coudersport, PA 16915

Attention: John Glicksman
Fax No. (814) 260-2025

with a copy given in the same manner to:

Weil, Gotshal & Manges
767 Fifth Avenue
New York, New York 10153

Attention: Brian Haskel and Jeffrey Weinberg
Fax No. (212) 310-8007

Each notice or other communication given to either party hereto in accordance with the provisions of this Agreement shall be deemed to have been received (i) on the business day it is sent, if sent by personal delivery, (ii) on the first business day after it is sent, if sent by overnight delivery, properly addressed and prepaid, (iii) upon receipt, if sent by mail (regular, certified or registered), or (iv) on the date and at the time shown on the telecopy confirmation of receipt, if sent by telecopy to the "Fax No." provided pursuant to this Section; provided, however, that a copy of such telecopy shall also be sent to such person by overnight delivery on the same date. Notice of change of address shall be effective only upon receipt.

15. No Waivers.

No failure or delay by the Agent or any of the PHT Partners in exercising any right, power, remedy or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

16. Governing Law.

This Agreement is made under, and shall be construed and enforced in accordance with, the laws of the Commonwealth of Pennsylvania applicable to agreements made and to be performed solely therein without regard to the conflicts of law provisions thereof, and to the extent applicable, with the provisions of the Bankruptcy Code.

17. Consent to Jurisdiction and Service.

Every dispute arising from or relating to this Agreement shall be submitted to the exclusive jurisdiction of any federal court or state court situated in the Eastern District of Pennsylvania except that the Bankruptcy Court shall have jurisdiction for so long as ABIZ shall remain a debtor. Each of the parties consents to venue in those courts, and agrees that those courts shall have personal jurisdiction over them in any such action. In any such action or proceeding, the parties hereby absolutely and irrevocably waive personal service of any summons, complaint, declaration or other process and hereby absolutely and irrevocably agree that the service thereof may be made by certified or registered first-class mail directed to such parties at their respective addresses as set forth in Section 14 hereof.

18. Amendments and Waivers.

Any term, covenant, agreement or condition of this Agreement may only be amended by the written agreement of ABIZ PA, the Agent and the PHT Partners. Any waiver of any provision of this Agreement shall be effective only if in a writing signed by the party against whom enforcement of such waiver may be sought; it being acknowledged and agreed by the PHT Partners that the Agent shall have the right to grant waivers on either of their behalf hereunder.

19. Severability.

If a court or an arbitrator of competent jurisdiction holds any provision of this Agreement to be illegal, unenforceable or invalid in whole or in part for any reason, such provision and other provisions of this Agreement shall be adjusted rather than voided, if possible to achieve the intent of the parties to the extent possible, and in any event the validity and enforceability of the remaining sections shall not be affected unless (i) an essential purpose of this Agreement would be defeated by the loss of the illegal, unenforceable or invalid provision or (ii) revisions to such sections are required to achieve the intent of the parties or the essential purpose of this Agreement.

20. Counterparts.

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

21. Headings.

The headings of the sections and subsections of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

22. **Mutual Drafting.**

This Agreement is the joint product of the parties hereto, each of which has been represented by competent counsel of their own choosing. Each provision of this Agreement has been subject to the mutual consultation, negotiation, and agreement of the parties hereto, and shall not be construed for or against any party hereto.

23. **Entire Agreement.**

The Settlement Documents constitute the entire agreement among the parties hereto relative to the subject matter hereof and supersede any previous agreement among the parties relative to the subject matter hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

**Adelphia Business Solutions of
Pennsylvania, Inc.**

By: _____
Name: _____
Title: _____

**PHT Holdings LLC,
for itself and as agent for the PHT Partners**

By: _____
Name: _____
Title: _____

PECO Energy Company

By: _____
Name: _____
Title: _____

Exhibit C
Pledge Agreement

PLEDGE AGREEMENT

THIS PLEDGE AGREEMENT (this "**Agreement**") dated as of the 30th day of December, 2002 and becoming effective as of the Effective Date under (and as defined in) the Settlement Agreement referred to below is made by and among Adelpia Business Solutions of Pennsylvania, Inc., a Delaware corporation ("**ABIZ PA**"), PHT Holdings LLC, a Pennsylvania limited liability company, individually (in its individual capacity, "**PHT**") and as agent (in such capacity as agent, the "**Agent**") for the PHT Partners (as defined below), and PECO ENERGY COMPANY, a Pennsylvania corporation ("**PECO**"). PHT and PECO are collectively referred to herein as the "**PHT Partners**".

Background

A. ABIZ PA, PHT, PECO and PECO Hyperion Telecommunications, a Pennsylvania general partnership (the "**Partnership**"), have entered into a Settlement Agreement of even date herewith (the "**Settlement Agreement**"), pursuant to which, among other things, ABIZ PA has agreed to pay or cause to be paid certain amounts to the PHT Partners.

B. To induce the PHT Partners to enter into the Settlement Agreement and to secure the payment of ABIZ PA's obligations to the PHT Partners thereunder, ABIZ PA has agreed to pledge to the Agent, for the benefit of the PHT Partners, among other things, all of its interest in the "Collateral" (as defined below) on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the above premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties agree as follows:

1. Definitions.

Unless otherwise defined herein, all capitalized terms used in this Agreement shall have the definitions assigned to such terms in the Settlement Agreement.

2. Pledge.

2.1 Each of the PHT Partners hereby appoints and designates the Agent as its agent under this Agreement (including as agent for perfection of the security interests and liens granted hereunder) and each PHT Partner hereby irrevocably authorizes the Agent, as agent, to take such action on its behalf under the provisions of this Agreement and to exercise such powers as are set forth herein or are reasonably incidental hereto. In its capacity as Agent and in performing its duties and enforcing its rights under this Agreement, the Agent shall be acting solely as agent to the PHT Partners and shall not be deemed to have assumed any obligation toward or relationship of agency with ABIZ PA. The Agent may perform any of its duties under this Agreement by or through its agent or employees. Without limiting the foregoing, each of the PHT Partners and the Agent hereby appoints the other PHT Partners as their agent for perfection of the security

interests and liens granted hereunder with respect to any Collateral which comes into the possession or under the control of any such PHT Partner.

2.2 **"Collateral"** shall mean all of the rights, title and interest of ABIZ PA in, to and under (i) the Partnership and that certain Partnership Agreement dated as of October 9, 1995 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the **"Partnership Agreement"**), (ii) all distributions from the Partnership of cash, property or other assets on or in respect thereof, including capital distributions from the Partnership, (iii) any warrants, rights, options or other similar securities entitling ABIZ PA to any additional interest in the Partnership, (iv) any other securities, rights or property issued or distributed in substitution for any of the foregoing, and (v) all products, proceeds, substitutions or accessions thereto, in each of the cases of clauses (i)-(v) above, whether now owned or hereafter acquired or arising and howsoever evidenced. As collateral security for the timely payment of the Secured Obligations (as defined in Section 2.3 hereof), ABIZ PA hereby pledges, hypothecates, assigns, transfers, sets over and delivers unto the Agent, for the benefit of the PHT Partners, and grants to the Agent, as such agent, a security interest in the Collateral.

2.3 **"Permitted Liens"** shall mean (i) the lien and security interest in and on the Collateral granted to Beal Bank, S.S.B. (together with any successors and/or assigns thereof or thereto or any other entity or entities parties to, and providing financing under, any refinancing or replacement of the Beal Credit Agreement referred to below, provided that in any case, such successor, assign or other party has become a party to and is bound by the Beal Intercreditor Agreement, being collectively, **"Beal"**) pursuant to that certain Secured Debtor in Possession Priming Credit and Security Agreement, dated as of August 9, 2002 (as entered into, and as thereafter in effect from time to time in accordance with the terms thereof and/or any refinancing or replacement agreement to the extent the parties providing credit thereunder has become a party to and is bound by the Beal Intercreditor Agreement, the **"Beal Credit Agreement"**) among ABIZ and seventeen certain other direct and indirect subsidiaries of ABIZ, each as debtor and debtor in possession, as borrowers, ABIZ-PA, and Adelphia Business Solutions Capital, Inc., a Delaware corporation, each a direct or indirect subsidiary of ABIZ, as guarantors, and Beal, which lien and security interest are subject to the Beal Intercreditor Agreement (as used herein, such term refers to such agreement as amended, restated, supplemented or otherwise modified from time to time) and (ii) the lien and security interest in and on the Collateral granted to Adelphia Communications Corporation (**"ADLAC"**) pursuant to that certain Secured Debtor in Possession Credit and Security Agreement dated as of March 27, 2002 (as the same is in effect as of the date of this Agreement) among ADLAC, ABIZ and a number of its subsidiaries, which lien and security interest are subject to the ADLAC Intercreditor Agreement (as used herein, such term refers to such agreement as amended, restated, supplemented or otherwise modified from time to time).

2.4 **"Secured Obligations"** shall mean (i) the obligations of ABIZ PA to pay the ABIZ PA Repayment Amount to the PHT Partners under the Settlement Agreement and (ii) all other obligations and liabilities of ABIZ PA to the Agent and the PHT Partners under the Settlement Agreement, this Agreement and each of the other Settlement Documents (as used in this Agreement, **"Settlement Documents"** shall include the Settlement Documents and the Letter Agreement described in the Settlement Agreement), in each case, whether now existing or hereafter arising, including, without limitation, all reasonable cost and expenses (including the

fees and expenses of its professionals) incurred by any of the PHT Partners (individually or as agent) in connection with the enforcement of this Agreement, the Settlement Agreement and/or any of the other Settlement Documents or the valuation and/or sale of any Collateral hereunder. In the event that any of the PHT Partners (individually or as agent) are required to disgorge, return, pay over or surrender (including to a trustee in bankruptcy or to any party having a senior right thereto pursuant to the Intercreditor Agreements or otherwise) any payment made to it pursuant hereto, the Settlement Agreement or any of the other Settlement Documents (or any proceeds of any Collateral received by it hereunder or thereunder), including as a result of such payment being declared a preference or a fraudulent conveyance, the Secured Obligations shall be increased and reinstated by the amount of such payment or proceeds (including the amount of any interest, if any, required to be paid on such amounts so returned) and to the extent previously released, all liens and security interests originally granted hereunder shall be reinstated as if such payment had never been made.

2.5 The Agent shall have the right, at its discretion and upon its request, to require ABIZ PA to do or take all steps necessary, and ABIZ PA hereby consents thereto and agrees to take all such steps so requested, to perfect the Agent's security interest in, and lien on, any of the Collateral, including, without limitation (i) the filing of financing statements containing a description of the Collateral (in such terms as the Agent deems appropriate) in such locations as the Agent deems appropriate, together with such amendments thereto as the Agent or any of the PHT Partners deems appropriate; it being agreed that ABIZ PA hereby authorizes the Agent to file any financing statements (and any amendments thereto) covering the Collateral with or without ABIZ PA's signature, (ii) taking possession and holding, including through one or more agents designated by the Agent or any of the PHT Partners, any certificated securities, documents or instruments representing or evidencing the Collateral, (iii) notifying any third party of, or marking any such Collateral with notice of, the Agent's security interest therein and/or (iv) requiring the books and records of the Partnership (or any other issuer of any other Collateral) to be legended (in form and substance satisfactory to the Agent) to evidence the Agent's security interest in such Collateral. In addition, (i) ABIZ PA shall execute and deliver to the Agent powers executed in blank authorizing the Agent to transfer title of the Collateral into its or its designees name and (ii) ABIZ PA hereby authorizes the Agent, upon notice to ABIZ PA, to vote, grant consents and take all other actions for and on behalf of ABIZ PA, in its capacity as a partner, with respect to the Partnership (and after such notice ABIZ PA shall no longer be entitled to take any such actions); provided, that the Agent agrees not to take any such actions until after the occurrence of an Event of Default (as defined in Section 5 hereof) or an event which with notice or lapse of time or both would constitute an Event of Default. ABIZ PA hereby agrees that this Agreement or a photocopy hereof shall be sufficient as a financing statement.

3. Representations and Warranties.

3.1 ABIZ PA hereby represents and warrants that as of the effective time of the Settlement Agreement:

3.1.1. ABIZ PA has obtained all necessary consents to grant the Agent a first-priority security interest in the Collateral (subject in priority only to the Permitted Liens as and to the extent provided in the Intercreditor Agreements).

3.1.2. ABIZ PA is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and is in good standing in each and every other jurisdiction where the nature of its business requires it be so qualified, except where the failure to be so qualified would not have a material adverse effect on the rights of the Agent or the PHT Partners under the Settlement Documents.

3.1.3. ABIZ PA is the legal, record and equitable owner of the Collateral. ABIZ PA has the power and authority to grant a first-priority security interest in the Collateral (subject in priority only to the Permitted Liens as and to the extent provided in the Intercreditor Agreements), including the ABIZ PA Partnership Interest, to the Agent as provided herein.

3.1.4. The pledge of the Collateral pursuant to this Agreement creates a valid and, upon the filing of a financing statement describing the Collateral against ABIZ PA in the office of the Secretary of State of Delaware, perfected first priority security interest in the Collateral (subject in priority only to the Permitted Liens as and to the extent provided in the Intercreditor Agreements), securing the payment of the Secured Obligations.

3.1.5. The execution and delivery of this Agreement and the consummation of the transactions provided for herein by ABIZ PA do not and will not, with or without the giving of notice, the lapse of time or both, result in the breach of any of the terms and provisions of, or constitute a default under, or conflict with or cause any acceleration of any obligation of ABIZ PA under (i) any agreement, indenture or other instrument by which ABIZ PA is bound, (ii) the certificate of incorporation or bylaws of ABIZ PA, (iii) any judgment, decree, order or award of any court, governmental body or arbitrator, or (iv) any applicable law, rule or regulation, nor will the execution, delivery and performance hereof by ABIZ PA give rise to any lien, claim or encumbrance in favor of any other person.

3.2 The representations and warranties set forth in this Section 3 are made as of the effective time of the Settlement Agreement and shall survive until this Agreement has been terminated in accordance with the terms hereof.

4. Covenants.

ABIZ PA hereby agrees and covenants that until this Agreement is terminated in accordance with the terms hereof:

4.1 ABIZ PA will continue to be the sole owner of all legal and beneficial interests in the Collateral, and ABIZ PA will not, without the prior written consent of the Agent, sell, assign, pledge, encumber, record or otherwise transfer (voluntarily or involuntarily) any rights or interest in any of the Collateral to any Person other than (i) to the Agent pursuant to this Agreement and (ii) to Beal and ADLAC solely with respect to, and to the extent of, the Permitted Liens.

4.2 ABIZ PA shall ensure that the Agent's interest in the Collateral continues to be a first-priority perfected security interest (subject in priority only to the Permitted Liens as and to the extent provided in the Intercreditor Agreements), free and clear of all superior or *pari passu* liens, security interests, charges, encumbrances or restrictions of any kind, other than the Permitted Liens as and to the extent provided in the Intercreditor Agreements.

4.3 ABIZ PA will not cause the Partnership to authorize or issue any additional interests therein or securities thereof or any right to acquire any interest therein or any security thereof, or any security convertible into interests therein or securities thereof, without the prior written consent of the Agent; it being agreed that any such additional interests or securities or rights to receive or acquire any such interest received by ABIZ PA shall constitute Collateral hereunder and shall be subject to the security interest of the Agent and the PHT Parties pursuant hereto.

4.4 ABIZ PA will not initiate a purchase or sale of any Partnership Interest in the Partnership pursuant to Section 6.2(a) of the Partnership Agreement.

4.5 In the event that the Collateral or any portion thereof shall at any time include any certificated securities, documents, chattel paper or instruments, ABIZ PA will forthwith deliver such certificated securities, documents, chattel paper or instruments to the Agent, together with such endorsements or powers as shall be requested by the Agent.

4.6 ABIZ PA will maintain its corporate existence and, without giving the Agent at least 30 days' prior notice thereof or otherwise taking all such actions to assure that all of the Agent's and the PHT Partners' security interests pursuant to the Settlement Documents shall be and remain perfected and of equal priority, shall not change the state of its incorporation, change its corporate or organizational structure or change its name.

5. Events of Default and Remedies upon Default.

5.1 Any one or more of the following events shall constitute an "Event of Default" hereunder:

5.1.1. The PHT Partners shall not have received payment in full in cash of the PHT Make-Whole Amount (as such amount is constituted on June 30, 2003) on or prior to June 30, 2003 or, as to any portion of the PHT Make-Whole Amount due thereafter as provided pursuant to Section 1(k) of the Settlement Agreement, on or prior to the respective due date therefor set forth therein; or

5.1.2. Either or both of (i) the ADLAC Intercreditor Agreement or (ii) the Beal Intercreditor Agreement or, in either case, any material portion thereof shall be deemed to be unenforceable by any court or legislative or governmental authority; or any party (other than the Agent or any of the PHT Partners) violates the standstill, subordination, payment priority, or other material terms of either such agreement and such violation remains unremedied for five (5) days after the party in violation becomes aware or receives notice of such non-compliance; or a warrant of attachment, execution or similar process (other than in favor of the Agent or either of the PHT Partners) shall be issued against, or attach to, any part of the Collateral; or

5.1.3. ABIZ PA shall have failed to perform any of its material undertakings or covenants contained in this Agreement, the Partnership Agreement or the Settlement Documents within the time periods specified therein; or

5.1.4. Any of the representations and warranties of ABIZ PA in this Agreement, the Settlement Documents or in any certificate, instrument, document or agreement delivered by

ABIZ PA pursuant thereto or in connection therewith shall not be true when made or delivered or states or fails to state any fact which makes any of the foregoing materially misleading; or

5.1.5. The Agent shall at any time fail to have a perfected first priority security interest in the Collateral (subject in priority only to the Permitted Liens as and to the extent provided in the Intercreditor Agreements), other than to the extent such failure was caused by the erroneous termination of any security interest by the Agent or any failure by the Agent to file and maintain effective any financing statement in any jurisdiction, against any new name of ABIZ PA or against any Collateral with respect to which, in any case, the Agent had been properly notified by ABIZ PA pursuant hereto as then being applicable hereunder; or

5.1.6. ABIZ PA shall institute or consent to the institution of any proceeding under any bankruptcy, reorganization, liquidation, insolvency or similar debtor relief law, or shall make an assignment for the benefit of creditors; or shall apply for or consent to the appointment of any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer for it or for all or any material part of its property; or any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer shall be appointed without the application or consent of ABIZ PA and the appointment shall continue undischarged or unstayed for thirty (30) days; or any proceeding under any bankruptcy, reorganization, liquidation, insolvency or similar debtor relief law relating to ABIZ PA or to all or any part of its property shall be instituted without the consent of ABIZ PA and shall continue undismissed or unstayed for forty-five (45) days, or an order for relief shall be entered in any such proceeding; or ABIZ PA shall become unable or shall admit in writing its inability or fails generally to pay its debts as they become due, or any writ or warrant of attachment or execution or similar process shall be issued or levied against the interest of ABIZ PA in the Partnership and shall not be released, vacated or fully bonded within thirty (30) days after its issue or levy; or ABIZ PA is consolidated with or becomes a party in any such proceeding with any entity in respect of which any of the foregoing shall have occurred; or

5.1.7. This Agreement, the Settlement Agreement, the Partnership Make-Whole Agreement or any of the other Settlement Documents (other than the Letter Agreement), shall, for any reason other than the agreement of the PHT Partners, cease to be in full force and effect, or is declared by a court of competent jurisdiction to be null and void, invalid or unenforceable in any material respect; or any party to this Agreement, the Settlement Agreement, the Partnership Make-Whole Agreement or any of the other Settlement Documents (other than the Agent or the PHT Partners) shall deny that it has any or further liability or obligation under any such document, or purports to revoke, terminate or rescind any such document.

5.2 Upon the occurrence and during the continuation of any Event of Default:

5.2.1. Upon receipt of notice by ABIZ PA from the Agent pursuant to Section 2.5 above, the right of ABIZ PA to exercise any rights and powers (including without limitation voting and management rights) which it is entitled to exercise under the Partnership Agreement shall cease, and all such rights and powers shall thereupon become vested in the Agent, which shall have the sole and exclusive right and authority to exercise all such rights and powers; and

5.2.2. Any and all distributions and other amounts paid or payable or distributed or distributable in respect of the Collateral (in addition to all Priority Distributions which shall be

paid to the Agent pursuant to the Settlement Agreement whether or not an Event of Default shall have occurred) shall be paid or distributed to the Agent as part of the Collateral and applied in accordance with the provisions of Section 6 hereof.

5.3 Upon the occurrence and during the continuation of any Event of Default described in Sections 5.1.1, 5.1.2, 5.1.5, 5.1.6 or 5.1.7:

5.3.1. All Secured Obligations may, at the option of the Agent, be declared to be immediately due and payable, without any notice, notice of dishonor or presentment; provided that upon the occurrence of an Event of Default of the type described in Sections 5.1.2 and 5.1.6 above, all such Secured Obligations shall automatically become due and payable without any action on the part of the Agent or any of the PHT Partners.

5.3.2. In addition, upon the occurrence and during the continuation of an Event of Default described in Sections 5.1.1, 5.1.2, 5.1.5, 5.1.6 or 5.1.7, the Agent may, in its sole discretion, without notice to ABIZ PA (except such notice as is expressly required by this Agreement or as may be required by law), subject (for so long as ABIZ is a debtor) to the approval of the Bankruptcy Court, sell the Applicable Percentage of the ABIZ PA Partnership Interest (as defined below), or any greater or lesser percentage thereof, at any public or private sale, for cash, upon credit or for future delivery, as the Agent shall deem appropriate.

5.3.3. For purposes hereof, the "**Applicable Percentage**" of the ABIZ PA Partnership Interest shall mean a fraction (expressed as a percentage), the numerator of which is the remaining balance of the ABIZ PA Repayment Amount as of the date on which the Agent declares such Event of Default plus all reasonable costs and expenses (including without limitation the fees, and costs of appraisers, attorneys and other consultants and advisers) incurred by the Agent in exercising and enforcing its rights under the Settlement Agreement and this Agreement, and the denominator of which is the Fair Market Value (as defined below) of the ABIZ PA Partnership Interest as of the date (the "**Valuation Date**") which is the earlier of (i) June 30, 2003 and (ii) the date on which the Agent declares such Event of Default; provided that if (x) the Agent reasonably determines that it is or will be unable to realize sufficient proceeds from the sale of such amount of the ABIZ PA Partnership Interest to repay all Secured Obligations (including the pro forma expenses to be incurred in connection with the determination of the Fair Market Value and sale mechanics prescribed in the following section), (y) the Agent reasonably determines that the value of the Collateral is in danger of declining materially, or (z) any Event of Default of the type described in Section 5.1.5 or 5.1.6 shall have occurred, then notwithstanding the foregoing, the "Fair Market Value" of such interest shall be such value for such interest as the Agent or its agent or nominee can realize for such interest (or portion thereof) at a sale of such interest properly held and conducted in accordance with law, and the Agent shall not be required to abide by the valuation mechanics set forth in the immediately succeeding sentence.

5.3.4. Subject to the foregoing, the initial "**Fair Market Value**" of the ABIZ PA Partnership Interest shall be determined by a valuation expert (which shall be an independent nationally recognized investment banking firm or certified public accounting firm with expertise in the telecommunications industry) engaged by the Agent and agreed upon by ABIZ PA, which agreement shall not be unreasonably withheld, taking into account the need to promptly sell such

interest and the lack of liquidity thereof, and without taking into account any minority discount or control premium. If the Secured Obligations have not been paid in full by February 1, 2003, or if the Agent declares an Event of Default prior to February 1, 2003 (the earlier of such dates being referred to herein as the “**Trigger Date**”), the parties shall proceed with the determination of the Fair Market Value of the ABIZ PA Partnership Interest as follows: (i) the Agent and ABIZ PA shall use good faith efforts to agree on a valuation expert not later than thirty (30) days after the Trigger Date. If the Agent and ABIZ PA are able to agree on a valuation expert, then such valuation expert shall determine the Fair Market Value of the ABIZ PA Partnership Interest as of the Valuation Date based on the criteria set forth above. (ii) If the Agent and ABIZ PA cannot agree on a valuation expert within such 30-day period, then the Agent and ABIZ PA shall each select a valuation expert not later than sixty (60) days after the Trigger Date, and such valuation experts shall agree upon the methodology to be used for making a determination of the Fair Market Value of the ABIZ PA Partnership Interest not later than ninety (90) days after the Trigger Date. If such valuation experts are able to agree on such methodology, then they shall determine the Fair Market Value of the ABIZ PA Partnership Interest as of the Valuation Date. (iii) If such valuation experts cannot agree upon such methodology within such 90-day period, then such valuation experts shall agree upon a third valuation expert not later than one hundred twenty (120) days after the Trigger Date. The third valuation expert shall determine the Fair Market Value of the ABIZ PA Partnership Interest as of the Valuation Date. The parties shall cause the Partnership or its manager to provide to the valuation experts such information regarding the Partnership and its assets and business as may be necessary for such valuation experts to make a determination of the Fair Market Value of the ABIZ PA Partnership Interest. The determination of a value pursuant to the foregoing mechanic shall not be determinative that any lesser price received in a properly conducted sale of such interest in accordance herewith or applicable law is not commercially reasonable. The fees, expenses and costs incurred in connection with this paragraph shall be payable by ABIZ PA, and shall be deemed Secured Obligations hereunder to the extent not so paid.

5.3.5. Without limiting any other rights of the secured parties hereunder or under applicable law, in the event that the proceeds from the sale of the Applicable Percentage of the ABIZ PA Partnership Interest are not sufficient (after applying such proceeds in the manner provided in Section 6 hereof) to pay the Secured Obligations in full, the Agent may in its sole discretion sell such additional percentages of the ABIZ PA Partnership Interest as shall be necessary, in the Agent’s reasonable judgment, to satisfy the remaining balance of the Secured Obligations. The PHT Partners shall not be obligated to obtain any further appraisal or other third party determination of the fair market value of the remaining ABIZ PA Partnership Interest prior to proceeding with such additional sale or sales of the ABIZ PA Partnership Interest.

5.3.6. The Agent shall be authorized at any sale of the Collateral (to the extent the Agent deems it advisable to do so, in its sole discretion) to restrict the prospective bidders or purchasers to Persons who will represent and agree that they are purchasing the Collateral then being sold for their own account for investment and not with a view to the distribution or resale thereof, and upon consummation of any such sale the Agent shall have the right to assign, transfer and deliver to the purchaser or purchasers thereof the Collateral so sold.

5.3.7. Each such purchaser at any such public or private sale hereunder shall hold the property sold absolutely, free from any claim or right on the part of ABIZ PA, and

ABIZ PA hereby waives (to the extent permitted by law) all rights of redemption, stay and/or appraisal which it now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted.

5.3.8. The Agent shall give ABIZ PA at least ten (10) days' written notice of the Agent's intention to make any such public or private sale, which ABIZ PA acknowledges is reasonable notice. Such notice, in case of public sale, shall state the time and place fixed for such sale.

5.3.9. Any such public sale shall be held at such time or times within ordinary business hours and at such place or places as the Agent may fix in the notice of such sale. At any public or private sale, the Agent or any of the PHT Partners may bid (which bid may be, in whole or in part, in the form of cancellation of indebtedness in the amount which would be paid thereon pursuant to this Section 5.3) for and purchase the Collateral or any part thereof.

5.3.10. the Agent shall not be obligated to sell the Collateral if it shall determine not to do so, regardless of the fact that notice of sale of the Collateral may have already been given.

5.3.11. the Agent may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for sale, and such sale may, without further notice, be made at the time and place to which the same was so adjourned.

5.3.12. In case sale of all or any part of the Collateral is made on credit or for future delivery, the Collateral so sold may be retained by the Agent until the sale price is paid by the purchaser or purchasers thereof, but neither the Agent nor any of the PHT Partners shall incur any liability in case any such purchaser or purchasers shall fail to take up and pay for the Collateral so sold and, in case of any such failure, such Collateral may be sold again upon like notice.

5.3.13. ABIZ PA recognizes that the Agent may be unable to effect a sale to the public of all or part of the Collateral by reason of certain prohibitions or restrictions in the federal securities laws and regulations or state securities laws and regulations (the "**Securities Laws**"), or the regulatory provisions of other federal and state laws, regulations or rulings, but may resort to one or more sales to a restricted group of purchasers who will be required to agree to acquire such Collateral for their own account, for investment and not a view to the further distribution or resale thereof without restriction. ABIZ PA acknowledges that any sale or sales so made may be at prices and on other terms less favorable to ABIZ PA than if the Collateral were sold to the public, and that the Agent has no obligation to delay sale of the Collateral to permit the sale of the Collateral to be registered for sale to the public under any of the Securities Laws. ABIZ PA agrees that negotiated sales, whether for cash, credit or other property, made under the foregoing circumstances shall not be deemed for that reason not to have been made in a commercially reasonable manner.

5.3.14. In connection with any sale of any of the Collateral, the Agent is authorized to comply with any limitation or restriction as it may be advised by its counsel is

necessary or desirable in order to avoid any violation of applicable law (including any of the Securities Laws) or to obtain any required approval of the purchaser or purchasers by any governmental regulatory agency or body.

5.3.15. The Agent may elect in its sole discretion to obtain the advice of Credit Suisse First Boston ("CSFB") or any other independent nationally-known investment banking firm regarding the appropriate method and manner of sale of any of the Collateral, the best price reasonably obtainable therefor, the cash and/or credit terms appropriate for such sale, and any other details concerning such sale. In the event that the Agent takes any actions in reliance on such advice, such advice shall conclusively be deemed to be commercially reasonable for the purposes of the Uniform Commercial Code.

5.4 If any Event of Default occurs or is continuing after June 30, 2003, the Agent shall be entitled to exercise any and all of the provisions of Section 5.3.

5.5 Notwithstanding the foregoing, the Agent and/or the PHT Partners may also institute one or more actions at law or in equity against ABIZ PA to obtain a judgment or decree of a court or courts of competent jurisdiction and to sell the Collateral, or any portion thereof, in execution on such judgment or pursuant to such decree.

5.6 IF AN EVENT OF DEFAULT UNDER SECTION 5.1.1, 5.1.2, 5.1.5, 5.1.6 or 5.1.7 EXISTS AS AFORESAID, ABIZ PA (PURSUANT TO AUTHORITY GRANTED BY ITS BOARD OF DIRECTORS) HEREBY WAIVES ALL RIGHTS TO NOTICE AND HEARING OF ANY KIND PRIOR TO THE EXERCISE BY THE AGENT OF ITS RIGHTS TO REPOSSESS THE COLLATERAL WITHOUT JUDICIAL PROCESS OR TO REPLEVY, ATTACH OR LEVY UPON SUCH COLLATERAL WITHOUT PRIOR NOTICE OR HEARING. ABIZ PA ACKNOWLEDGES THAT IT HAS BEEN ADVISED BY COUNSEL OF ITS CHOICE WITH RESPECT TO THIS TRANSACTION AND THIS AGREEMENT.

5.7 ABIZ PA consents and agrees that neither the Agent nor the PHT Partners shall be under any obligation to marshal any assets in favor of ABIZ PA or against or in payment of any or all of the PHT Make-Whole Amount.

5.8 The foregoing rights and remedies shall be in addition to any other rights and remedies that the Agent and/or the PHT Partners may have as secured parties as a matter of law, including without limitation the rights and remedies of a secured party under the Uniform Commercial Code in effect in the Commonwealth of Pennsylvania, which rights and remedies shall be cumulative and not exclusive to the extent permitted by law.

6. Application of Proceeds of Sale.

The proceeds of sale, disposition or other realization of or from the Collateral pursuant to Section 5 hereof shall, subject to the terms of the Intercreditor Agreements, be applied by the Agent and the PHT Partners as follows:

6.1 First: (a) to the payment of any taxes, assessments or other charges on the Collateral prior to the lien of this Agreement; (b) to the payment of the reasonable costs and expenses of any sale of the Collateral and any judicial proceeding wherein the same may be made, including reasonable compensation to the Agent, its agents, attorneys and counsel; and (c)

to the payment of all other reasonable costs and expenses incurred by the Agent and/or the PHT Partners in connection with the administration and enforcement of the Settlement Agreement, the Partnership Make-Whole Agreement, this Agreement and the other Settlement Documents (including fees and expenses of counsel);

6.2 Second: to the payment of the other Secured Obligations in such order as the Agent may elect and to all other fees and expenses due under the Settlement Documents;

6.3 Third: until the Agent shall have received written notice to the contrary from Beal and ABIZ PA, to Beal; and

6.4 Fourth: the balance, if any, of such proceeds to ABIZ PA, its successors or assigns, or whomsoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

7. Other Guarantors.

7.1 ABIZ PA hereby agrees that, except as hereinafter provided, its obligations hereunder shall be unconditional, irrespective of (i) the absence of any attempt to collect the Partnership Repayment Amount from the Partnership or any other portion of the PHT Make-Whole Amount from any guarantor or other action to enforce the same; (ii) the waiver or consent by the Agent or any of the PHT Partners with respect to any provision of any instrument evidencing the PHT Make-Whole Amount or any part thereof, or any other agreement heretofore, now or hereafter executed by the Partnership and delivered to the Agent or any of the PHT Partners; (iii) the failure by the Agent or any of the PHT Partners to take any steps to perfect and maintain its security interest in, or to preserve its rights to, any security or collateral for any of the PHT Make-Whole Amount or any part thereof; (iv) the institution of any proceeding under the Bankruptcy Code, or any similar proceeding, by or against the Partnership or the PHT Partners election in any such proceeding of the application of Section 1111(b)(2) of the Bankruptcy Code; (v) any borrowing or grant of a security interest by the Partnership as debtor-in-possession, under Section 364 of the Bankruptcy Code; (vi) the disallowance, under Section 502 of the Bankruptcy Code, of all or any portion of the PHT Partners' claim(s) for repayment of any of the PHT Make-Whole Amount, or any part thereof; or (vii) any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor or a surety.

7.2 Until such time as the Secured Obligations shall have been fully and indefeasibly paid in full and this Agreement has been terminated in accordance with the terms hereof, ABIZ PA hereby waives any right of subrogation, contribution, indemnity or reimbursement (whether contractual or under law) to the Partnership or any other guarantor with respect to, or arising out of, any payment by ABIZ PA on account of any of the PHT Make-Whole Amount (including any payment made in connection with the foreclosure and sale of any of the Collateral hereunder).

7.3 The Agent and/or the PHT Partners are each hereby authorized, without notice or demand and without affecting the liability of ABIZ PA hereunder, to, from time to time, (i) renew, extend, accelerate or otherwise change the time for payment of, or other terms relating

to, the PHT Make-Whole Amount, or otherwise modify, amend or change the terms of any of the Settlement Documents (in each case, in accordance with the terms thereof) or of any promissory note or other agreement, document or instrument now or hereafter executed by the Partnership or any guarantor in respect thereof; (ii) accept partial payments on the PHT Make-Whole Amount; (iii) take and hold security or collateral for the payment of the PHT Make-Whole Amount secured hereby, and exchange, enforce, waive and release any such security or collateral; (iv) subject to the terms of the Settlement Agreement and this Agreement, apply such security or collateral and direct the order or manner of sale thereof as in its reasonable discretion it may determine; and (v) settle, release, compromise, collect or otherwise liquidate any or all of the PHT Make-Whole Amount (or any part thereof), any other guarantor of the PHT Make-Whole Amount (or any part thereof) and any security or collateral therefor in any manner, in each case without affecting or impairing the obligations of ABIZ PA hereunder; it being agreed however, that the release of the Partnership from any of its obligations and/or liabilities under the Settlement Documents as set forth above shall not affect the obligation of the PHT Partners and the Agent to continue to apply payments made by, on behalf of, or from the sale of, the Partnership to the reduction of the PHT Make-Whole Amount in accordance with the provisions of the Settlement Agreement and to continue to cause the Partnership to make distributions as and to the extent required pursuant to Section 6 of the Settlement Agreement.

8. **Expenses; Indemnification.**

ABIZ PA hereby agrees to reimburse the Agent, the PHT Partners and each of their employees, officers, directors and agents (the “**Indemnified Parties**”), on demand, for all reasonable costs and expenses, losses, claims, damages and fees incurred by any such Indemnified Party in connection with the administration and enforcement of this Agreement, including without limitation the reasonable fees and costs of its legal counsel, accountants and other advisers, and agrees to indemnify and hold such Indemnified Parties harmless from and against any and all liability incurred by it in connection herewith, unless resulting from such party’s own gross negligence or willful misconduct. The obligations of ABIZ PA under this Section 8 shall survive the termination of this Agreement and shall be deemed Secured Obligations hereunder.

9. **The Agent Appointed Attorney-in-Fact.**

ABIZ PA hereby appoints the Agent as ABIZ PA’s attorney-in-fact, with full authority in the place and stead of ABIZ PA and in the name of ABIZ PA or otherwise, from time to time upon the occurrence and during the continuance of an Event of Default, in the Agent’s discretion to take any action and to execute any instrument which the Agent may deem necessary or advisable to accomplish the purpose of this Agreement, including, without limitation, to receive, endorse and collect all instruments made payable to ABIZ PA representing any dividend, interest payment or other distribution in respect of the Collateral or any part thereof and to give full discharge for the same. This power of attorney created under this Section 9, being coupled with an interest, shall be irrevocable for the term of this Agreement and thereafter as long as any of the Secured Obligations shall be outstanding.

10. **The Agent May Perform.**

If ABIZ PA fails to perform any agreement contained herein, the Agent may itself perform, or cause performance of, such agreement, and the expenses of the Agent or its designee incurred in connection therewith shall be payable by ABIZ PA under this Agreement.

11. **Agent's and PHT Partners' Duties.**

None of the Agent or the PHT Partners shall have any liability for any acts, omissions, errors of judgment or mistakes of fact or law, including, without limitation, acts, omissions, errors or mistakes with respect to the Collateral, except for those arising out of or in connection with such party's own (i) gross negligence, (ii) willful misconduct, or (iii) failure to use reasonable care with respect to the safe custody of any certificate evidencing any of the Collateral which is in the physical possession of such party. Without limiting the generality of the foregoing, none of the Agent or the PHT Partners shall be under any obligation to take any steps necessary to preserve rights in the Collateral against any other parties but may do so at its option, and all expenses incurred in connection therewith shall be for the sole account of ABIZ PA, and shall be added to the Secured Obligations secured hereby.

12. **Termination.**

This Agreement shall terminate upon receipt by the Agent of the indefeasible payment in full, in cash, of all of the ABIZ PA Repayment Amount and the other Secured Obligations.

13. **Further Assurances.**

ABIZ PA agrees to do such further acts and things, and to execute and deliver such additional conveyances, assignments, agreements and instruments, as any of the Agent or the PHT Partners may at any time reasonably request in connection with the administration or enforcement of this Agreement or related to the Collateral or any part thereof or in order better to assure and confirm unto the Agent and each PHT Partner its rights, powers and remedies hereunder.

14. **Binding Agreement; Assignment.**

This Agreement, and the terms, covenants and conditions hereof, shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that ABIZ PA shall not be permitted to assign this Agreement or any of its rights, duties, obligations or interests herein without the prior written consent of the Agent.

15. **Notices.**

All notices, requests, demands and other communications required or permitted under this Agreement shall be in writing and addressed as set forth below (or to such other address as a party may from time to time designate in writing in accordance with this Section):

- (i) If to any of the Agent or to any of the PHT Partners:

PHT Holdings LLC
c/o Exelon Communications Company, LLC
401 City Avenue, Suite 900
Bala Cynwyd, PA 19004

Attention: Jim Morozzi
Fax No. 610-617-7005

with a copy given in the same manner to:

Exelon Business Services Company
2301 Market Street, S23-1
Philadelphia, PA 19101-8699

Attention: Todd Cutler, Esquire
Fax No. 215-568-3389

- (ii) If to ABIZ PA:

Adelphia Business Solutions of Pennsylvania, Inc.
712 North Main Street
Coudersport, PA 16915

Attention: John Glicksman
Fax No. (814) 260-2025

with a copy given in the same manner to:

Weil, Gotshal & Manges
767 Fifth Avenue
New York, New York 10153

Attention: Brian Haskel and Jeffrey Weinberg
Fax No. (212) 310-8007

Each notice or other communication given to either party hereto in accordance with the provisions of this Agreement shall be deemed to have been received (i) on the business day it is sent, if sent by personal delivery, (ii) on the first business day after it is sent, if sent by overnight delivery, properly addressed and prepaid, (iii) upon receipt, if sent by mail (regular, certified or registered), or (iv) on the date and at the time shown on the telecopy confirmation of receipt, if sent by telecopy to the "Fax No." provided pursuant to this Section; provided, however, that a copy of such telecopy shall also be sent to such person by overnight delivery on the same date. Notice of change of address shall be effective only upon receipt.

16. No Waivers.

No failure or delay by the Agent or any of the PHT Partners in exercising any right, power, remedy or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

17. Governing Law.

This Agreement is made under, and shall be construed and enforced in accordance with, the laws of the Commonwealth of Pennsylvania applicable to agreements made and to be performed solely therein without regard to the conflicts of law provisions thereof, and to the extent applicable, with the provisions of the Bankruptcy Code.

18. Consent to Jurisdiction and Service.

Every dispute arising from or relating to this Agreement shall be submitted to the exclusive jurisdiction of any federal court or state court situated in the Eastern District of Pennsylvania except that the Bankruptcy Court shall have jurisdiction for so long as ABIZ shall remain a debtor. Each of the parties consents to venue in those courts, and agrees that those courts shall have personal jurisdiction over them in any such action. In any such action or proceeding, the parties hereby absolutely and irrevocably waive personal service of any summons, complaint, declaration or other process and hereby absolutely and irrevocably agree that the service thereof may be made by certified or registered first-class mail directed to such parties at their respective addresses as set forth in Section 15 hereof.

19. Amendments and Waivers.

Any term, covenant, agreement or condition of this Agreement may only be amended by the written agreement of ABIZ PA, the Agent and the PHT Partners. Any waiver of any provision of this Agreement shall be effective only if in a writing signed by the party against whom enforcement of such waiver may be sought; it being acknowledged and agreed by the PHT Partners that the Agent shall have the right to grant waivers on either of their behalf hereunder.

20. Severability.

If a court or an arbitrator of competent jurisdiction holds any provision of this Agreement to be illegal, unenforceable or invalid in whole or in part for any reason, such provision and other provisions of this Agreement shall be adjusted rather than voided, if possible to achieve the intent of the parties to the extent possible, and in any event the validity and enforceability of the remaining sections shall not be affected unless (i) an essential purpose of this Agreement would be defeated by the loss of the illegal, unenforceable or invalid provision or (ii) revisions to such sections are required to achieve the intent of the parties or the essential purpose of this Agreement.

21. **Counterparts.**

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

22. **Headings.**

The headings of the sections and subsections of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

23. **Mutual Drafting.**

This Agreement is the joint product of the parties hereto, each of which has been represented by competent counsel of their own choosing. Each provision of this Agreement has been subject to the mutual consultation, negotiation, and agreement of the parties hereto, and shall not be construed for or against any party hereto.

24. **Entire Agreement.**

The Settlement Documents constitute the entire agreement among the parties hereto relative to the subject matter hereof and supersede any previous agreement among the parties relative to the subject matter hereof.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

**Adelphia Business Solutions of
Pennsylvania, Inc.**

By: _____
Name: _____
Title: _____

**PHT Holdings LLC,
for itself and as agent for the PHT Partners**

By: _____
Name: _____
Title: _____

PECO Energy Company

By: _____
Name: _____
Title: _____

Exhibit D
ADLAC Intercreditor Agreement

ADLAC/PHT PARTNERS INTERCREDITOR AGREEMENT

THIS ADLAC/PHT PARTNERS INTERCREDITOR AGREEMENT ("**Agreement**"), dated as of December 30, 2002, is among PECO Energy Company, a Pennsylvania corporation ("**PECO**"), PHT Holdings LLC, a Pennsylvania limited liability company, individually (in its individual capacity, "**PHT**" and together with PECO being collectively, the "**PHT Partners**") and as agent (in such capacity as agent, the "**Agent**") for the PHT Partners, and Adelphia Communications Corporation, a Delaware corporation and since June 25, 2002 a debtor and debtor in possession in a chapter 11 bankruptcy proceeding pending before the U.S. Bankruptcy Court for the Southern District of New York ("**ADLAC**," and such proceeding being the "**ADLAC Bankruptcy Proceeding**" and such court being the "**Bankruptcy Court**").

WITNESSETH:

WHEREAS, the PHT Partners and Adelphia Business Solutions of Pennsylvania, Inc., a Delaware corporation ("**ABIZ PA**"), are partners in PECO Hyperion Telecommunications, a Pennsylvania general partnership (the "**Partnership**");

WHEREAS, Adelphia Business Solutions, Inc., a Delaware corporation and since March 27, 2002 a debtor and debtor in possession in a chapter 11 bankruptcy proceeding pending before the Bankruptcy Court ("**ABIZ**" and such proceeding being the "**ABIZ Bankruptcy Proceeding**"), together with a number of its subsidiaries, had entered into a certain Secured Debtor in Possession Credit and Security Agreement dated as of March 27, 2002 (as the same is in effect as of the date hereof, the "**ADLAC Credit Agreement**") with ADLAC, pursuant to which ADLAC agreed to make certain post-petition loans, advances and other financial accommodations to ABIZ and certain of its subsidiaries;

WHEREAS, in connection with and as a condition to ADLAC's willingness to make such loans, advances and other financial accommodations to ABIZ and such subsidiaries, ABIZ PA was required to execute and deliver to ADLAC a guaranty of the full and prompt payment by ABIZ and the other borrowers of their obligations to ADLAC, which guaranty was purported to be secured by a grant of a security interest by ABIZ PA to ADLAC in, among other things, all of ABIZ PA's right, title and interest in, to and under (x) the Partnership and (y) the COPA Contract (as defined below);

WHEREAS, subsequent to such grant but prior to advancing the full amount of the loans to ABIZ and its subsidiaries, ADLAC itself filed a petition seeking relief under Chapter 11 of the United States Bankruptcy Code with the Bankruptcy Court;

WHEREAS, ABIZ and seventeen certain other direct and indirect subsidiaries of ABIZ, each as a debtor and debtor in possession in the ABIZ Bankruptcy Proceeding, as ADLAC/PHT Intercreditor Agreement

borrowers, ABIZ PA, and Adelpia Business Solutions Capital, Inc., a Delaware corporation, each a direct or indirect subsidiary of ABIZ, as guarantors, and Beal Bank, S.S.B. (together with any successors and/or assigns thereof or thereto or any other entity or entities parties to, and providing financing under, any refinancing or replacement of the Beal Credit Agreement referred to below, provided that in any case, such successor, assign or other party has become a party to and is bound by the Beal/PHT Partners Intercreditor Agreement referred to below, being collectively, "**Beal**") entered into a certain Secured Debtor in Possession Priming Credit and Security Agreement, dated as of August 9, 2002 (as entered into, and as thereafter in effect from time to time in accordance with the terms thereof and/or any refinancing or replacement agreement to the extent the parties providing credit thereunder have become parties to and are bound by the Beal/PHT Partners Intercreditor Agreement, the "**Beal Credit Agreement**"), pursuant to which Beal has agreed to make loans, advances and other financial accommodations to such borrowers and has taken liens and security interest on substantially all of the assets of the borrowers and the guarantors, excluding ABIZ PA's interest in the Partnership and certain other assets relating thereto;

WHEREAS, ABIZ PA, the PHT Partners and the Partnership are entering into a certain Settlement Agreement dated as of December 30, 2002 (as the same may be amended, restated, supplemented or otherwise modified from time to time in accordance with the terms thereof, the "**Settlement Agreement**"), pursuant to which, among other things, ABIZ PA and the Partnership have severally agreed, on the terms and conditions set forth therein, to certain financial undertakings in favor of the PHT Partners, the payment of which by ABIZ PA is to be secured by a grant by ABIZ PA to the Agent, for the benefit of the PHT Partners, of liens on and security interests in all of ABIZ PA's rights, title and interest in, among other things, the Partnership and the COPA Contract, in exchange for which the PHT Partners, subject to the terms and conditions set forth therein, will, among other things, grant each of ADLAC, ABIZ, ABIZ PA and certain other referenced releasees releases from certain claims specified therein;

WHEREAS, concurrently herewith, Beal, ABIZ and its subsidiary borrowers and guarantors under the Beal Credit Agreement will be entering into an amendment to the Beal Credit Agreement and certain of the other agreements relating thereto, pursuant to which, among other things, ABIZ PA shall grant Beal security interests in additional collateral, including, without limitation, ABIZ PA's rights, title and interests in, to and under the Partnership;

WHEREAS, on or prior to the date hereof, (i) ADLAC has entered into certain intercreditor and subordination agreements and arrangements with Beal (as the same may be amended, restated, supplemented or otherwise modified from time to time, being collectively, the "**Beal/ADLAC Intercreditor Agreement**") pursuant to which Beal and ADLAC have agreed to certain lien priorities with respect to, among other things, their common collateral, including the Collateral (as defined below) and (ii) the Agent, the PHT Partners and Beal will enter into a certain Beal/PHT Partners Intercreditor Agreement of even date herewith (as the same may be amended, restated, supplemented or otherwise modified from time to time hereafter, the "**Beal/PHT Partners Intercreditor Agreement**" and together with this Agreement being collectively, the "**Intercreditor Agreements**") pursuant to which Beal, the Agent and the PHT Partners have agreed to certain lien priorities with respect to the Collateral; and

ADLAC/PHT Intercreditor Agreement

WHEREAS, the parties hereto are entering into this Agreement to define the relative priority of each "Creditor's" (as hereinafter defined) respective security interests in and liens on the Collateral and certain other rights, priorities and interests.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is hereby agreed as follows:

I. Definitions.

1.1 ADLAC Claim shall mean all obligations and liabilities of ABIZ or ABIZ PA arising under the ADLAC Credit Agreement and the other "Loan Documents" (as defined therein), including, without limitation, the guaranty thereof and the security agreement therefor executed by ABIZ PA (the ADLAC Credit Agreement, together with all such other documents and agreements, in each case, as such agreement is in effect as of the date hereof, being collectively, the "**ADLAC Documents**"), but not to exceed a maximum dollar amount equal to the sum of \$15,000,000 in principal obligations plus the amount of any accrued and unpaid interest, fees and expenses owing by ABIZ or ABIZ PA under and pursuant to the ADLAC Documents, less any payments or proceeds received by ADLAC and applied to the permanent reduction of such amounts.

1.2 ADLAC Enforcement Date shall mean (i) with respect to the Partnership Collateral, the earlier to occur of (x) the date upon which the Agent and/or the PHT Partners shall have received Indefeasible payment of all amounts required to be paid to them pursuant to Section 2.2(a)1(i) below (as such date may be extended (including after the initial occurrence thereof, if any) upon and by virtue of the PHT Priority Amount being determined to equal the full amount of the PHT Claim in accordance with the *proviso* to Section 2.1(c)), and (y) to the extent the Agent and/or the PHT Partners have not commenced and are not then pursuing Enforcement against such Collateral, June 30, 2004 or such later date to which ADLAC may consent upon the request therefor by the Agent or the PHT Partners, which consent shall not unreasonably be withheld or delayed; it being agreed that ADLAC shall agree to any such request by the Agent and/or the PHT Partners to extend such date on the basis that the Agent's and/or the PHT Partners' ability to pursue Enforcement against such Collateral is restricted pursuant to any Bankruptcy Court order or stay relating to the ABIZ Bankruptcy Proceeding, the ADLAC Bankruptcy Proceeding or any other bankruptcy proceeding to which ABIZ PA is a party or pursuant to which its properties are subject (collectively, an "Order or Stay") and (ii) with respect to the COPA Contract Collateral, the earlier to occur of (x) the date upon which the Agent and/or the PHT Partners shall have received Indefeasible payment of all amounts required to be paid to them pursuant to Section 2.2(a)2(ii) below and (y) to the extent the Agent and/or the PHT Partners have not commenced and are not then pursuing Enforcement against such Collateral, June 30, 2004 or such later date to which ADLAC may consent upon the request therefor by the Agent or the PHT Partners, which consent shall not unreasonably be withheld or delayed; it being agreed that ADLAC shall agree to any such request by the Agent and/or the PHT Partners to extend such date on the basis that the Agent's and/or the PHT Partners' ability to pursue

enforcement against any or all of such Collateral is restricted pursuant to the Beal/PHT Partners Intercreditor Agreement or pursuant to any Order or Stay.

1.3 Collateral shall mean all of the rights, title and interest of ABIZ PA in, to and under (A) (i) the Partnership and that certain Partnership Agreement dated as of October 9, 1995 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Partnership Agreement**") by and among ABIZ PA, PECO and, by subsequent assignment, PHT, (ii) all distributions of cash, property or other assets on or in respect thereof, including capital distributions, (iii) any warrants, rights, options or other similar securities entitling ABIZ PA to any additional interest in the Partnership, (iv) any other securities, rights or property issued or distributed in substitution for any of the foregoing and (v) all products, proceeds, substitutions or accessions of or to any of the foregoing, in each of the cases in clauses (i)-(v) above, whether now owned or hereafter acquired or arising and howsoever evidenced (the items referred to in clauses (ii)-(v) above being collectively, the "**Distributions and Proceeds**" and together with the collateral described in clause (i), being the "**Partnership Collateral**") and (B) (i) the COPA Contract and all guarantees, indemnities, letters of credit or other arrangements or agreements in favor of ABIZ PA supporting payments to ABIZ PA under the COPA Contract, (ii) all rights to payments and other distributions under or pursuant to the COPA Contract and such other arrangements and/or agreements, (iii) any security interests and/or liens and all property subject thereto purporting to support the foregoing, and (iv) all products, proceeds, substitutions or accessions of or to any of the foregoing, in each of the cases of clauses (i)-(iv) immediately above, whether now owned or hereafter acquired or arising and howsoever evidenced (the items referred to in this clause (B) being collectively the "**COPA Contract Collateral**").

1.4 COPA Contract shall mean that certain Telecommunications Services Contract dated as of May 3, 2000 (together with all schedules and annexes thereto, in each case, as the same may be amended, restated, supplemented or otherwise modified from time to time) between ABIZ PA and the Commonwealth of Pennsylvania.

1.5 Creditors shall mean collectively the Agent, the PHT Partners and ADLAC and Creditor shall mean any of the foregoing individually.

1.6 Enforcement shall mean, collectively or individually for any or all of the Creditors, to repossess, replevy or commence enforcement of any rights against all or any portion of the Collateral, whether pursuant to the ADLAC Claim, the PHT Claim or otherwise; it being agreed that actions by or on behalf of a Creditor to perfect its permitted liens (other than by taking possession or control of Collateral or, in the case of the COPA Contract Collateral, notifying account debtors or obligors thereon of such Creditor's interest in accounts or intangibles), continue the perfection of its permitted liens, accelerate its claims, file proofs of claim in any bankruptcy proceeding or (to the extent not inconsistent with the terms hereof) vote its claim in any bankruptcy proceeding, shall not be deemed to constitute an Enforcement hereunder (the foregoing excluded actions being the "**Permitted Activities**").

1.7 Enforcement Notice shall mean a written notice delivered by any of the Creditors to the other Creditors stating that such Creditor intends to commence Enforcement.

1.8 Indefeasible shall mean, with respect to any payment made with respect to, or any distribution or proceeds of Collateral, proceeds from the sale of the Partnership, or any other payment properly applied to and which reduces the ADLAC Claim, the Beal Claim (as defined below), and/or the PHT Claim (including any payments made by the Partnership in respect of the Partnership Repayment Amount under (and as such term is defined in) the Settlement Agreement), the later of (i) the expiration of any preference period that may apply to such payment or receipt of such distribution or proceeds, during which no preference claim has been asserted seeking the recovery or disgorgement thereof, or (ii) if such a preference claim is asserted during any such preference period, a final determination that such claim is without merit.

1.9 PHT Claim shall mean all obligations and liabilities of ABIZ PA to the PHT Partners under the Settlement Agreement and/or the other Settlement Documents, including but not limited to the obligation to pay the PHT Partners the ABIZ PA Repayment Amount (as defined therein), and any and all reasonable costs, fees and expenses (including the reasonable fees and expenses of counsel and court costs) incurred by the PHT Partners and/or the Agent in connection with the collection of such amount payable thereunder and/or the enforcement of the Settlement Documents.

II. Intercreditor Agreement.

2.1 Lien Priorities. (a) Notwithstanding the date, manner or order of perfection of any security interests and/or liens granted to any of the Creditors in or on the Collateral, and notwithstanding any provisions of the Uniform Commercial Code, any other applicable law, any applicable decision, or any provision of the Settlement Documents or the ADLAC Documents, or otherwise, or whether any Creditor holds possession of all or any part of the Collateral, the following, as between the Creditors, shall be the relative priority of the security interests and liens of the Creditors in and to the Collateral:

(x) with respect to that portion of the PHT Claim that does not exceed the PHT Priority Amount (as hereinafter defined): (i) the PHT Claim shall be secured by a security interest in and lien on the Collateral in favor of the Agent, for the benefit of the PHT Partners, that shall be senior to any security interest, lien, claim or encumbrance in favor of ADLAC on or in the Collateral, irrespective of the nature of the obligation or the claim secured by such security interest, lien, claim or encumbrance in or on the Collateral; and (ii) the ADLAC Claim shall be secured by a lien on and security interest in the Collateral which, together with any other security interest, lien, claim or encumbrance in favor of ADLAC on or in the Collateral, shall be junior and subordinate in all respects to that of the Agent; and

(y) with respect to that portion (if any) of the PHT Claim that exceeds the PHT Priority Amount: (i) the ADLAC Claim shall be secured by a security interest in and lien on the Collateral that shall be senior to any security interest, lien, claim or encumbrance

in favor of the Agent or the PHT Partners in or on the Collateral, irrespective of the nature of the obligation or the claim secured by such security interest, lien, claim or encumbrance on or in the Collateral; and (ii) the PHT Claim shall be secured by a lien on and security interest in the Collateral which, together with any other security interest, lien, claim or encumbrance in favor of the Agent or the PHT Partners on or in the Collateral shall be junior and subordinate in all respects to that of ADLAC.

(b) Nothing herein or in any of the other Settlement Documents shall be deemed an acknowledgment by the Agent or any of the PHT Partners of the validity or permissibility of any security interest or lien of ADLAC on or in the Partnership Collateral or an agreement by the Agent or any of the PHT Partners to release, forbear or otherwise relinquish any right to challenge the same, all of which rights are hereby expressly reserved and acknowledged without prejudice, and ADLAC hereby acknowledges and agrees that any delay or forbearance by the Agent or any of the PHT Partners in enforcing or exercising any rights to challenge or invalidate such liens shall not be deemed a waiver of such rights nor give rise to any defense to such rights based on any theory at law or equity, including, without limitation, estoppel, reliance or laches. Furthermore, nothing contained in this Agreement shall be deemed to obligate the PHT Partners or the Agent to cause or consent to the admission of ADLAC or ABIZ (or any assignee thereof or successor thereto), or of any assignee of or successor to ABIZ PA, as a partner of the Partnership or to take or cause to be taken, or consent to, any other actions for or on behalf of ADLAC, ABIZ or ABIZ PA (or any such successor or assign) relative to the Partnership, except as otherwise expressly provided for in the Partnership Agreement.

(c) The "PHT Priority Amount" shall mean the sum of the following (without duplication):

(i) the PHT Claim as of the date of this Agreement as determined, (x) before giving effect to any increases in or to the principal amount thereof provided for in any Settlement Document and (y) taking into account the reduction thereto in respect of the Paydown Amounts (as defined in the Settlement Agreement) previously received by the PHT Partners or the Agent and applied in payment, in part, of the ABIZ PA Repayment Amount; it being agreed that any reduction in the PHT Claim on account of any such Paydown Amount remains subject to reinstatement, and the PHT Priority Amount shall be correspondingly increased upon and by the amount of any required disgorgement, surrender or turnover of any such Paydown Amounts (or any portion thereof) by the Agent or the PHT Partners prior to such payments becoming Indefeasible, without any further action on the part of any party hereto;

(ii) all reasonable costs and expenses incurred by the PHT Partners in the preparation, negotiation, execution, entering and enforcement of the Settlement Documents, that certain Letter Agreement entered into between PHT and ABIZ PA on October 11, 2002 and the term sheet among the PHT Partners, ABIZ and ABIZ PA setting forth the terms of the agreements embodied in the Settlement Documents, and any and all applicable orders and motions (and any required supporting papers or documents)

effecting any of the foregoing in any applicable bankruptcy proceeding (including reasonable attorneys' fees and court costs);

(iii) any one or more increases in the principal amount of the ABIZ PA Repayment Amount under and pursuant to the Settlement Agreement resulting from the discovery after the date hereof of additional amounts to be added to the ABIZ PA Repayment Amount; up to an increase of an additional \$10,000,000 in principal amount in the aggregate, which increase(s) shall not require any further consent, approval or acknowledgment of ADLAC or the Bankruptcy Court;

(iv) to the extent in excess of the amounts set forth in clause (iii) immediately above, any one or more increases in the principal amount of the ABIZ PA Repayment Amount under and pursuant to the Settlement Agreement resulting from the discovery after the date hereof of additional amounts to be added to the ABIZ PA Repayment Amount, provided that (x) such increase(s) shall have been consented to in writing by ADLAC or otherwise approved by the Bankruptcy Court; or (y) ADLAC shall have acknowledged in writing, or the Bankruptcy Court shall have acknowledged in a written order, that the PHT Partners have provided reasonable evidence that such increase(s) represents amounts with respect to which the ABIZ PA Repayment Amount may be increased pursuant to the Settlement Agreement; it being understood that ADLAC shall not withhold or delay any such consent, approval or acknowledgment to such higher amount to the extent the PHT Partners provide such reasonable evidence; it being further understood that ADLAC shall seek Bankruptcy Court consideration of the requested increase under this clause (iv) promptly following the Agent's request therefor; and it being further understood that the Bankruptcy Court need not make a final judicial determination regarding the merits of the PHT Claim or the requested increased principal amount as part of its approval, consent or acknowledgment as aforesaid; and

(v) interest on the amounts described in the foregoing clauses (i)-(iv) accruing as set forth in the Settlement Documents;

provided, however, that notwithstanding the foregoing, in the event that the liens and security interests of ADLAC in or on the Partnership Collateral shall be held to be invalid as permitted in accordance with Section 2.1(b), the "PHT Priority Amount", as it relates to the priorities, rights, duties and interests of the parties hereunder with respect to the Partnership Collateral, shall thereafter be deemed to equal the full amount of the PHT Claim (taking into account the reduction thereto in respect of the Paydown Amounts previously received by the PHT Partners or the Agent and applied in payment, in part, of the ABIZ PA Repayment Amount (to the extent such reductions have not been reinstated in accordance with the terms hereof and the other Settlement Documents)) and all priorities, rights, duties and interests of the parties hereunder with respect to the Partnership Collateral and the distributions thereof or therefrom shall thereafter be determined in accordance with the full amount of the PHT Claim in place of the PHT Priority Amount; it being agreed that there shall be no adjustments or turnover of funds or other amounts properly received and applied by any of the Creditors out of or on account of any Partnership Collateral prior to such determination; and with respect to any Enforcement on the

ADLAC/PHT Intercreditor Agreement

Partnership Collateral which had been commenced prior to such determination which would no longer be permitted in accordance with such determination, the Creditor undertaking such Enforcement shall take all steps reasonably appropriate to terminate such Enforcement (and any Partnership Collateral such party receives after such determination is made shall be held in trust for the Creditor properly entitled thereto and shall be turned over to such Creditor as soon as practicable after the Enforcing Creditor's receipt thereof).

(d) It is understood and agreed that nothing in this Agreement shall affect, as between the Agent and the PHT Partners, on the one hand, and ABIZ and/or ABIZ PA, on the other hand, the validity and (subject to the priority provisions of the Intercreditor Agreements) enforceability under the Settlement Agreement of the full amount of the PHT Claim, including any part thereof that may exceed the PHT Priority Amount.

2.2 Distributions and Proceeds of Collateral. (a) All payments, distributions or proceeds of or in respect of the Collateral, to the extent distributed to the Creditors, shall be distributed in accordance with the following order of priority (as between the PHT Claim and the ADLAC Claim):

1. in the case of the Partnership Collateral:

(i) first, to the Agent until the full and Indefeasible satisfaction of the PHT Claim in cash (up to the PHT Priority Amount) in accordance with the terms of the Settlement Documents;

(ii) second, unless and until written notification to the contrary is given to the Agent by Beal, to Beal until the full and Indefeasible satisfaction in cash of the obligations and liabilities owing it under the Beal Credit Agreement and the other instruments, documents and agreements executed and/or delivered in connection therewith and each applicable Bankruptcy Court order entered in connection therewith (the "**Beal Claim**") and the termination of the Beal Credit Agreement and the other instruments, documents and agreements executed and/or delivered in connection therewith and each applicable Bankruptcy Court order entered in connection therewith (collectively, the "**Beal Loan Documents**") in accordance with the terms thereof;

(iii) third, to ADLAC until the full and Indefeasible satisfaction of the ADLAC Claim in cash and the termination of the ADLAC Documents in accordance with the terms thereof;

(iv) fourth, to the extent that the full PHT Claim exceeds the PHT Priority Amount, to the Agent until the full and Indefeasible satisfaction of the remaining PHT Claim in cash in accordance with the terms of the Settlement Documents; and

(v) fifth, to ABIZ PA or as may otherwise be required by law; and

2. in the case of the COPA Contract Collateral:

(i) first, unless and until written notification to the contrary is given to the Agent by Beal, to Beal until the full and Indefeasible satisfaction in cash of the Beal Claim and the termination of the Beal Loan Documents in accordance with the terms thereof;

(ii) second, to the Agent until the full and Indefeasible satisfaction of the PHT Claim (up to the PHT Priority Amount) in cash in accordance with the terms of the Settlement Documents;

(iii) third, to ADLAC until the full and Indefeasible satisfaction of the ADLAC Claim in cash and the termination of the ADLAC Documents in accordance with the terms thereof;

(iv) fourth, to the extent that the full PHT Claim exceeds the PHT Priority Amount, to the Agent until the full and Indefeasible satisfaction of the remaining PHT Claim in cash in accordance with the terms of the Settlement Documents; and

(v) fifth, to ABIZ PA or as may otherwise be required by law.

(b) If and to the extent that any of parties hereto hereafter receives any Collateral prior to the termination of this Agreement, including any Distributions and Proceeds, other than in accordance with the priorities set forth in subsection (a) above or (c) below, such party shall be deemed to hold such Collateral in trust for the party entitled to the receipt thereof in accordance with such subsections and shall promptly turn over such Collateral to the person entitled thereto in accordance with the foregoing provisions.

(c) The parties hereto acknowledge and agree that the Agent is entitled to, and shall be required to, apply any and all amounts to which it is entitled under this Agreement to the repayment of the PHT Claim. However, to the extent that in accordance with Section 2.2 of either of the Intercreditor Agreements, either ADLAC or Beal Bank has a right prior to that of the Agent's to any payment, distribution or proceeds of any amount of or from the Collateral which is then being distributed or becomes available, it is hereby acknowledged that (i) ADLAC and/or Beal, as applicable, may not, in certain circumstances, have the legal right to apply such amounts to the repayment of the respective obligations owed to it by ABIZ and/or ABIZ PA (including the Beal Claim or the ADLAC Claim) and (ii) in the case of Beal solely with respect to the COPA Contract Collateral, Beal may elect to waive such repayment of any such obligations from any such amounts. Such waiver by Beal shall be permissible and, in the event of such waiver by Beal or the inability to require repayment by Beal and/or ADLAC, as applicable, amounts instead may be retained by ABIZ and ABIZ PA without reducing the ADLAC Claim or the Beal Claim for purposes of this Agreement; and the Agent shall not have any turnover right in respect thereof.

2.3 Enforcement. (i) ADLAC agrees not to commence any Enforcement or accept or retain any Partnership Collateral prior to the ADLAC Enforcement Date relating to such Collateral and thereafter shall only do so to the extent permitted in accordance with the terms of this Agreement, (ii) except as otherwise required by Beal (such requirement having effect only for so long as the Beal Claim remains outstanding), ADLAC agrees not to commence any Enforcement or accept or retain any COPA Contract Collateral prior to the ADLAC Enforcement Date with respect to such Collateral and thereafter shall only do so to the extent permitted in accordance with the terms of this Agreement and the Beal/ADLAC Intercreditor Agreement and (iii) all of the Creditors shall endeavor to give the other Creditors having claims hereunder an Enforcement Notice prior to taking any action in connection with an Enforcement (it being agreed that the failure to give any such notice shall not affect such party's right to commence any Enforcement permitted hereunder). Subject to the foregoing, ADLAC hereby agrees that in connection with any such Enforcement by the Agent or the PHT Partners, the Agent or any of the PHT Partners may, at its option, take any action to accelerate payment of the PHT Claim and to foreclose or realize upon or enforce any of its rights under the PHT Claim with respect to the Collateral, without the consent of ADLAC, and ADLAC (except as expressly required by Beal at such time solely with respect to the COPA Contract Collateral (such requirement having effect only for so long as the Beal Claim shall remain outstanding)) shall not take any action to foreclose or realize upon or to enforce any of its rights with respect to any of the Collateral prior to the applicable ADLAC Enforcement Date without the prior written consent of the Agent; it being agreed however that nothing in this sentence is intended to prohibit the taking of any Permitted Activities by any party hereto with respect to any Collateral or the execution or foreclosure upon, or the taking of any other action by any of the Creditors with respect to, any assets, properties or rights of ABIZ PA other than the Collateral. Without limiting the foregoing in any way, ADLAC hereby agrees to cooperate fully with the Agent and to grant such waivers and consent, take such actions and/or execute and deliver any such releases of any liens, claims and/or encumbrances against the Collateral or ABIZ PA's interest therein as, in any case, the Agent or the PHT Partners may reasonably request (other than, subject to the continued effectiveness of the Intercreditor Agreements, (x) the liens, claims and encumbrances in favor of ADLAC in the proceeds of any such Collateral and (y) with respect to the COPA Contract Collateral, for so long as the Beal Claim remains outstanding, any liens, claims or encumbrances on the COPA Contract Collateral that are senior in priority to those of the Agent and the PHT Partners pursuant hereto), in each case, to facilitate the foreclosure or realization upon the Collateral or other exercise of remedies with respect thereto by the Agent or the PHT Partners in satisfaction of the PHT Claim, in either case, whether pursuant to the Settlement Documents or as otherwise permitted under applicable law; provided that (1) such intended action and the ultimate use of the proceeds thereof is consistent with the terms, intent and purpose of this Agreement and (2) nothing herein is intended or shall be construed as limiting ABIZ PA's obligation to obtain Beal's consent rights with respect to a consensual sale of the Partnership's equity or assets set forth in, and subject to, Section 11(b) of the Settlement Agreement.

2.4 Payments by the Partnership. Notwithstanding anything contained herein to the contrary, ADLAC hereby acknowledges and agrees that pursuant to the Settlement Documents the Partnership may be required to make payments in satisfaction of the Partnership ADLAC/PHT Intercreditor Agreement

Repayment Amount. ADLAC hereby consents to the making of such payments as contemplated pursuant to the Settlement Documents, and acknowledges and agrees that (i) such payments shall not affect, diminish or give rise to any rights, obligations or duties of any of the parties hereunder (other than by virtue of the reduction of the PHT Claim), cause any default under any of the ADLAC Documents or give rise to any right of Enforcement on the part of ADLAC or any of its affiliates and (ii) with respect to the PHT Claim, the effect on the outstanding balance of the PHT Claim of any such payment made by the Partnership or, to the extent any such payment previously made by the Partnership is declared preferential, fraudulent or otherwise wrongful, of any required disgorgement, surrender or otherwise relinquishment by the Agent or the PHT Partners (including as the result of any mandatory turnover to any party holding a senior right thereto pursuant to the Intercreditor Agreements), shall, in either case, be net of the PHT Partners' interest in such payment as set forth in the Settlement Agreement.

2.5 Notices of Defaults. Each of the Creditors agrees to endeavor to give to the other Creditor copies of any notice of the occurrence of a default or event of default, if any, under the ADLAC Documents or the Settlement Documents, as applicable, simultaneously with the sending of any such notice to ABIZ or ABIZ PA, as applicable; provided, that the failure to do so shall not affect the validity of such notice or create a cause of action against the party failing to give such notice, limit, diminish or otherwise adversely affect any right or remedy of any of the parties hereto under this Agreement or under any other Settlement Document, or create any claim or right on behalf of any other Creditor or any other third party. The sending or receipt of such notice shall not obligate the recipient to cure such default or event of default.

2.6 Perfection Matters. Without limiting Section 2.1(b) in any way, each Creditor now or hereafter holding possessory Collateral hereby acknowledges that it shall hold possession for the benefit of the other Creditors, as well as for its own benefit, in accordance with and subject to the priorities established in this Agreement. To the extent that ADLAC hereafter obtains possession of any of the Collateral prior to the applicable ADLAC Enforcement Date relating thereto, it shall promptly notify the Agent of such fact and, if the Agent so requests, shall promptly remit such Collateral (in the form received, with any necessary endorsements) as set forth in Section 2.2 above. ADLAC hereby represents and warrants to the Agent that since the commencement of the ADLAC Bankruptcy Proceeding, ABIZ PA has not distributed to ADLAC, and ADLAC has not otherwise received, any Collateral.

2.7 UCC Notices. In the event that any Creditor shall be required by the Uniform Commercial Code or any other applicable law to give notice to the other of intended disposition of Collateral, such notice shall be given in accordance with Section 4.1 hereof and ten (10) days' notice shall be deemed to be commercially reasonable.

2.8 Effectiveness. This Agreement shall become effective upon the occurrence or waiver in writing by each of the parties hereto of the following conditions precedent:

(a) the execution of this Agreement, together with the attached Acknowledgement, and the other Settlement Documents by all parties hereto and thereto;

(b) approval by the Bankruptcy Court in the ABIZ Bankruptcy Proceeding of the execution, delivery and performance of all of the foregoing documents by ADLAC, ABIZ and ABIZ PA;

(c) approval by the Bankruptcy Court in the ADLAC Bankruptcy Proceeding of the execution, delivery and performance of all of the foregoing documents by the ADLAC, ABIZ and ABIZ PA; and

(d) all of the foregoing documents shall have become, or will concurrently with the effectiveness hereof become, effective in accordance with the terms thereof.

III. Matters Relating to Settlement.

3.1 Third Party Beneficiary to Settlement Agreement. It is acknowledged that ADLAC, in entering into this Agreement and each other Settlement Document (if any) to which it is a party, is doing so in part in reliance on its ability to benefit from and enforce certain specified aspects of the Settlement Agreement. The Settlement Agreement contemplates this circumstance, by providing in Section 21 thereof that certain persons may be designated as third party beneficiaries of that agreement or of specified aspects thereof. Accordingly, it is understood and agreed that ADLAC shall have the status of an express third party beneficiary of Sections 1(j), 12 and 30(a) of the Settlement Agreement and Exhibit G thereto, and, without limiting the generality of such status, shall be entitled to the benefits of, and to enforce, said section and said exhibit as though an actual party to the Settlement Agreement for purposes of such section and exhibit. In accordance with the foregoing provisions, no amendments, modifications or waivers to or of such section or exhibit to the Settlement Agreement (or any defined term or other provision of the Settlement Agreement applicable to such section or exhibit which, in either case, if modified or amended would have the effect of modifying or amending the effect of Sections 1(j), 12 and 30(a) and/or Exhibit G of the Settlement Agreement) in any way materially detrimental to the interest of ADLAC shall be effective as against ADLAC without its prior written consent thereto. This Section 3.1 shall not entitle ADLAC to any benefits of or rights to enforce any other provision of the Settlement Agreement, or require ADLAC's consent as a condition to the amendment, modification or waiver of any provision of the Settlement Agreement to which ADLAC is not, by virtue of this Section 3.1, an express third party beneficiary.

3.2 ADLAC Not Obligated Under PHT Make-Whole Amount. Notwithstanding that ADLAC is an express third party beneficiary of the above-described aspects of the Settlement Agreement, ADLAC shall have no liability whatsoever under the Settlement Agreement to pay the whole or any part of the PHT Make-Whole Amount.

3.3 Limitations of Settlement on Claims of ABIZ and ADLAC. Nothing in this Agreement, the Settlement Agreement or any other Settlement Document shall constitute a waiver, release or discharge of any claim arising or accruing prior to the date hereof between ABIZ and its subsidiaries as of the date of this Agreement, on the one hand, and ADLAC and its subsidiaries as of the date of this Agreement, on the other hand, with respect to any liabilities

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incurred, amounts paid, or other actions taken in connection with the Settlement Documents or the events giving rise to such Settlement Documents, and all such claims are expressly preserved. Notwithstanding anything contained herein to the contrary, ABIZ and ABIZ PA shall be express third-party beneficiaries of this Section 3.3 as if such parties were signatories to this Agreement for purposes of this section only.

3.4 Consents to Transaction. ADLAC hereby (i) acknowledges its receipt and review of the Settlement Documents and (ii) to the extent now or hereafter required under the ADLAC Documents, including pursuant to Section 8.2 of the ADLAC Credit Agreement, hereby approves (x) the grant by ABIZ PA to the Agent of a security interest in the Collateral and (y) the execution, delivery and performance by ABIZ PA, the Partnership and the PHT Partners of such agreements and the transactions contemplated therein and the enforcement by the Agent and/or the PHT Partners of their rights thereunder in accordance with the terms set forth herein and therein.

IV. Miscellaneous.

4.1 Notices. Any notice required or desired to be served, given or delivered hereunder shall be in writing (including facsimile transmission), and shall be deemed to have been validly served, given or delivered upon the earlier of (a) personal delivery to the address set forth below (b) in the case of notice by Federal Express or other reputable overnight courier service, one (1) business day after delivery to such courier service, and (c) in the case of facsimile transmission, upon transmission with confirmation of receipt, in any such case addressed to the party to be notified as follows:

- (i) If to the Agent or any of the PHT Partners, at:

PHT Holdings LLC
c/o Exelon Communications Company, LLC
401 City Avenue, Suite 900
Bala Cynwyd, PA 19004

Attention: Jim Morozzi
Fax No. (610) 617-7005

with a copy given in the same manner to:

Exelon Business Services Company
2301 Market Street, S23-1
Philadelphia, PA 19101-8699

Attention: Todd Cutler, Esquire
Fax No. (215) 568-3389

(ii) If to ADLAC, at:

Adelphia Communications Corporation
One North Main Street
Coudersport, PA 16915

Attention: Chief Financial Officer and General Counsel
Fax No.: (814) 274-8631

with a copy given in the same manner to:

Willkie Farr & Gallagher
787 Seventh Avenue
New York, New York 10019-6099

Attention: Marc Abrams and Laurence Weltman
Fax Number: (212) 728-8111;

or to such other address as each party designates to the other in the manner herein prescribed.

4.2 Contesting Liens or Security Interests. ADLAC hereby agrees not to contest the validity, perfection or enforceability of any lien or security interest granted to the Agent, for and on behalf of the benefit of the PHT Partners, in the Collateral or the priority thereof as contemplated by this Agreement, which liens and security interests are, as between ADLAC, on the one hand, and the Agent and the PHT Partners, on the other hand, hereby acknowledged to be legal, valid and entitled to the relative priority contemplated by this Agreement. As between ADLAC, on the one hand, and the Agent and the PHT Partners, on the other hand, the terms of this Agreement as it relates to the relative priority of the PHT Claim and the Agent's and the PHT Partners' rights with respect to the Collateral and distributions in respect thereof shall govern even if all or part of the Agent's and/or the PHT Partners' liens or security interests on or in the Collateral securing payment of the PHT Claim, are avoided, disallowed, set aside or otherwise invalidated.

4.3 No Benefit to Third Parties. Except as set forth in Section 3.3 above, the terms and provisions of this Agreement shall be for the sole benefit of the Creditors and their respective successors and assigns (as permitted by Section 4.7 hereof), and no other person, firm, entity or corporation shall have any right, benefit, priority or interest under or because of this Agreement.

4.4 Independent Credit Investigations. None of the Creditors nor any of their respective directors, officers, agents or employees shall be responsible to any other Creditor for ABIZ's or ABIZ PA's solvency, financial condition or ability to repay such Creditor's claims, or for statements of ABIZ or ABIZ PA, oral or written, or for the validity, sufficiency or enforceability of such Creditors' claims, the Settlement Documents, or the ADLAC Documents, or any liens or security interests granted to the Creditors in connection therewith. Each Creditor

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has entered into its respective agreements with ABIZ and ABIZ PA based upon its own independent investigation, and makes no warranty or representation to the other Creditors nor does it rely upon any representation of any of the other Creditors with respect to matters identified or referred to in this paragraph.

4.5 Amendments to Agreement. All modifications or amendments of this Agreement must be in writing and duly executed by an authorized officer of each Creditor and each other party to be charged therewith to be binding and enforceable. Any waiver of any provision of this Agreement shall be effective only if in a writing signed by the party against whom enforcement of such waiver may be sought; it being acknowledged and agreed by the PHT Partners that the Agent shall have the right to grant waivers on either of their behalf hereunder. Notwithstanding anything to the contrary set forth in this Agreement, with respect to any amendment, modification or waiver of the terms or provisions of Section 3.3 (or any definition or other section or provision hereof the amendment, modification or waiver of which would impact the terms or provisions of Section 3.3 in a manner adverse to ABIZ or ABIZ PA) shall require the prior written consent of ABIZ and ABIZ PA.

4.6 Marshaling of Assets. Each of the parties to this Agreement, severally and not jointly, hereby waives any and all rights to require the marshaling of assets in connection with any foreclosure of or other enforcement of any of the other parties' lien thereon.

4.7 Successors and Assigns; Replacement Financing. This Agreement shall be binding upon and inure to the benefit of the respective permitted successors and assigns of each of the parties hereto but, other than as expressly otherwise provided herein, does not otherwise create, and shall not be construed as creating, any rights enforceable by ABIZ, ABIZ PA, Beal, the Partnership or any other person not a party to this Agreement. Each Creditor agrees that it will not assign, transfer or otherwise convey any of its respective claims as described in Section 1.1 or 1.9 above, unless and until any such assignee, transferee or successor shall have agreed in writing (in form and substance reasonably satisfactory to the other Creditors) to be bound by the terms hereof as they apply to such assigning Creditor and a copy of such agreement has been delivered to the other Creditors.

4.8 Governing Law and Forum Selection. This Agreement is made under, and shall be construed and enforced in accordance with, the laws of the Commonwealth of Pennsylvania applicable to agreements made and to be performed solely therein without regard to the conflict or choice of law provisions thereof, and to the extent applicable, with the provisions of the Bankruptcy Code. Every dispute arising from or relating to this Agreement shall be submitted to the exclusive jurisdiction of any federal court or state court situated in the Eastern District of Pennsylvania except that the Bankruptcy Court shall have jurisdiction for so long as ABIZ or ADLAC shall remain a debtor. Each of the parties consents to venue in those courts, and agrees that those courts shall have personal jurisdiction over them in any such action. In any such action or proceeding, the parties hereby absolutely and irrevocably waive personal service of any summons, complaint, declaration or other process and hereby absolutely and irrevocably agree that the service thereof may be made by certified or registered first-class mail directed to such parties at their respective addresses as set forth in Section 4.1.

4.9 Agreement Absolute. This Agreement shall be and remain absolute and unconditional under any and all circumstances, and no act or omission on the part of any party to this Agreement shall affect or impair the agreement of any other party hereunder. Each of ADLAC, on the one hand, and the Agent and the PHT Partners, on the other hand, hereby authorizes the other party to (a) receive notes or other evidences of the obligations of ABIZ and/or ABIZ PA to such other party or, subject to the terms hereof, renewals, increases or extensions thereof, and (b) subject to the other terms hereof and of the other Settlement Documents, take or omit to take any action for the enforcement of, or waive any rights with respect to, any obligation of ABIZ, ABIZ PA and/or the Partnership to such other party without invalidating or impairing the subordination provided for herein, and each of the Creditors hereby waives any claim or right to claim or assert a legal or equitable discharge or defense of or to its obligations hereunder based upon any applicable suretyship principles or any similar law or principles. Except as expressly otherwise provided herein or in any other agreements among such parties, (i) the Creditors shall each be entitled to manage and supervise the obligations of ABIZ, ABIZ PA and/or the Partnership to it in accordance with applicable law and practices in effect from time to time without regard to the existence of the other Creditors' interest therein, and (ii) none of the Creditors shall have any liability to any other Creditor for any and all actions which such acting Creditor, in good faith, takes or omits to take in connection with its financial arrangement with ABIZ, ABIZ PA and/or the Partnership, as applicable, including without limitation with respect to the creation, perfection or continuation of liens in any Collateral, the occurrence of default, the foreclosure upon, sale, release or depreciation of, or a failure to realize upon, any Collateral and the collection of any indebtedness or of any claim from any account debtor, guarantor (or any other party).

4.10 Counterparts. This Agreement may be executed in any number of counterparts each of which shall be deemed to be an original hereof submissible into evidence and all of which together shall be deemed to be a single instrument.

4.11 Severability. If a court or an arbitrator of competent jurisdiction holds any provision of this Agreement to be illegal, unenforceable or invalid in whole or in part for any reason, such provision and other provisions of this Agreement shall be adjusted rather than voided, if possible to achieve the intent of the parties to the extent possible, and in any event the validity and enforceability of the remaining sections shall not be affected unless (i) an essential purpose of this Agreement would be defeated by the loss of the illegal, unenforceable or invalid provision or (ii) revisions to such sections are required to achieve the intent of the parties or the essential purpose of this Agreement.

4.12 Headings. The headings of the sections and subsections of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

4.13 Mutual Drafting. This Agreement is the joint product of the parties hereto, each of which has been represented by competent counsel of their own choosing. Each provision of this Agreement has been subject to the mutual consultation, negotiation, and agreement of the parties hereto, and shall not be construed for or against any party hereto.

4.14 Further Assurances. Each of the parties hereto agrees to do such further acts and things, and to execute and deliver such additional conveyances, assignments, agreements and instruments, as any other party hereto may at any time reasonably request in connection with the administration or enforcement of this Agreement or in order to better assure and confirm unto the such other party's rights, powers and remedies hereunder.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

PHT HOLDINGS LLC, individually and as Agent

By: _____
Title: _____

PECO ENERGY COMPANY

By: _____
Title: _____

ADELPHIA COMMUNICATIONS CORPORATION

By: _____
Title: _____

ACKNOWLEDGMENT

The undersigned (each a "Debtor") each hereby acknowledges and agrees to the terms and provisions of the ADLAC/PHT Partners Intercreditor Agreement (the "Intercreditor Agreement"; capitalized terms used and not otherwise defined herein shall have the meanings assigned to them in the Intercreditor Agreement) to which this Acknowledgement is attached. By executing this Acknowledgement, the undersigned each acknowledges the provisions of the Intercreditor Agreement as they relate to the relative rights of the Creditors as between such Creditors. The undersigned each further agrees that, except as expressly otherwise provided in the Intercreditor Agreement, the terms of the Intercreditor Agreement shall not give the undersigned any, nor modify any, substantive rights vis-à-vis any Creditor, or any obligations or liabilities owing to such parties, under any instrument, document, agreement or arrangement. If any Creditor shall enforce its rights or remedies in violation of the terms of the Intercreditor Agreement, each Debtor agrees that it shall not use such violation as a defense to any future Enforcement by any Creditor under the Intercreditor Agreement, or the enforcement by any such Creditor of any other instrument, document or agreement under which such Debtor is bound or assert such violation as a counterclaim or basis for set-off or recoupment against any such Creditor.

ADELPHIA BUSINESS SOLUTIONS, INC.

By: _____
Title: _____

ADELPHIA BUSINESS SOLUTIONS OF
PENNSYLVANIA, INC.

By: _____
Title: _____

PECO HYPERION TELECOMMUNICATIONS

By: Adelpia Business Solutions of Pennsylvania, Inc., its
General Partner

By: _____
Title: _____

Exhibit E

Beal Intercreditor Agreement

EXECUTION COPY

BEAL/PHT PARTNERS INTERCREDITOR AGREEMENT

THIS BEAL/PHT PARTNERS INTERCREDITOR AGREEMENT ("**Agreement**"), dated as of December 30, 2002, is among PECO Energy Company, a Pennsylvania corporation ("**PECO**"), PHT Holdings LLC, a Pennsylvania limited liability company, individually (in its individual capacity, "**PHT**" and together with PECO being collectively, the "**PHT Partners**") and as agent (in such capacity as agent, the "**Agent**") for the PHT Partners, and Beal Bank, S.S.B. (together with any successors and/or assigns thereof or thereto or any other entity or entities parties to, and providing financing under, any refinancing or replacement of the Beal Credit Agreement referred to below, provided that in any case, such successor, assign or other party has become a party to and is bound by this Agreement, being collectively, "**Beal**").

WITNESSETH:

WHEREAS, the PHT Partners and Adelphia Business Solutions of Pennsylvania, Inc., a Delaware corporation ("**ABIZ PA**"), are partners in PECO Hyperion Telecommunications, a Pennsylvania general partnership (the "**Partnership**");

WHEREAS, Adelphia Business Solutions, Inc., a Delaware corporation and since March 27, 2002 a debtor and debtor in possession in a chapter 11 bankruptcy proceeding pending before the U.S. Bankruptcy Court for the Southern District of New York ("**ABIZ,**" and such proceeding being the "**ABIZ Bankruptcy Proceeding,**" and such court being the "**Bankruptcy Court**"), together with a number of its subsidiaries, had entered into a certain Secured Debtor in Possession Credit and Security Agreement dated as of March 27, 2002 (as the same is in effect as of the date hereof, the "**ADLAC Credit Agreement**") with Adelphia Communications Corporation, a Delaware corporation and since June 25, 2002 a debtor and debtor in possession in a chapter 11 bankruptcy proceeding pending before the Bankruptcy Court ("**ADLAC,**" and such proceeding being the "**ADLAC Bankruptcy Proceeding**"), pursuant to which ADLAC agreed to make certain post-petition loans, advances and other financial accommodations to ABIZ and certain of its subsidiaries;

WHEREAS, in connection with and as a condition to ADLAC's willingness to make such loans, advances and other financial accommodations to ABIZ and such subsidiaries, ABIZ PA was required to execute and deliver to ADLAC a guaranty of the full and prompt payment by ABIZ and the other borrowers of their obligations to ADLAC, which guaranty was purported to be secured by a grant of a security interest by ABIZ PA to ADLAC in, among other things, all of ABIZ PA's right, title and interest in, to and under (x) the Partnership and (y) the COPA Contract (as defined below);

WHEREAS, subsequent to such grant but prior to advancing the full amount of the loans to ABIZ and its subsidiaries, ADLAC itself filed a petition seeking relief under Chapter 11 of the United States Bankruptcy Code with the Bankruptcy Court;

WHEREAS, ABIZ and seventeen certain other direct and indirect subsidiaries of ABIZ, each as a debtor and debtor in possession in the ABIZ Bankruptcy Proceeding, as borrowers, ABIZ PA, and Adelpia Business Solutions Capital, Inc., a Delaware corporation, each a direct or indirect subsidiary of ABIZ, as guarantors, and Beal entered into a certain Secured Debtor in Possession Priming Credit and Security Agreement, dated as of August 9, 2002 (as entered into, and as thereafter in effect from time to time in accordance with the terms thereof and/or any refinancing or replacement agreement to the extent the parties providing credit thereunder have become parties to and are bound by this Agreement, the **'Beal Credit Agreement'**), pursuant to which Beal has agreed to make loans, advances and other financial accommodations to such borrowers and has taken liens and security interest on substantially all of the assets of the borrowers and the guarantors, excluding ABIZ PA's interest in the Partnership and certain other assets relating thereto;

WHEREAS, ABIZ PA, the PHT Partners and the Partnership are entering into a certain Settlement Agreement dated as of December 30, 2002 (as the same may be amended, restated, supplemented or otherwise modified from time to time in accordance with the terms thereof and the terms of this Agreement, the **'Settlement Agreement'**), pursuant to which, among other things, ABIZ PA and the Partnership have severally agreed, on the terms and conditions set forth therein, to certain financial undertakings in favor of the PHT Partners, the payment of which by ABIZ PA is to be secured by a grant by ABIZ PA to the Agent, for the benefit of the PHT Partners, of liens on and security interests in all of ABIZ PA's rights, title and interest in, among other things, the Partnership and the COPA Contract, in exchange for which the PHT Partners, subject to the terms and conditions set forth therein, will, among other things, grant each of ADLAC, ABIZ, ABIZ PA and certain other referenced releasees releases from certain claims specified therein;

WHEREAS, concurrently herewith, Beal, ABIZ and its subsidiary borrowers and guarantors under the Beal Credit Agreement will be entering into an amendment to the Beal Credit Agreement and certain of the other agreements relating thereto, pursuant to which, among other things, ABIZ PA shall grant Beal security interests in additional collateral, including, without limitation, ABIZ PA's rights, title and interests in, to and under the Partnership;

WHEREAS, on or prior to the date hereof, (i) ADLAC has entered into certain intercreditor and subordination agreements and arrangements with Beal (as the same may be amended, restated, supplemented or otherwise modified from time to time, being collectively, the **'Beal/ADLAC Intercreditor Agreement'**) pursuant to which Beal and ADLAC have agreed to certain lien priorities with respect to, among other things, their common collateral, including the Collateral (as defined below) and (ii) the Agent, the PHT Partners and ADLAC will enter into a certain ADLAC/PHT Partners Intercreditor Agreement of even date herewith (as the same may be amended, restated, supplemented or otherwise modified from time to time hereafter in accordance with the terms thereof and of this

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Agreement, the "ADLAC/PHT Partners Intercreditor Agreement" and together with this Agreement being collectively, the "Intercreditor Agreements") pursuant to which ADLAC, the Agent and the PHT Partners have agreed to certain lien priorities with respect to the Collateral; and

WHEREAS, the parties hereto are entering into this Agreement to define the relative priority of each "Creditor's" (as hereinafter defined) respective security interests in and liens on the Collateral and certain other rights, priorities and interests.

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants herein contained, and for other good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, it is hereby agreed as follows:

I. Definitions.

1.1 Beal Claim shall mean all obligations and liabilities of ABIZ or any of its subsidiaries (including, but not limited to, ABIZ PA) owing to Beal under the Beal Credit Agreement and the other instruments, documents and agreements executed and/or delivered in connection therewith, and each applicable Bankruptcy Court order entered in connection therewith, in each case, as the same may be amended, restated, supplemented or otherwise modified from time to time and any such similar instruments, documents and agreements executed, and Bankruptcy Court orders entered, in connection with the refinancing of the loans contemplated thereunder (collectively, the "**Beal Loan Documents**").

1.2 Claim shall mean either the Beal Claim or the PHT Claim and Claims shall mean both such Claims collectively.

1.3 Collateral shall mean all of the rights, title and interest of ABIZ PA in, to and under (A) (i) the Partnership and that certain Partnership Agreement dated as of October 9, 1995 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "**Partnership Agreement**") by and among ABIZ PA, PECO and, by subsequent assignment, PHT, (ii) all distributions of cash, property or other assets on or in respect thereof, including capital distributions, (iii) any warrants, rights, options or other similar securities entitling ABIZ PA to any additional interest in the Partnership, (iv) any other securities, rights or property issued or distributed in substitution for any of the foregoing and (v) all products, proceeds, substitutions or accessions of or to any of the foregoing, in each of the cases in clauses (i)-(v) above, whether now owned or hereafter acquired or arising and howsoever evidenced (the items referred to in clauses (ii)-(v) above being collectively, the "**Distributions and Proceeds**") and together with the collateral described in clause (i), being the "**Partnership Collateral**") and (B) (i) the COPA Contract and all guarantees, indemnities, letters of credit or other arrangements or agreements in favor of ABIZ PA supporting payments to ABIZ PA under the COPA Contract, (ii) all rights to payments and other distributions under or pursuant to the COPA Contract and such other arrangements and/or agreements, (iii) any security interests and/or liens and all property subject thereto purporting to support the foregoing, and (iv) all products, proceeds,

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substitutions or accessions of or to any of the foregoing, in each of the cases of clauses (i)-(iv) immediately above, whether now owned or hereafter acquired or arising and howsoever evidenced (the items referred to in this clause (B) being collectively the “COPA Contract Collateral”).

1.4 COPA Contract shall mean that certain Telecommunications Services Contract dated as of May 3, 2000 (together with all schedules and annexes thereto, in each case, as the same may be amended, restated, supplemented or otherwise modified from time to time) between ABIZ PA and the Commonwealth of Pennsylvania.

1.5 Creditors shall mean collectively the Agent, the PHT Partners and Beal and Creditor shall mean any of the foregoing individually.

1.6 Enforcement shall mean, collectively or individually for one or all of the Creditors, to repossess, replevy or commence enforcement of any rights against all or any portion of the Collateral, whether pursuant to the Beal Claim, the PHT Claim or otherwise; it being agreed that actions by or on behalf of a Creditor to perfect its permitted liens (other than by taking possession or control of Collateral or, in the case of the COPA Contract Collateral and except as provided below, notifying account debtors or obligors thereon of such Creditor’s interest in accounts or intangibles), continue the perfection of its permitted liens, accelerate its claims, file proofs of claim in any bankruptcy proceeding or (to the extent not inconsistent with the terms hereof) vote its claim in any bankruptcy proceeding or, in the case of Beal solely with respect to the COPA Contract Collateral, notify the Commonwealth of Pennsylvania of Beal’s interest in such Collateral, shall not be deemed to constitute Enforcement hereunder (the foregoing excluded actions being the “Permitted Activities”).

1.7 Enforcement Notice shall mean a written notice delivered by any of the Creditors to the other Creditors stating that such Creditor intends to commence Enforcement.

1.8 Indefeasible shall mean, with respect to any payment made with respect to, or any distribution or proceeds of Collateral, proceeds from the sale of the Partnership or any other payment properly applied to and which reduces, the PHT Claim (including any payments made by the Partnership in respect of the Partnership Repayment Amount under (and as such term is defined in) the Settlement Agreement) or the Beal Claim, as applicable, the later of (i) the expiration of any preference period that may apply to such payment or receipt of such distribution or proceeds, during which no preference claim has been asserted seeking the recovery or disgorgement thereof, or (ii) if such a preference claim is asserted during any such preference period, a final determination that such claim is without merit.

1.9 PHT Claim shall mean all obligations and liabilities of ABIZ PA to the PHT Partners under the Settlement Agreement and/or the other Settlement Documents (as defined in the Settlement Agreement), including but not limited to the obligation to pay the PHT Partners the ABIZ PA Repayment Amount (as defined therein), and any and all reasonable costs, fees and expenses (including the reasonable fees and expenses of counsel and court costs) incurred by the PHT Partners and/or the

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Agent in connection with the collection of such amount payable thereunder and/or the enforcement of the Settlement Documents.

II. Intercreditor Agreement.

2.1 Lien Priorities. (a) Notwithstanding the date, manner or order of perfection of any security interests and/or liens granted to any of the Creditors in or on the Collateral, and notwithstanding any provisions of the Uniform Commercial Code, any other applicable law, any applicable decision, or any provision of the Settlement Documents or the Beal Loan Documents, or otherwise, or whether any Creditor holds possession of all or any part of the Collateral, the following, as between the Creditors, shall be the relative priority of the security interests and liens of the Creditors in and to the Collateral:

(x) with respect to the Partnership Collateral:

(1) with respect to that portion of the PHT Claim that does not exceed the PHT Priority Amount (as hereinafter defined): (i) the PHT Claim shall be secured by a security interest in and lien on the Partnership Collateral in favor of the Agent, for the benefit of the PHT Partners, that shall be senior to any security interest, lien, claim or encumbrance in favor of Beal in or on the Partnership Collateral, irrespective of the nature of the obligation or the claim secured by such security interest, lien, claim or encumbrance in or on the Partnership Collateral; and (ii) the Beal Claim shall be secured by a lien on and security interest in the Partnership Collateral which, together with any other security interest, lien, claim or encumbrance in favor of Beal on or in the Partnership Collateral, shall be junior and subordinate in all respects to that of the Agent; and

(2) with respect to that portion (if any) of the PHT Claim that exceeds the PHT Priority Amount: (i) the Beal Claim shall be secured by a security interest in and lien on the Partnership Collateral that shall be senior to any security interest, lien, claim or encumbrance in favor of the Agent or the PHT Partners in or on the Partnership Collateral, irrespective of the nature of the obligation or the claim secured by such security interest, lien, claim or encumbrance in or on the Partnership Collateral; and (ii) the PHT Claim shall be secured by a lien on and security interest in the Partnership Collateral which, together with any other security interest, lien, claim or encumbrance in favor of the Agent or the PHT Partners on or in the Partnership Collateral, shall be junior and subordinate in all respects to that of Beal;

(y) with respect to the COPA Contract Collateral:

(1) the Beal Claim shall be secured by a security interest in and lien on the COPA Contract Collateral that shall be senior to any security interest, lien, claim or encumbrance in favor of the Agent or the PHT Partners in or on the COPA Contract Collateral, irrespective of the nature of the obligation or the claim secured by such security interest, lien, claim or encumbrance in or on the COPA Contract Collateral; and

(2) the PHT Claim shall be secured by a lien on and security interest in the COPA Contract Collateral which, together with any other security interest, lien, claim or encumbrance in favor of the Agent or the PHT Partners on or in the COPA Contract Collateral shall be junior and subordinate in all respects to that of Beal.

(b) The "PHT Priority Amount" shall have the meaning assigned to such term in the ADLAC/PHT Partners Intercreditor Agreement. Consistent with the *proviso* to Section 2.1(c) of such agreement, the parties hereto hereby agree that in the event that the liens and security interests of ADLAC in or on the Partnership Collateral shall be held to be invalid as permitted in accordance with Section 2.1(b) thereof, the "PHT Priority Amount", as it relates to the priorities, rights, duties and interests of the parties hereunder with respect to the Partnership Collateral, shall thereafter be deemed to equal the full amount of the PHT Claim (taking into account the reduction thereto in respect of the Paydown Amounts (as defined in the Settlement Agreement) previously received by the PHT Partners or the Agent and applied in payment, in part, of the ABIZ PA Repayment Amount (to the extent such reductions have not been reinstated in accordance with the terms hereof and the other Settlement Documents)), and all priorities, rights, duties and interests of the parties hereunder with respect to the Partnership Collateral and the distributions thereof or therefrom shall thereafter be determined in accordance with the full amount of the PHT Claim (as so reduced) in place of the PHT Priority Amount; it being further agreed that there shall be no adjustments or turnover of funds or other amounts properly received and applied by any of the Creditors out of or on account of any Partnership Collateral prior to such determination; and with respect to any Enforcement on the Partnership Collateral which had been commenced prior to such determination which would no longer be permitted in accordance with such determination, the Creditor undertaking such Enforcement shall take all steps reasonably appropriate to terminate such Enforcement (and any Partnership Collateral such party receives after such determination is made shall be held in trust for the Creditor properly entitled thereto and shall be turned over to such Creditor as soon as practicable after the Enforcing Creditor's receipt thereof).

(c) It is understood and agreed that nothing in this Agreement shall affect, as between the Agent and the PHT Partners, on the one hand, and ABIZ and/or ABIZ PA, on the other hand, the validity and (subject to the priority provisions of the Intercreditor Agreements) enforceability under the Settlement Agreement of the full amount of the PHT Claim, including any part thereof that may exceed the PHT Priority Amount.

2.2 Distributions and Proceeds of Collateral. (a) All payments, distributions or proceeds of or in respect of the Collateral, to the extent distributed to the Creditors, shall be distributed in accordance with the following order of priority (as between the PHT Claim and the Beal Claim):

1. in the case of the Partnership Collateral:

(i) first, to the Agent until the full and Indefeasible satisfaction of the PHT Claim up to the PHT Priority Amount in cash in accordance with the terms of the

Settlement Documents (the date the foregoing occurs, as such date may be extended (including after the initial occurrence thereof, if any) upon and by virtue of the PHT Priority Amount being determined to equal the full amount of the PHT Claim in accordance with Section 2.1(b) above, being referred to herein as the “**PHT Termination Date**”);

(ii) second, to Beal until the full and Indefeasible satisfaction in cash of the Beal Claim and the termination of the Beal Loan Documents in accordance with the terms thereof; and

(iii) with respect to the remainder, if any, in accordance with the terms of the ADLAC/PHT Partners Intercreditor Agreement; provided that if such agreement has been terminated, then (x) to the extent that the full PHT Claim exceeds the PHT Priority Amount, to the Agent until the full and Indefeasible satisfaction of the remaining PHT Claim in cash in accordance with the terms of the Settlement Documents and then (y) to ABIZ PA or as otherwise may be required by law; and

2. in the case of the COPA Contract Collateral:

(i) first, to Beal until the full and Indefeasible satisfaction of the Beal Claim in cash and the termination of the Beal Loan Documents in accordance with the terms thereof (the “**Beal Termination Date**”);

(ii) second, to the Agent until the full and Indefeasible satisfaction of the PHT Claim up to the PHT Priority Amount in cash in accordance with the terms of the Settlement Documents; and

(iii) with respect to the remainder, if any, in accordance with the terms of the ADLAC/PHT Partners Intercreditor Agreement; provided that if such agreement has been terminated, then (x) to the extent that the full PHT Claim exceeds the PHT Priority Amount, to the Agent until the full and Indefeasible satisfaction of the remaining PHT Claim in cash in accordance with the terms of the Settlement Documents and then (y) to ABIZ PA or as otherwise may be required by law.

With respect to either the Partnership Collateral or the COPA Contract Collateral, as between Beal, on the one hand, and the Agent and the PHT Partners, on the other hand, such Creditors then having the senior-most right of payment with respect to payments, distributions or proceeds of any such Collateral pursuant to this Section 2.2 shall be referred to as the “**Senior Creditor**” with respect to such Collateral, and such other Creditors shall each be referred to as the “**Junior Creditor**” with respect to such Collateral.

(b) If and to the extent that any of parties hereto hereafter receives any Collateral prior to the termination of this Agreement, including any Distributions and Proceeds, other than in accordance with the priorities set forth in subsection (a) above or (c) below, such party shall be deemed to hold such Collateral in trust for the party entitled to the receipt thereof in accordance with such subsections and shall promptly turn over such Collateral to the person entitled thereto in accordance with the foregoing provisions.

(c) The parties hereto acknowledge and agree that the Agent is entitled to, and shall be required to, apply any and all amounts to which it is entitled under this Agreement to the repayment of the PHT Claim. However, to the extent that in accordance with Section 2.2 of either of the Intercreditor Agreements, ADLAC or Beal has a senior and prior right to any particular payment, distribution or proceeds of any of the Collateral, it is acknowledged that (i) such recipient may not, in certain circumstances, have the legal right to apply such payment, distribution or proceeds to the repayment of the respective obligations owed to it by ABIZ and/or ABIZ PA or (ii) in the case of Beal solely with respect to the COPA Contract Collateral, Beal may elect to waive such repayment of the Beal Claim from any such amounts. Such waiver by Beal shall be permissible and, in the event of such waiver by Beal or the inability to require repayment by Beal and/or ADLAC, as applicable, amounts instead may be retained by ABIZ and ABIZ PA without reducing the ADLAC Claim (as defined in the ADLAC/PHT Partners Intercreditor Agreement) or the Beal Claim for purposes of this Agreement; and the Agent shall not have any turnover right in respect thereof.

2.3 Enforcement. Each Creditor hereby agrees (i) with respect to any Collateral in which such Creditor is the Junior Creditor, not to commence any Enforcement with respect to such Collateral or accept or retain any such Collateral until (x) in the case of Beal with respect to the Partnership Collateral, the earlier of the PHT Termination Date or the date upon which ADLAC would be entitled to commence Enforcement against the Partnership Collateral under and pursuant to the ADLAC/PHT Partners Intercreditor Agreement and (y) in the case of the Agent and the PHT Partners in respect of the COPA Contract Collateral, the Beal Termination Date and (ii) with respect to any Collateral in which such Creditor is the Senior Creditor, to endeavor to give the other Creditors an Enforcement Notice (it being agreed that the failure to give any such notice shall not affect such party's right to commence any Enforcement permitted hereunder). Subject to the foregoing, each of the Creditors hereby agrees that in connection with any such Enforcement, the Senior Creditors may, at its option, take any action to accelerate payment of their respective claim and to foreclose or realize upon or enforce any of their respective rights with respect to the applicable Collateral, without the consent of any Junior Creditor thereon, and no Junior Creditor shall take any action to foreclose or realize upon or to enforce any of its rights with respect to any of the Collateral subject to such junior lien without the prior written consent of the Senior Creditor in respect thereof; it being agreed that nothing in this sentence is intended to prohibit the taking of any Permitted Activities by any party hereto with respect to any Collateral or the execution or foreclosure upon, or the taking of any other action by any of the Creditors with respect to, any assets, properties or rights of ABIZ PA other than the Collateral. Without limiting the foregoing in any way, each of the Junior Creditors hereby agrees to cooperate fully with the Senior Creditors and to grant such waivers and consent, take such actions and/or execute and deliver any such

releases of any liens, claims and/or encumbrances it may have against the Collateral (other than with respect to the proceeds thereof which shall remain subject to the terms of this Agreement) in respect of which such Creditors are Junior Creditors as, in any case, the Senior Creditors may reasonably request to facilitate the foreclosure or realization by the Senior Creditors upon the Collateral subject to their senior lien, or other exercise of remedies with respect thereto in satisfaction of their respective Claim, in either case, whether pursuant to the Settlement Documents or the Beal Loan Documents, as applicable, or as otherwise permitted under applicable law; provided that (1) such intended action and the ultimate use of the proceeds thereof is consistent with the terms, purpose and intent of this Agreement and (2) nothing herein is intended or shall be construed as limiting Beal's consent rights with respect to a consensual sale of the Partnership's equity or assets as set forth in, and subject to, Section 11(b) of the Settlement Agreement.

2.4 Additional Credit Extensions. Each of the Agent and the PHT Partners hereby acknowledges that Beal may extend additional credit or make additional financial accommodations to ABIZ, ABIZ PA or any of ABIZ's other subsidiaries, and such extensions of credit or financial accommodations, whether under the above described documents and agreements or under any other documents or agreements with such parties, shall be subject to the same priorities and same restrictions as herein contained. If and to the extent any such existing or future extensions of credit or financial accommodations now or hereafter are secured by collateral other than the Collateral described hereunder, Beal shall have no obligation to marshal such other collateral before enforcing its rights in the Collateral hereunder, and none of the Agent or the PHT Partners shall have any rights hereunder to share or participate in any proceeds of such other collateral. In addition, Beal hereby acknowledges and agrees that the PHT Claim may be increased from time to time without notice upon the determination in accordance with the Settlement Agreement that additional sums may be owing in respect of the ABIZ PA Repayment Amount, and such additional amounts shall constitute part of, and subject to the same priority as with respect to the Collateral as, the PHT Claim pursuant hereto.

2.5 Notices of Defaults. The Agent and the PHT Partners each agrees to endeavor to give Beal copies of any notice of the occurrence of a default or event of default under the Settlement Documents concurrently with the sending of such notice to ABIZ or ABIZ PA, as applicable, but the failure to do so shall not affect the validity of such notice, create a cause of action against the Agent or either of the PHT Partners, limit, diminish or otherwise adversely affect any right or remedy of the Agent or the PHT Partners hereunder or under any other Settlement Document, or create any claim or right on behalf of any third party. The sending or receipt of such notice shall not obligate Beal (or any party receiving copies of notices sent to Beal pursuant to Section 4.1) to cure such default or event of default.

2.6 Perfection Matters. Each Creditor now or hereafter holding possessory Collateral hereby acknowledges that it shall hold possession for the benefit of the other Creditors, as well as for its own benefit, in accordance with and subject to the priorities established in this Agreement. To the extent that any Creditor obtains possession of any of the Collateral in respect of which it is the Junior Creditor, it shall promptly notify the Senior Creditors of such fact and shall promptly remit such

Collateral (in the form received, with any necessary endorsements) to the applicable Senior Creditor upon such Senior Creditor's request therefor.

2.7 UCC Notices. In the event that any Creditor shall be required by the Uniform Commercial Code or any other applicable law to give notice to the other of intended disposition of Collateral, such notice shall be given in accordance with Section 4.1 hereof and ten (10) days' notice shall be deemed to be commercially reasonable.

2.8 Effectiveness. This Agreement shall become effective upon the occurrence or waiver in writing by each of the parties hereto of the following conditions precedent:

(a) the execution of this Agreement, together with the attached Acknowledgement, and the other Settlement Documents by all parties hereto and thereto;

(b) approval by the Bankruptcy Court in the ABIZ Bankruptcy Proceeding of the execution, delivery and performance of all of the foregoing documents by ADLAC, ABIZ and ABIZ PA;

(c) approval by the Bankruptcy Court in the ADLAC Bankruptcy Proceeding of the execution, delivery and performance of all of the foregoing documents by ADLAC, ABIZ and ABIZ PA; and

(d) all of the foregoing documents shall have become, or will concurrently with the effectiveness hereof become, effective in accordance with the terms thereof.

III. Matters Relating to Settlement.

3.1 Third Party Beneficiary to Settlement Agreement. It is acknowledged that Beal, in entering into this Agreement and each other Settlement Document (if any) to which it is a party, is doing so in part in reliance on its ability to benefit from and enforce certain specified aspects of the Settlement Agreement. The Settlement Agreement contemplates this circumstance, by providing in Section 21 thereof that certain persons may be designated as third party beneficiaries of that agreement or of specified aspects thereof. Accordingly, it is understood and agreed that Beal shall have the status of an express third party beneficiary of Sections 11(b) and 30(b) of the Settlement Agreement and without limiting the generality of such status, shall be entitled to the benefits of, and to enforce, said section as though an actual party to the Settlement Agreement for purposes of such section and exhibit. In accordance with the foregoing provisions, no amendments, modifications or waivers to or of such section of the Settlement Agreement (or any defined term or other provision of the Settlement Agreement applicable to such section which, in either case, if modified or amended would have the effect of modifying or amending the effect of Sections 11(b) and 30(b) of the Settlement Agreement) in any way materially detrimental to the interest of Beal shall be effective as against Beal without its prior

written consent thereto. This Section 3.1 shall not entitle Beal to any benefits of or rights to enforce any other provision of the Settlement Agreement, or require Beal's consent as a condition to the amendment, modification or waiver of any provision of the Settlement Agreement to which Beal is not, by virtue of this Section 3.1, an express third party beneficiary.

3.2 Beal Not Obligated Under PHT Make-Whole Amount. Notwithstanding that Beal is an express third party beneficiary of the above-described aspects of the Settlement Agreement, Beal shall have no liability whatsoever under the Settlement Agreement to pay the whole or any part of the PHT Make-Whole Amount.

3.3 Consents to Transaction. (a) Beal hereby (i) acknowledges its receipt and review of the Settlement Documents and (ii) as required in connection with Section 7.2(n) of the Beal Credit Agreement and that certain closing date waiver letter executed in connection therewith, hereby approves (x) the terms, form and substance of such agreements, (y) the grant by ABIZ PA to the Agent of a security interest in the Collateral, and (z) the execution, delivery and performance by ADLAC, ABIZ PA, the Partnership and the PHT Partners of such agreements and the transactions contemplated therein and the enforcement by the Agent and/or the PHT Partners of their rights thereunder in accordance with the terms set forth herein and therein; provided that with respect to any future amendment, restatement, supplement, waiver or other modification of or to any of the Settlement Documents, such approval and consent by Beal thereto shall be subject to Section 4.5 to the extent set forth therein.

(b) The Agent, on behalf of the PHT Partners, hereby consents to the grant by ABIZ PA of the security interests in and to the Partnership Collateral in favor of the Agent, on behalf of the PHT Partners, and in favor of Beal, in each case as contemplated by this Agreement and the Settlement Documents. Without limiting the foregoing, nothing set forth herein or therein shall be deemed to obligate the PHT Partners or the Agent to cause or consent to the admission of Beal as a partner of the Partnership or to take or cause to be taken, or consent to, any other actions for or on behalf of Beal relative to the Partnership except as otherwise expressly provided for in the Partnership Agreement.

IV. Miscellaneous.

4.1 Notices. Any notice required or desired to be served, given or delivered hereunder shall be in writing (including facsimile transmission), and shall be deemed to have been validly served, given or delivered upon the earlier of (a) personal delivery to the address set forth below (b) in the case of notice by Federal Express or other reputable overnight courier service, one (1) business day after delivery to such courier service, and (c) in the case of facsimile transmission, upon transmission with confirmation of receipt, in any such case addressed to the party to be notified as follows:

(i) If to the Agent or any of the PHT Partners, at:

PHT Holdings LLC

c/o Exelon Communications Company, LLC
401 City Avenue, Suite 900
Bala Cynwyd, PA 19004

Attention: Jim Morozzi
Fax No. (610) 617-7005

with a copy given in the same manner to:

Exelon Business Services Company
2301 Market Street, S23-1
Philadelphia, PA 19101-8699

Attention: Todd Cutler, Esquire
Fax No. (215) 568-3389

(ii) If to Beal, at:

Beal Bank, S.S.B.
6000 Legacy Drive, 4 East
Plano, Texas 75024

Attention: W.T. Saurenmann
Fax No. (469) 241-9568

with a copy given in the same manner to:

CSG Investments, Inc.
6000 Legacy Drive, Fourth Floor
Plano, Texas 75024

Attention: Larry L. Sears
Fax No. (469) 467-6718

and to:

Jenkins & Gilchrist Parker Chapin LLP
The Chrysler Building
405 Lexington Avenue
New York, New York 10174

Attention: Mitchell P. Portnoy, Esq.

Fax No. (212) 704-6288

or to such other address as such party shall designate to the other in the manner herein prescribed.

4.2 Contesting Liens or Security Interests. No Creditor shall contest the validity, perfection, priority or enforceability of any lien or security interest granted to the other Creditors in the Collateral. As between the Creditors, the terms of this Agreement shall govern even if all or part of the liens or security interests in the Collateral securing payment of any of such Creditor's Claim are avoided, disallowed, set aside or otherwise invalidated.

4.3 No Benefit to Third Parties. The terms and provisions of this Agreement shall be for the sole benefit of the Creditors and their respective successors and assigns (as permitted by Section 4.7 hereof), and no other person, firm, entity or corporation shall have any right, benefit, priority or interest under or because of this Agreement.

4.4 Independent Credit Investigations. None of the Creditors nor any of their respective directors, officers, agents or employees shall be responsible to any other Creditor for ABIZ's, ABIZ PA's or ADLAC's solvency, financial condition or ability to repay such Creditor's claims, or for statements of ABIZ, ABIZ PA or ADLAC, oral or written, or for the validity, sufficiency or enforceability of such Creditor's claims, the Settlement Documents or the Beal Loan Documents, or any liens or security interests granted to the Creditors in connection therewith. Each Creditor has entered into its respective agreements with ABIZ, ABIZ PA and/or ADLAC based upon its own independent investigation, and makes no warranty or representation to the other Creditors nor does it rely upon any representation of any of the other Creditors with respect to matters identified or referred to in this paragraph.

4.5 Amendments to Agreement. All modifications or amendments of this Agreement must be in writing and duly executed by an authorized officer of each Creditor and each other party to be charged therewith to be binding and enforceable. Any waiver of any provision of this Agreement shall be effective only if in a writing signed by the party against whom enforcement of such waiver may be sought; it being acknowledged and agreed by the PHT Partners that the Agent shall have the right to grant waivers on either of their behalf hereunder. Notwithstanding anything to the contrary set forth in this Agreement or any of the other Settlement Documents, no amendment, modification or waiver of the terms or provisions of any of the Settlement Documents that would adversely impact the rights, duties, obligations or remedies of Beal in any material respect shall be effective without Beal's prior written consent thereto; it being agreed that Beal's consent shall not be required in connection with any extension of the "ADLAC Enforcement Date" granted by ADLAC in accordance with the terms of (and as such term is defined in) the ADLAC/PHT Partners Intercreditor Agreement or the determination in accordance with that agreement that the full amount of the PHT Claim be used in place of the PHT Priority Amount for all purposes relating to the Partnership Collateral thereunder and hereunder.

4.6 Marshaling of Assets. Each of the parties to this Agreement, severally and not jointly, hereby waives any and all rights to require the marshaling of assets in connection with any foreclosure of or other enforcement of any of the other parties' lien thereon.

4.7 Successors and Assigns; Replacement Financing. This Agreement shall be binding upon and inure to the benefit of the respective permitted successors and assigns of each of the parties hereto but, other than as expressly otherwise provided herein, does not otherwise create and shall not be construed as creating, any rights enforceable by ABIZ, ABIZ PA, the Partnership, ADLAC or any other person not a party to this Agreement. Each Creditor agrees that it will not assign, transfer or otherwise convey any of its respective Claim as defined in Section 1.1 or 1.9 above, unless and until (a) any such assignee, transferee or successor shall have agreed in writing (in form and substance reasonably satisfactory to the other Creditors) to be bound by the terms hereof as they apply to such assigning Creditor and a copy of such agreement has been delivered to each of the other Creditors or (b) such assigning Creditor shall have released its lien and security interest in and to the Collateral as part of any such assignment, transfer or other conveyance.

4.8 Governing Law and Forum Selection. This Agreement is made under, and shall be construed and enforced in accordance with, the laws of the State of New York applicable to agreements made and to be performed solely therein without regard to the conflict or choice of law provisions thereof (other than Section 5-1401 of the New York General Obligations Law), and to the extent applicable, with the provisions of the Bankruptcy Code. Every dispute arising from or relating to this Agreement shall be submitted to the exclusive jurisdiction of any federal court or state court situated in the Southern District of New York, except that the Bankruptcy Court shall have jurisdiction for so long as ABIZ or ADLAC shall remain a debtor. Each of the parties consents to venue in those courts, and agrees that those courts shall have personal jurisdiction over them in any such action. In any such action or proceeding, the parties hereby absolutely and irrevocably waive personal service of any summons, complaint, declaration or other process and hereby absolutely and irrevocably agree that the service thereof may be made by certified or registered first-class mail directed to such parties at their respective addresses as set forth in Section 4.1.

4.9 Agreement Absolute. This Agreement shall be and remain absolute and unconditional under any and all circumstances, and no act or omission on the part of any party to this Agreement shall affect or impair the agreement of any other party hereunder. Each of Beal, on the one hand, and the Agent and the PHT Partners, on the other hand, hereby authorizes the other party to (a) receive notes or other evidences of the obligations of ABIZ and/or ABIZ PA to such other party or, subject to the terms hereof, renewals, increases or extensions thereof and (b) subject to the other terms hereof and of the other Settlement Documents, take or omit to take any action for the enforcement of, or waive any rights with respect to, any obligation of ABIZ, ABIZ PA and/or the Partnership to such other party without invalidating or impairing the subordination provided for herein, and each of the Creditors hereby waives any claim or right to claim or assert a legal or equitable discharge or defense of or to its obligations hereunder based upon any applicable suretyship principles or any similar law or principles. Except as expressly otherwise provided herein or in any other agreements among such

parties, (i) the Creditors shall each be entitled to manage and supervise the obligations of ABIZ, ABIZ PA and/or the Partnership to it in accordance with applicable law and practices in effect from time to time without regard to the existence of the other Creditors' interest therein, and (ii) none of the Creditors shall have any liability to any other Creditor for any and all actions which such acting Creditor, in good faith, takes or omits to take in connection with its financial arrangement with ABIZ, ABIZ PA and/or the Partnership, as applicable, including without limitation with respect to the creation, perfection or continuation of liens in any Collateral, the occurrence of default, the foreclosure upon, sale, release or depreciation of, or a failure to realize upon, any Collateral and the collection of any indebtedness or of any claim from any account debtor, guarantor (or any other party).

4.10 Counterparts. This Agreement may be executed in any number of counterparts each of which shall be deemed to be an original hereof submissible into evidence and all of which together shall be deemed to be a single instrument.

4.11 Severability. If a court or an arbitrator of competent jurisdiction holds any provision of this Agreement to be illegal, unenforceable or invalid in whole or in part for any reason, such provision and other provisions of this Agreement shall be adjusted rather than voided, if possible to achieve the intent of the parties to the extent possible, and in any event the validity and enforceability of the remaining sections shall not be affected unless (i) an essential purpose of this Agreement would be defeated by the loss of the illegal, unenforceable or invalid provision or (ii) revisions to such sections are required to achieve the intent of the parties or the essential purpose of this Agreement.

4.12 Headings. The headings of the sections and subsections of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

4.13 Mutual Drafting. This Agreement is the joint product of the parties hereto, each of which has been represented by competent counsel of their own choosing. Each provision of this Agreement has been subject to the mutual consultation, negotiation, and agreement of the parties hereto, and shall not be construed for or against any party hereto.

4.14 Further Assurances. Each of the parties hereto agrees to do such further acts and things, and to execute and deliver such additional conveyances, assignments, agreements and instruments, as any other party hereto may at any time reasonably request in connection with the administration or enforcement of this Agreement or in order to better assure and confirm unto the such other party's rights, powers and remedies hereunder.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

PHT HOLDINGS LLC, individually and as Agent

By: _____
Title: _____

PECO ENERGY COMPANY

By: _____
Title: _____

BEAL BANK, S.S.B.

By: _____
Title: _____

ACKNOWLEDGMENT

The undersigned (each a "Debtor") each hereby acknowledges and agrees to the terms and provisions of the Beal/PHT Partners Intercreditor Agreement (the "Intercreditor Agreement"; capitalized terms used and not otherwise defined herein shall have the meanings assigned to them in the Intercreditor Agreement) to which this Acknowledgement is attached. By executing this Acknowledgement, the undersigned each acknowledges the provisions of the Intercreditor Agreement as they relate to the relative rights of the Creditors as between such Creditors. The undersigned each further agrees that, except as expressly otherwise provided in the Intercreditor Agreement, the terms of the Intercreditor Agreement shall not give the undersigned any, nor modify any, substantive rights vis-à-vis any Creditor, or any obligations or liabilities owing to such parties, under any instrument, document, agreement or arrangement. If any Creditor shall enforce its rights or remedies in violation of the terms of the Intercreditor Agreement, each Debtor agrees that it shall not use such violation as a defense to any future Enforcement by any Creditor under the Intercreditor Agreement, or the enforcement by any such Creditor of any other instrument, document or agreement under which such Debtor is bound or assert such violation as a counterclaim or basis for set-off or recoupment against any such Creditor.

ADELPHIA BUSINESS SOLUTIONS, INC.

By: _____
Title: _____

ADELPHIA BUSINESS SOLUTIONS OF
PENNSYLVANIA, INC.

By: _____
Title: _____

PECO HYPERION TELECOMMUNICATIONS
By: Adelpia Business Solutions of Pennsylvania, Inc., its
General Partner

By: _____
Title: _____

ADELPHIA COMMUNICATIONS CORPORATION

By: _____
Title: _____

Exhibit F

Schedule of Accounts Containing Partnership Funds

1. Peco Hyperion Telecommunications
PNC Bank
100 Bellevue Parkway
Wilmington DE 19809
Acct # 16492

2. Peco Hyperion Telecommunications
Wachovia National Bank Association
Acct # 2090001967338

Exhibit G
Form of Release

RELEASE

This Release is entered into this _____ day of _____, 200_ by PHT HOLDINGS LLC, a Pennsylvania limited liability company ("PHT") and PECO ENERGY COMPANY, a Pennsylvania corporation ("PECO"). PHT and PECO are collectively referred to herein as the "PHT Partners".

A. WHEREAS the PHT Partners entered into: (i) a Settlement Agreement dated as of December __, 2002 (as in effect on the date hereof, the "**Settlement Agreement**" with Adelphia Business Solutions of Pennsylvania, Inc., a Delaware corporation ("**ABIZ PA**") and PECO Hyperion Telecommunications, a Pennsylvania general partnership (the "**Partnership**"), wherein ABIZ PA, the Partnership, and the PHT Partners agreed that the PHT Partners were entitled to receive certain priority payments from the Partnership and ABIZ PA in an amount equal to the PHT Make-Whole Amount, as finalized on the Claim Determination Date, to make the PHT Partners whole in connection with the Disproportionate Distributions; with capitalized terms used in this Release but not defined herein having the respective meanings set forth in the Settlement Agreement; and

B. WHEREAS in connection with the Settlement Agreement the PHT Partners and certain other persons entered into the Settlement Documents relating to the PHT Make-Whole Amount; and

C. WHEREAS the Claim Determination Date has now passed and the PHT Partners have now received the PHT Make-Whole Amount;

NOW THEREFORE, in consideration of the passage of the Claim Determination Date and the PHT Partners' receipt of the PHT Make-Whole Amount in full, and in accordance with the terms of Section 12 of the Settlement Agreement, the PHT Partners agree as follows:

1. The PHT Partners, for and in consideration of the PHT Make-Whole Amount, as finalized on the Claim Determination Date and in hand paid in full, receipt of which is hereby acknowledged, hereby release all claims that the PHT Partners or their affiliates, subsidiaries, shareholders and successors and assigns have or may have against any one or more of the Released Parties related to the PHT Make-Whole Amount or to the Disproportionate Distributions, in each case as described in this Release and described more fully in the Settlement Agreement, subject to the provisions of Paragraph 2, below.

2. Notwithstanding Paragraph 1, this Release shall not become effective as to: (w) ADLAC or its officers, directors, shareholders or subsidiaries; (x) the Partnership; (y) the officers and directors of any ABIZ Company; or (z) the shareholders of ABIZ until the later of (i) the expiration of any preference period that may apply to the payment of the PHT Make-Whole Amount, during which no preference claim has been asserted with respect to such payment, or (ii) if such a preference claim is asserted during the preference period, a final determination that such claim is without merit.

3. The PHT Partners warrant upon execution of this Release that the individuals signing this Release on behalf of the PHT Partners are possessed with the authority to act on behalf of each entity in execution of this Release.

SUBSCRIBED and SWORN
to before me this _____ day
of _____, 200[].

PHT HOLDINGS, LLC

By:

Its:

Notary Public

SUBSCRIBED and SWORN
to before me this _____ day
of _____, 200[].

PECO ENERGY COMPANY

By: _____

Its: _____

Notary Public

GUARANTY AND MAKE-WHOLE AGREEMENT

THIS GUARANTY AND MAKE-WHOLE AGREEMENT dated as of this 30th day of December, 2002 and becoming effective as of the Effective Date under (and as defined in) the Settlement Agreement referred to below is made by and among PECO HYPERION TELECOMMUNICATIONS, a Pennsylvania general partnership (the "**Partnership**"), PHT HOLDINGS LLC, a Delaware limited liability company ("**PHT**"), and PECO ENERGY COMPANY, a Pennsylvania Corporation ("**PECO**"). PHT and PECO are collectively referred to as the "**PHT Partners**".

Background

A. PHT, PECO and Adelphia Business Solutions of Pennsylvania, Inc., a Delaware corporation ("**ABIZ PA**"), are the general partners of the Partnership, with PHT and PECO owning, in the aggregate, a fifty percent (50%) interest and ABIZ PA owning a fifty percent (50%) interest in the Partnership.

B. PHT, PECO, ABIZ PA, and the Partnership have entered into a Settlement Agreement as of even date hereof (the "**Settlement Agreement**") relating to the settlement of certain claims of the PHT Partners in connection with the Partnership. Under the terms of the Settlement Agreement, the Partnership and ABIZ PA have agreed to make the PHT Partners whole by making certain payments and distributions to the PHT Partners. Concurrently with the execution of the Settlement Agreement, PHT, PECO, and ABIZ PA entered into a Pledge Agreement wherein ABIZ PA pledged its interest in the Partnership to secure its payment obligations to the PHT Partners (the "**Pledge Agreement**"). Concurrently with the execution of the Settlement Agreement and the Pledge Agreement, PHT, PECO, and ABIZ PA entered into a Security Agreement wherein ABIZ PA granted to the PHT Partners a security interest in certain Collateral (as defined therein) (the "**Security Agreement**").

C. The Partnership has agreed to guaranty the payment of the Partnership Repayment Amount (as defined in the Settlement Agreement) to the PHT Partners and to ensure the payment to the PHT Partners of such amounts as may be required to make them whole.

NOW, THEREFORE, in consideration of the above premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties agree as follows:

1. Definitions.

In addition to the words and terms defined elsewhere in this Agreement, capitalized terms not otherwise defined herein shall have the meanings given to them in the Settlement Agreement.

2. Guaranty and Make-Whole Agreement.

(a) The Partnership hereby absolutely, unconditionally and irrevocably guarantees and becomes surety to the PHT Partners for the payment in full, when due, of the Partnership Repayment Amount and agrees to make the PHT Partners whole by paying to them, subject to any reductions pursuant to clause (d) below, any remaining unpaid balance of the Partnership Repayment Amount (collectively, the "**Payment Obligations**").

(b) The guaranty of the Partnership is an agreement of suretyship as well as of guaranty, is a guaranty of payment and not merely of collectibility, is in no way conditioned or contingent upon any attempt to collect from or proceed against ABIZ PA or any other Person, or upon any other event or circumstance, is a continuing and irrevocable obligation of the Partnership, and shall be binding upon and against the Partnership without regard to the legality, validity, enforceability or allowability of the obligations of ABIZ PA and the Partnership under the Settlement Agreement, the Pledge Agreement, or the Security Agreement.

(c) The guaranty and make-whole agreement of the Partnership set forth in this Agreement are direct and primary obligations of the Partnership and are separate from and independent of the obligations of ABIZ PA and the Partnership under the Settlement Agreement, the Pledge Agreement, and the Security Agreement, except that the obligation of the Partnership under this Agreement shall be reduced in the same manner as provided in the Settlement Agreement with respect to the Partnership Repayment Amount. A separate action or actions may be brought against the Partnership regardless of whether action is brought against ABIZ PA or any other Person or whether any of them are joined in any such action or actions. Without limitation of the foregoing, if for any reason ABIZ PA or the Partnership shall fail or be unable to pay, or shall for any reason not be legally obligated to pay, the amounts due PHT under the terms of the Settlement Agreement, whether or not such failure or inability or lack of legal obligation shall constitute a default or potential default under the Settlement Agreement, the Partnership shall be obligated to pay the Payment Obligations hereunder.

(d) The Payment Obligations of the Partnership under this Agreement shall be reduced (i) dollar-for-dollar for any payments that are made by the Partnership pursuant to the Settlement Agreement and credited against the Partnership Repayment Amount, and (ii) two dollars for every one dollar with respect to any payments that are made by ABIZ PA pursuant to the Settlement Agreement and credited against the ABIZ PA Repayment Amount; provided, however, that any such reduction shall be subject to reinstatement pursuant to Section 5 hereof. Direct payments of the PHT Make-Whole Amount shall be subject to the priorities set forth in the Intercreditor Agreements.

3. Payment Obligations Absolute and Unconditional.

The obligations of the Partnership under this Agreement are absolute, unconditional and irrevocable, are not and shall not be subject to any counterclaim, set-off, deduction, diminution, abatement, recoupment, suspension, deferment, reduction or defense (other than full, strict and indefeasible compliance by the Partnership with its obligations hereunder), and shall remain in full force and effect without regard to, and shall not be released, discharged or in any way

affected by, any event or circumstance (whether or not the Partnership, ABIZ PA or any other Person shall have any knowledge or notice thereof), irrespective of any of the following:

(a) Any amendment, modification or supplement to the Settlement Agreement, Pledge Agreement, or Security Agreement (including but not limited to amendments, modifications or supplements otherwise described in this Section 3);

(b) Any waiver or failure to assert any default, breach or potential default of any term or provision of the Settlement Agreement, Pledge Agreement, or Security Agreement;

(c) Any alteration, substitution, exchange, amendment, modification, supplement, waiver, termination, subordination or release of, or any failure to protect, perfect, or preserve the value of, or any enforcement, realization, liquidation or collection of, or exercise of remedies against, or any failure, omission, breach, default, delay or wrongful action by PHT, PECO or any other Person in connection with enforcement, realization, liquidation or collection of or exercise of remedies against, or any loss or impairment of, or any other action or inaction by PHT, PECO or any other Person in respect of, the Settlement Agreement, Pledge Agreement, or Security Agreement or any obligation of ABIZ PA or the Partnership thereunder;

(d) Any compromise, settlement, release, accord and satisfaction, termination, amendment, modification, supplement, waiver, consent or other change, addition, deletion or supplement of or to, or any forbearance or indulgence with respect to, the Settlement Agreement, the Pledge Agreement, or the Security Agreement or any obligation of ABIZ PA or the Partnership thereunder;

(e) Any exercise by PHT, PECO or any other Person of any right, power, privilege or remedy against ABIZ PA, the Partnership or any other Person under or in connection with the Settlement Agreement, the Pledge Agreement, or the Security Agreement or any obligation of ABIZ PA or the Partnership thereunder; or any failure, omission, breach, default, delay or wrongful action on the part of PHT, PECO or any other Person in connection with the exercise of any such right, power, privilege or remedy;

(f) Any bankruptcy, reorganization, insolvency proceeding, voluntary or involuntary liquidation, dissolution, winding-up, sale or other disposition of all or substantially all the assets, marshaling of assets or liabilities, receivership, conservatorship, assignment for the benefit of creditors, arrangement, composition with creditors or readjustment of the debts of, or other similar proceedings affecting, ABIZ PA, the Partnership or any other Person or any of their respective assets, or any action taken by any trustee or receiver or by any court in connection with any such proceeding;

(g) Any lack of genuineness, legality, validity, binding effect, enforceability or allowability (whether in a proceeding referred to in Section 3(f) hereof or otherwise), whether in whole or in part, of the Settlement Agreement, the Pledge Agreement, or the Security Agreement or any obligation of ABIZ PA or the Partnership thereunder;

(h) Any merger or consolidation of ABIZ PA or the Partnership into or with any other Person, or any sale, lease or transfer of any of the assets of ABIZ PA or the Partnership to any other Person;

(i) Any law or regulation now or hereafter in effect in any jurisdiction;

(j) Any defense, set-off or counterclaim (other than a defense of full and indefeasible payment of the Payment Obligations), which may at any time be available to or be asserted by ABIZ PA, the Partnership or any other Person against PHT, PECO or any Affiliate thereof; or any discharge by operation of law or release of ABIZ PA, the Partnership or any other Person from the performance or observance of the Settlement Agreement, the Pledge Agreement, or the Security Agreement or any obligation of ABIZ PA or the Partnership thereunder;

(k) Any assignment or transfer from time to time of any interest by the PHT Partners in the Payment Obligations, this Agreement, the Settlement Agreement, the Pledge Agreement, the Security Agreement or any obligation of ABIZ PA or the Partnership thereunder; or

(l) Any other event or circumstance, whether similar or dissimilar to the foregoing, and any other event or circumstance which might otherwise constitute a legal or equitable defense or discharge of the obligations of the Partnership or another surety or which might otherwise limit recourse against the Partnership, excepting only full and indefeasible payment of the Payment Obligations.

4. Waivers, Etc.

Without limiting the other provisions of this Agreement, the Partnership hereby expressly and unconditionally waives:

(a) Any defense to or limitation on its obligations under this Agreement, or any set-off, counterclaim, deduction, diminution, abatement, recoupment, suspension, deferment or reduction in respect of its obligations under this Agreement, arising out of or based on any event or circumstance described in Section 3 hereof (whether or not such event or circumstance impairs, releases or otherwise adversely affects any rights of the Partnership to exoneration or reimbursement, or any other rights of the Partnership to proceed against ABIZ PA or any other Person);

(b) All notices, disclosures and demands of any nature which otherwise may be required from time to time to preserve intact any rights against ABIZ PA or the Partnership, including without limitation the following: any notice of any event or circumstance described in Section 3 hereof; any notices required by law, now or hereafter in effect; any notice of nonpayment, nonperformance, dishonor, protest or otherwise, to or in respect of ABIZ PA, the Partnership or any other Person; proof of notice of nonpayment or nonperformance under the Settlement Agreement, the Pledge Agreement, or the Security Agreement or any obligation of ABIZ PA or the Partnership thereunder; any notice of a default or potential default or any notice of any default or any failure on the part of ABIZ PA, the Partnership or any other Person to perform and comply with any provision of the Settlement Agreement, the Pledge Agreement, or the Security Agreement or any obligation of ABIZ PA or the Partnership thereunder;

(c) Any right to the enforcement, assertion or exercise against ABIZ PA, the Partnership or any other Person of any right, power, privilege or remedy under or in connection with the

Settlement Agreement, the Pledge Agreement, or the Security Agreement or any obligation of ABIZ PA or the Partnership thereunder;

(d) Any requirement of promptness or diligence on the part of the PHT Partners or any other Person;

(e) Any requirement to exhaust any remedies under or in connection with, or to mitigate the damages resulting from, default under the Settlement Agreement, the Pledge Agreement, or the Security Agreement or any obligation of ABIZ PA or the Partnership thereunder;

(f) Any requirement of acceptance of this Agreement, and any requirement that ABIZ PA or the Partnership receives notice of such acceptance; or

(g) Any and all other events and circumstances, whether similar or dissimilar to any of the above, which might otherwise constitute a legal or equitable discharge, release or defense of the Partnership or another surety or which might otherwise limit recourse against the Partnership, excepting only full, strict and indefeasible payment of the Payment Obligations.

5. Reinstatement of Payment Obligations.

This Agreement and the obligations of the Partnership hereunder shall continue to be effective, or shall be automatically reinstated, as the case may be, if at any time any payment of the Partnership Repayment Amount or the ABIZ PA Repayment Amount under the Settlement Agreement, the Pledge Agreement, or the Security Agreement is rescinded or must otherwise be restored or returned by PHT or PECO for any reason (including without limitation, as a preference, fraudulent conveyance or otherwise), all as though such payment had not been made.

6. No Stay of Payment Obligations.

If declaration of default or acceleration or other exercise by the PHT Partners of their rights or remedies under the Settlement Agreement or the Pledge Agreement shall at any time be stayed, enjoined or prevented for any reason (including but not limited to stay or injunction resulting from the pendency against ABIZ PA or any other Person of a case or proceeding under any bankruptcy or insolvency law), the Partnership agrees that, for purposes of this Agreement and its obligations hereunder, the Payment Obligations shall be deemed to have been declared in default and accelerated and the Partnership shall forthwith pay the Payment Obligations to the PHT Partners as required by this Agreement.

7. Waiver and Release of Subrogation, Rights, etc.

THE PARTNERSHIP HEREBY IRREVOCABLY WAIVES AND RELEASES ANY AND ALL RIGHTS IT NOW HAS OR HEREAFTER MAY HAVE (KNOWN AND UNKNOWN, WHETHER ARISING BY OPERATION OF LAW, CONTRACT OR OTHERWISE) TO ASSERT ANY CLAIM AGAINST ABIZ PA OR ANY OTHER PERSON ON ACCOUNT OF THE OBLIGATIONS OF THE PARTNERSHIP UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE SETTLEMENT AGREEMENT OR ANY OTHER DOCUMENT, INCLUDING WITHOUT LIMITATION ANY AND ALL RIGHTS OF

SUBROGATION, REIMBURSEMENT, EXONERATION, CONTRIBUTION OR INDEMNITY AND ANY AND ALL RIGHTS THAT WOULD RESULT IN THE PARTNERSHIP BEING DEEMED A "CREDITOR" OF ABIZ PA OR ANY OTHER PERSON UNDER THE UNITED STATES BANKRUPTCY CODE OR ANY OTHER APPLICABLE BANKRUPTCY OR INSOLVENCY LAW.

8. Termination.

This Agreement shall terminate upon receipt by the PHT Partners of the indefeasible payment in full, in cash, of the Payment Obligations.

9. No Waiver.

No failure or delay by any party to this Agreement in exercising any right, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

10. Amendments in Writing.

Any term, covenant, agreement or condition of this Agreement may only be amended by the written agreement of ABIZ PA and each of the PHT Partners. Any waiver of any provision of this Agreement shall be effective only if in a writing signed by the party against whom enforcement of such waiver may be sought.

11. Governing Law.

This Agreement is made under, and shall be construed and enforced in accordance with, the laws of the Commonwealth of Pennsylvania applicable to agreements made and to be performed solely therein without regard to the conflicts of law provisions thereof, and to the extent applicable, with the provisions of the Bankruptcy Code.

12. Successors and Assigns; Third Parties.

This Agreement shall not be assignable or delegable in whole or in part by any party without the prior written consent of the other parties; provided, however, that each PHT Partner may, without the consent of the other parties, assign its right, title and interest in and under this Agreement to any Person to which such PHT Partner may transfer its Partnership Interest. This Agreement shall be binding upon and inure to the benefit of each of the parties hereto and their successors and permitted assigns. None of the provisions of this Agreement shall be for the benefit of, or enforceable by, any other Person, except as and to the limited extent (if any) provided in any other Settlement Document to which ABIZ PA, PHT, and PECO are parties or otherwise have given their written acknowledgement and agreement thereto.

13. Consent to Jurisdiction and Service.

Every dispute arising from or relating to this Agreement shall be submitted to the exclusive jurisdiction of any federal court or state court situated in the Eastern District of Pennsylvania except that the Bankruptcy Court also shall have jurisdiction for so long as ABIZ shall remain a debtor. Each of the parties consents to venue in those courts, and agrees that those courts shall have personal jurisdiction over them in any such action. In any such action or proceeding, the parties hereby absolutely and irrevocably waive personal service of any summons, complaint, declaration or other process and hereby absolutely and irrevocably agree that the service thereof may be made by certified or registered first-class mail directed to such parties at their respective addresses as set forth in Section 14 hereof.

14. Notices.

All notices, requests, demands and other communications required or permitted under this Agreement shall be in writing and addressed as set forth below (or to such other address as a party may from time to time designate in writing in accordance with this Section):

- (i) If to PHT:

PHT Holdings LLC
c/o Exelon Communications Company, LLC
401 City Avenue, Suite 900
Bala Cynwyd, PA 19004

Attention: Jim Morozzi
Fax No. 610-617-7005

with a copy given in the same manner to:

Exelon Business Services Company
2301 Market Street, S23-1
Philadelphia, PA 19101-8699

Attention: Todd Cutler, Esquire
Fax No. 215-568-3389

- (ii) If to the Partnership:

PECO Hyperion Telecommunications
c/o Adelpia Business Solutions, Inc.
712 North Main Street
Coudersport, PA 16915

Attention: John Glicksman
Fax No. (814) 260-2025

with a copy given in the same manner to:

PHT Holdings LLC
c/o Exelon Communications Company, LLC
401 City Avenue, Suite 900
Bala Cynwyd, PA 19004

Attention: Jim Morozzi
Fax No. 610-617-7005

Each notice or other communication given to either party hereto in accordance with the provisions of this Agreement shall be deemed to have been received (i) on the business day it is sent, if sent by personal delivery, (ii) on the first business day after it is sent, if sent by overnight delivery, properly addressed and prepaid, (iii) upon receipt, if sent by mail (regular, certified or registered), or (iv) on the date and at the time shown on the telecopy confirmation of receipt, if sent by telecopy to the "Fax No." provided pursuant to this Section; provided, however, that a copy of such telecopy shall also be sent to such person by overnight delivery on the same date. Notice of change of address shall be effective only upon receipt.

15. Counterparts.

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

16. Entire Agreement.

This Agreement and the Settlement Agreement constitute the entire agreement between the parties hereto relative to the subject matter hereof and supersede any previous agreement among the parties relative to the subject matter hereof.

17. Mutual Drafting.

This Agreement is the joint product of the parties hereto, each of which has been represented by competent counsel of their own choosing. Each provision of this Agreement has been subject to the mutual consultation, negotiation and agreement of the parties hereto, and shall not be construed for or against any party hereto.

18. Headings.

The headings of the sections and subsections of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

19. Confidentiality.

This Agreement and the terms hereof are confidential and shall not be disclosed by any party hereto or any third party beneficiary hereto to any other Person except: (i) to such party's legal counsel, accountants and other advisors on a need to know basis; (ii) to prospective buyers of the Partnership or of a Partner's interest in the Partnership, but only following the prospective buyer's execution of a confidentiality agreement; (iii) when required by law; (iv) when necessary to pursue a claim for breach of the Agreement; (v) to the Bankruptcy Court or as otherwise required by the Bankruptcy Court in the bankruptcy cases of either of ABIZ or ADLAC; or (vi) to the extent publicly disclosed by virtue of any of (i) – (v). This Agreement shall be entitled to the protection from use or disclosure afforded by Federal Rule of Evidence 408 and any similar applicable federal or state rule of evidence. No entity or Person not party to this Agreement shall offer or receive against any party hereto as evidence of a presumption, concession or admission with respect to any liability, fault or wrongdoing, or in any way referred to for any other reason as against any of the parties to this Agreement in any civil, criminal, or administrative action or proceeding, other than such proceedings as may be necessary to effectuate the provisions of this Agreement; provided, however, that if this Agreement is approved by the Bankruptcy Court, ABIZ may refer to it to effectuate the liability protection granted it hereunder.

20. Construction.

No doctrine providing for construction of guaranties or suretyship arrangements in favor of the surety shall apply to this Agreement.

21. Enforcement Expenses.

Without limiting any other provision hereof or of the Settlement Agreement or of any other document, in addition to all other amounts due hereunder or thereunder, the Partnership agrees to pay all costs and expenses (including but not limited to reasonable attorneys' fees and legal expenses) that PHT may incur from time to time arising from or relating to the enforcement of its rights under this Agreement.

22. Severability.

If a court or an arbitrator of competent jurisdiction holds any provision of this Agreement to be illegal, unenforceable or invalid in whole or in part for any reason, such provision and other provisions of this Agreement shall be adjusted rather than voided, if possible to achieve the intent of the parties to the extent possible, and in any event the validity and enforceability of the remaining sections shall not be affected unless (i) an essential purpose of this Agreement would be defeated by the loss of the illegal, unenforceable or invalid provision or (ii) revisions to such sections are required to achieve the intent of the parties or the essential purpose of this Agreement.

23. Further Assurances.

The Partnership agrees to do such further acts and things, and to execute and deliver such additional agreements and instruments, as any of the PHT Partners may at any time reasonably request in connection with the administration or enforcement of this Agreement or any part thereof or in order better to assure and confirm unto each PHT Partner its rights, powers and remedies hereunder.

IN WITNESS WHEREOF, the undersigned has executed this Guaranty and Make-Whole Agreement as of the date first above written.

PECO HYPERION TELECOMMUNICATIONS

**By: Adelpia Business Solutions of
Pennsylvania, Inc., as a general partner**

By: _____
Name:
Title:

By: PHT Holdings LLC, as a general partner

By: _____
Name:
Title:

PHT HOLDINGS LLC

By: _____
Name:
Title:

PECO ENERGY COMPANY

By: _____
Name:
Title:

PHT SIGNATURES

GUARANTORS:

ADELPHIA BUSINESS SOLUTIONS OF PENNSYLVANIA, INC.

By: _____
Name: Edward E. Babcock
Title: Vice President and CFO

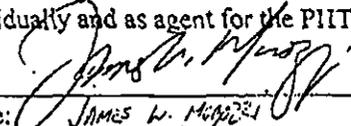
ADELPHIA BUSINESS SOLUTIONS CAPITAL, INC.

By: _____
Name: Edward E. Babcock
Title: Vice President and CFO

The undersigned acknowledge and agree to be bound by Paragraph 4 of the foregoing Amendment No. 1 to the extent applicable to them.

PECO PARTNERS:

PHIT HOLDINGS LLC
individually and as agent for the PHIT Partners

By: 
Name: JAMES W. McQuinn
Title: Vice President

PECO ENERGY COMPANY

By: _____
Name:
Title:

ACKNOWLEDGMENT

The undersigned (each a "Debtor") each hereby acknowledges and agrees to the terms and provisions of the Beal/PHT Partners Intercreditor Agreement (the "Intercreditor Agreement"; capitalized terms used and not otherwise defined herein shall have the meanings assigned to them in the Intercreditor Agreement) to which this Acknowledgment is attached. By executing this Acknowledgment, the undersigned each acknowledges the provisions of the Intercreditor Agreement as they relate to the relative rights of the Creditors as between such Creditors. The undersigned each further agrees that, except as expressly otherwise provided in the Intercreditor Agreement, the terms of the Intercreditor Agreement shall not give the undersigned any, nor modify any, substantive rights vis-à-vis any Creditor, or any obligations or liabilities owing to such parties, under any instrument, document, agreement or arrangement. If any Creditor shall enforce its rights or remedies in violation of the terms of the Intercreditor Agreement, each Debtor agrees that it shall not use such violation as a defense to any future Enforcement by any Creditor under the Intercreditor Agreement, or the enforcement by any such Creditor of any other instrument, document or agreement under which such Debtor is bound or assert such violation as a counterclaim or basis for set-off or recoupment against any such Creditor.

ADELPHIA BUSINESS SOLUTIONS, INC.

By: _____
Title: _____

ADELPHIA BUSINESS SOLUTIONS OF PENNSYLVANIA, INC.

By: _____
Title: _____

PECO HYPERION TELECOMMUNICATIONS
By: Adelpia Business Solutions of Pennsylvania, Inc, its
General Partner

By: _____
Title: _____

ADELPHIA COMMUNICATIONS CORPORATION

By: _____
Title: _____

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

PIIT HOLDINGS LLC, individually and as Agent

By: *[Signature]*
Title: *Vice President*

PECO ENERGY COMPANY

By: _____
Title: _____

ADELPHIA COMMUNICATIONS CORPORATION

By: _____
Title: _____

ACKNOWLEDGMENT

The undersigned (each a "Debtor") each hereby acknowledges and agrees to the terms and provisions of the ADLAC/PHT Partners Intercreditor Agreement (the "Intercreditor Agreement"; capitalized terms used and not otherwise defined herein shall have the meanings assigned to them in the Intercreditor Agreement) to which this Acknowledgement is attached. By executing this Acknowledgement, the undersigned each acknowledges the provisions of the Intercreditor Agreement as they relate to the relative rights of the Creditors as between such Creditors. The undersigned each further agrees that, except as expressly otherwise provided in the Intercreditor Agreement, the terms of the Intercreditor Agreement shall not give the undersigned any, nor modify any, substantive rights vis-à-vis any Creditor, or any obligations or liabilities owing to such parties, under any instrument, document, agreement or arrangement. If any Creditor shall enforce its rights or remedies in violation of the terms of the Intercreditor Agreement, each Debtor agrees that it shall not use such violation as a defense to any future Enforcement by any Creditor under the Intercreditor Agreement, or the enforcement by any such Creditor of any other instrument, document or agreement under which such Debtor is bound or assert such violation as a counterclaim or basis for set-off or recoupment against any such Creditor.

ADELPHIA BUSINESS SOLUTIONS, INC.

By: _____
Title: _____

ADELPHIA BUSINESS SOLUTIONS OF PENNSYLVANIA, INC.

By: _____
Title: _____

PECO HYPERION TELECOMMUNICATIONS

By: Adelpnia Business Solutions of Pennsylvania, Inc., its General Partner

By: _____
Title: _____

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

PHT HOLDINGS LLC, individually and as Agent

By: *[Signature]*
Title: *Vice President*

PECO ENERGY COMPANY

By: _____
Title: _____

BEAL BANK, S.S.B.

By: _____
Title: _____

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

**Adelphia Business Solutions of
Pennsylvania, Inc.**

**PHT Holdings LLC,
for itself and as agent for the PHT Partners**

By: _____
Name: _____
Title: _____

By: James L. M... [Signature]
Name: James L. M... [Signature]
Title: Vice President

PECO Energy Company

By: _____
Name: _____
Title: _____

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

Adelphia Business Solutions of Pennsylvania, Inc.

**PHT Holdings LLC,
for itself and as agent for the PHT Partners**

By: _____
Name: _____
Title: _____

By: James W. Murray
Name: JAMES W. MURRAY
Title: VICE PRESIDENT

PECO Energy Company

By: _____
Name: _____
Title: _____

IN WITNESS WHEREOF, the undersigned has executed this Guaranty and Make-Whole Agreement as of the date first above written.

PECO HYPERION TELECOMMUNICATIONS

By: Adelpia Business Solutions of
Pennsylvania, Inc., as a general partner

By: _____
Name:
Title:

By: PHT Holdings L.L.C, as a general partner

By: James W. Muszyk
Name: JAMES W. MUSZYK
Title: Vice President

PHT HOLDINGS LLC

By: James W. Muszyk
Name: JAMES W. MUSZYK
Title: Vice President

PECO ENERGY COMPANY

By: _____
Name:
Title:

IN WITNESS WHEREOF, the parties hereto have caused this Settlement Agreement to be signed as of the date and year first above written.

ADELPHIA BUSINESS SOLUTIONS OF PENNSYLVANIA, INC.

By: _____
Name:
Title:

PHT HOLDINGS LLC

By: James W. Moser
Name: JAMES W. MOSER
Title: Vice President

PECO ENERGY COMPANY

By: _____
Name:
Title:

PECO HYPERION TELECOMMUNICATIONS

By: **Adelphia Business Solutions of Pennsylvania, Inc., as a general partner**

By: _____
Name:
Title:

By: **PHT Holdings LLC, as a general partner**

By: James W. Moser
Name: JAMES W. MOSER
Title: Vice President

PECO SIGNATURES

IN WITNESS WHEREOF, the parties hereto have caused this Settlement Agreement to be signed as of the date and year first above written.

**ADELPHIA BUSINESS SOLUTIONS
OF PENNSYLVANIA, INC.**

PHT HOLDINGS LLC

By: _____
Name:
Title:

By: _____
Name:
Title:

PECO ENERGY COMPANY

By: *K. P. Lawm*
Name:
Title:

PECO HYPERION TELECOMMUNICATIONS

By: **Adelphia Business Solutions of
Pennsylvania, Inc., as a
general partner**

By: _____
Name:
Title:

By: **PHT Holdings LLC, as a
general partner**

By: _____
Name:
Title:

IN WITNESS WHEREOF, the undersigned has executed this Guaranty and Make-Whole Agreement as of the date first above written.

PECO HYPERION TELECOMMUNICATIONS

By: *Adelphia Business Solutions of Pennsylvania, Inc., as a general partner*

By: _____
Name:
Title:

By: *PHT Holdings LLC, as a general partner*

By: _____
Name:
Title:

PHT HOLDINGS LLC

By: _____
Name:
Title:

PECO ENERGY COMPANY

By: *[Handwritten Signature]*
Name:
Title:

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

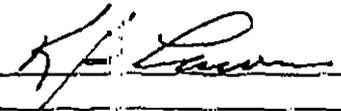
Adelphia Business Solutions of Pennsylvania, Inc

**PHT Holdings LLC,
for itself and as agent for the PHT Partners**

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

PECO Energy Company

By: 
Name: _____
Title: _____

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

Adelphia Business Solutions of Pennsylvania, Inc.

**PHT Holdings LLC,
for itself and as agent for the PHT Partners**

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

PECO Energy Company

By: *K. J. [Signature]*
Name: _____
Title: _____

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

PHT HOLDINGS LLC, individually and as Agent

By: _____
Title: _____

PECO ENERGY COMPANY

By: *K.P. Brown*
Title: _____

BEAL BANK, S.S.B.

By: _____
Title: _____

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

PHT HOLDINGS LLC, individually and as Agent

By: _____
Title: _____

PECO ENERGY COMPANY

By: *K.R. Lawrence*
Title: _____

ADELPHIA COMMUNICATIONS CORPORATION

By: _____
Title: _____

GUARANTORS:

ADELPHIA BUSINESS SOLUTIONS OF PENNSYLVANIA, INC.

By: _____
Name: Edward E. Babcock
Title: Vice President and CFO

ADELPHIA BUSINESS SOLUTIONS CAPITAL, INC.

By: _____
Name: Edward E. Babcock
Title: Vice President and CFO

The undersigned acknowledge and agree to be bound by Paragraph 4 of the foregoing Amendment No. 1 to the extent applicable to them.

PECO PARTNERS:

PHT HOLDINGS LLC
individually and as agent for the PHT Partners

By: _____
Name:
Title:

PECO ENERGY COMPANY

By: *[Signature]*
Name:
Title:

BEAL BANK SIGNATURES

IN WITNESS WHEREOF, the parties hereto have caused this Amendment No. 1 to be duly executed by their duly authorized officers on the day and year first above written.

BEAL BANK, S.S.B.,
As Senior DIP Lender

ADELPHIA COMMUNICATION CORPORATION,
Debtor and Debtor in Possession,
As Administrative Agent and Subordinated
DIP Lender

By: W.I. Saurenmann
Name: W.I. Saurenmann
Title: Senior Vice President

By: _____
Name: _____
Title: _____

The undersigned Borrowers and Guarantors acknowledge and agree to be bound by the terms of the foregoing Amendment No. 1.

BORROWERS:

ADELPHIA BUSINESS SOLUTIONS, INC.
(as debtor and debtor in possession)

By: _____
Name: Edward E. Babcock
Title: Vice President and CFO

ADELPHIA BUSINESS SOLUTIONS LLC
(as debtor and debtor in possession)

By: _____
Name: Edward E. Babcock
Title: Vice President and CFO

ADELPHIA BUSINESS SOLUTIONS ATLANTIC,
INC.
(as debtor and debtor in possession)

By: _____
Name: Edward E. Babcock
Title: Vice President and CFO

-S-1-

AMENDMENT NO. 1 TO
BEAL/ACC SUBORDINATION AGREEMENT

NEWYORK 3644 79v5 20722-00644 12/30/02

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

PHT HOLDINGS LLC, individually and as Agent

By: _____
Title: _____

PECO ENERGY COMPANY

By: _____
Title: _____

BEAL BANK, S.S.B.


By: W. T. Seurenmann
Title: S.V.P.

PLEDGE AMENDMENT

This PLEDGE AMENDMENT, dated as of December 30, 2002, is delivered pursuant to Section 10.4(g) of the Credit Agreement (as defined below) by the undersigned Grantor in favor of Beal Bank, S.S.B. (the "Bank"), and the undersigned hereby agrees that this Pledge Amendment may be attached to the Credit Agreement and that the Pledged Collateral listed on this Pledge Amendment shall be and become part of the Collateral referred to in the Credit Agreement and shall secure all Obligations of the undersigned. Reference is made to that certain Secured Debtor In Possession Priming Credit and Security Agreement dated as of August 9, 2002, among Adelpia Business Solutions, Inc. ("ABIZ"), each Subsidiary of ABIZ party thereto as a "borrower" thereunder (each such Subsidiary and ABIZ a "Borrower" and, collectively, the "Borrowers"), certain Subsidiaries of ABIZ party thereto as "guarantors" thereunder, and the Bank (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"). Capitalized terms used in this Pledge Amendment but not defined herein are used herein with the meaning given them in the Credit Agreement. This Pledge Amendment shall become effective contemporaneously with the effectiveness of Amendment No. 1.

ADELPHIA BUSINESS SOLUTIONS OF PENNSYLVANIA, INC.

By: _____
 Name: Edward E. Babcock
 Title: Vice President and CFO

Pledged Stock

Issuer	Class	Certificate No(s).	Par Value	Number of Shares, Units or Interests
PECO Hyperion Telecommunications, a PA general partnership	general partnership interest	uncertificated	n/a	the pledged interest (which represents 100% of Grantor's interest) constitutes 50% of the aggregate partnership interest in the Issuer.

Pledged Notes

Issuer	Description of Note(s)	Certificate No(s).	Final Maturity	Principal Amount
--------	------------------------	--------------------	----------------	------------------

ACKNOWLEDGED AND AGREED
 as of the date of this Pledge Amendment first above written.

BEAL BANK, S.S.B.

By: W.T. Saurenmann
 Name: W.T. Saurenmann
 Title: Senior Vice President

GUARANTORS:

ADELPHIA BUSINESS SOLUTIONS OF
PENNSYLVANIA, INC.

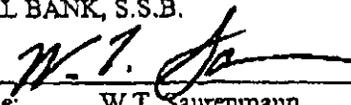
By: _____
Name: Edward E. Babcock
Title: Vice President and CFO

ADELPHIA BUSINESS SOLUTIONS CAPITAL,
INC.

By: _____
Name: Edward E. Babcock
Title: Vice President and CFO

BANK:

BEAL BANK, S.S.B.

By:  _____
Name: W.T. Saurenmann
Title: Senior Vice President

ADLAC SIGNATURES

IN WITNESS WHEREOF, the parties hereto have caused this Amendment No. 1 to be duly executed by their duly authorized officers on the day and year first above written.

BEAL BANK, S.S.B.,
As Senior DIP Lender

ADELPHIA COMMUNICATION CORPORATION,
Debtor and Debtor in Possession,
As Administrative Agent and Subordinated
DIP Lender

By: _____
Name: W.T. Saurenmann
Title: Senior Vice President

By: CT Dunstan
Name: Chris Dunstan
Title: EXP CFO TREAS.

The undersigned Borrowers and Guarantors acknowledge and agree to be bound by the terms of the foregoing Amendment No. 1.

BORROWERS:

ADELPHIA BUSINESS SOLUTIONS, INC.
(as debtor and debtor in possession)

By: _____
Name: Edward E Babcock
Title: Vice President and CFO

ADELPHIA BUSINESS SOLUTIONS LLC
(as debtor and debtor in possession)

By: _____
Name: Edward E. Babcock
Title: Vice President and CFO

ADELPHIA BUSINESS SOLUTIONS ATLANTIC,
INC.
(as debtor and debtor in possession)

By: _____
Name: Edward E. Babcock
Title: Vice President and CFO

ADELPHIA BUSINESS SOLUTIONS
INTERNATIONAL, LLC
(as debtor and debtor in possession)

By: _____
Name: Edward E. Babcock
Title: Vice President and CFO

ADELPHIA BUSINESS SOLUTIONS
INVESTMENT, LLC
(as debtor and debtor in possession)

By: _____
Name: Edward E. Babcock
Title: Vice President and CFO

ADELPHIA BUSINESS SOLUTIONS
INVESTMENT EAST, LLC
(as debtor and debtor in possession)

By: _____
Name: Edward E. Babcock
Title: Vice President and CFO

ADELPHIA BUSINESS SOLUTIONS LONG
HAUL, L.P.
(as debtor and debtor in possession)

By: ADELPHIA BUSINESS SOLUTIONS
OPERATIONS, INC.
(as debtor and debtor in possession),
as its General Partner

By: _____
Name: Edward E. Babcock
Title: Vice President and CFO

ADELPHIA BUSINESS SOLUTIONS OF
FLORIDA, INC.
(as debtor and debtor in possession)

By: _____
Name: Edward E. Babcock
Title: Vice President and CFO

ADELPHIA BUSINESS SOLUTIONS OF JACKSONVILLE, INC. (as debtor and debtor in possession)

By: Name: Edward E. Babcock Title: Vice President and CFO

ADELPHIA BUSINESS SOLUTIONS OF KENTUCKY, INC. (as debtor and debtor in possession)

By: Name: Edward E. Babcock Title: Vice President and CFO

ADELPHIA BUSINESS SOLUTIONS OF LOUISIANA, INC. (as debtor and debtor in possession)

By: Name: Edward E. Babcock Title: Vice President and CFO

ADELPHIA BUSINESS SOLUTIONS OF LOUISIANA, LLC (as debtor and debtor in possession)

By: Name: Edward E. Babcock Title: Vice President and CFO

ADELPHIA BUSINESS SOLUTIONS OF NASHVILLE, L.P. (as debtor and debtor in possession)

By: ADELPHIA BUSINESS SOLUTIONS OF TENNESSEE, INC. (as debtor and debtor in possession), as its General Partner

By: Name: Edward E. Babcock Title: Vice President and CFO

ADELPHIA BUSINESS SOLUTIONS OF SOUTH
CAROLINA, INC
(as debtor and debtor in possession)

By: _____
Name: Edward E. Babcock
Title: Vice President and CFO

ADELPHIA BUSINESS SOLUTIONS OF
TENNESSEE, INC.
(as debtor and debtor in possession)

By: _____
Name: Edward E. Babcock
Title: Vice President and CFO

ADELPHIA BUSINESS SOLUTIONS OF
VIRGINIA, LLC
(as debtor and debtor in possession)

By: _____
Name: Edward E. Babcock
Title: Vice President and CFO

ADELPHIA BUSINESS SOLUTIONS OF
VERMONT, INC.
(as debtor and debtor in possession)

By: _____
Name: Edward E. Babcock
Title: Vice President and CFO

ADELPHIA BUSINESS SOLUTIONS
OPERATIONS, INC.
(as debtor and debtor in possession)

By: _____
Name: Edward E. Babcock
Title: Vice President and CFO

GUARANTORS:

ADELPHIA BUSINESS SOLUTIONS OF PENNSYLVANIA, INC.

By: _____
Name: Edward E. Babcock
Title: Vice President and CFO

ADELPHIA BUSINESS SOLUTIONS CAPITAL, INC.

By: _____
Name: Edward E. Babcock
Title: Vice President and CFO

The undersigned acknowledge and agree to be bound by Paragraph 4 of the foregoing Amendment No. 1 to the extent applicable to them.

PECO PARTNERS:

PHT HOLDINGS LLC
individually and as agent for the PHT Partners

By: _____
Name:
Title:

PECO ENERGY COMPANY

By: _____
Name:
Title:

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

PHT HOLDINGS LLC, individually and as Agent

By: _____
Title: _____

PECO ENERGY COMPANY

By: _____
Title: _____

ADELPHIA COMMUNICATIONS CORPORATION

By: *[Signature]*
Title: *EVP, Pres. CFO*

ACKNOWLEDGMENT

The undersigned (each a "Debtor") each hereby acknowledges and agrees to the terms and provisions of the ADLAC/PHT Partners Intercreditor Agreement (the "Intercreditor Agreement"; capitalized terms used and not otherwise defined herein shall have the meanings assigned to them in the Intercreditor Agreement) to which this Acknowledgement is attached. By executing this Acknowledgement, the undersigned each acknowledges the provisions of the Intercreditor Agreement as they relate to the relative rights of the Creditors as between such Creditors. The undersigned each further agrees that, except as expressly otherwise provided in the Intercreditor Agreement, the terms of the Intercreditor Agreement shall not give the undersigned any, nor modify any, substantive rights vis-à-vis any Creditor, or any obligations or liabilities owing to such parties, under any instrument, document, agreement or arrangement. If any Creditor shall enforce its rights or remedies in violation of the terms of the Intercreditor Agreement, each Debtor agrees that it shall not use such violation as a defense to any future Enforcement by any Creditor under the Intercreditor Agreement, or the enforcement by any such Creditor of any other instrument, document or agreement under which such Debtor is bound or assert such violation as a counterclaim or basis for set-off or recoupment against any such Creditor.

ADELPHIA BUSINESS SOLUTIONS, INC.

By: _____
Title: _____

ADELPHIA BUSINESS SOLUTIONS OF PENNSYLVANIA, INC.

By: _____
Title: _____

PECO HYPERION TELECOMMUNICATIONS

By: Adelpnia Business Solutions of Pcnnsylvania, Inc., its
General Partner

By: _____
Title: _____

ABIZ SIGNATURES

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

Adelphia Business Solutions of Pennsylvania, Inc.

**PHT Holdings LLC,
for itself and as agent for the PHT Partners**

By: Ed E. Babcock
Name: Edward E Babcock
Title: VP-CFO

By: _____
Name: _____
Title: _____

PECO Energy Company

By: _____
Name: _____
Title: _____

IN WITNESS WHEREOF, the undersigned has executed this Guaranty and Make-Whole Agreement as of the date first above written.

PECO HYPERION TELECOMMUNICATIONS

**By: Adelpia Business Solutions of
Pennsylvania, Inc., as a general partner**

By: Ed J Babcock
Name: *Edward E. Babcock*
Title: *VP-CFO*

By: PHT Holdings LLC, as a general partner

By: _____
Name:
Title:

PHT HOLDINGS LLC

By: _____
Name:
Title:

PECO ENERGY COMPANY

By: _____
Name:
Title:

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective officers as of the day and year first above written.

Adelphia Business Solutions of Pennsylvania, Inc.

**PHT Holdings LLC,
for itself and as agent for the PHT Partners**

By: Ed E Babcock
Name: Edward E Babcock
Title: VP-CFO

By: _____
Name: _____
Title: _____

PECO Energy Company

By: _____
Name: _____
Title: _____

IN WITNESS WHEREOF, the parties hereto have caused this Settlement Agreement to be signed as of the date and year first above written.

ADELPHIA BUSINESS SOLUTIONS OF PENNSYLVANIA, INC.

PHT HOLDINGS LLC

By: *Edward E. Babcock*
Name: *Edward E. Babcock*
Title: *VP-CFO*

By: _____
Name:
Title:

PECO ENERGY COMPANY

By: _____
Name:
Title:

PECO HYPERION TELECOMMUNICATIONS

By: **Adelphia Business Solutions of Pennsylvania, Inc., as a general partner**

By: *Edward E. Babcock*
Name: *Edward E. Babcock*
Title: *VP-CFO*

By: **PHT Holdings LLC, as a general partner**

By: _____
Name:
Title:

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

PHT HOLDINGS LLC, individually and as Agent

By: _____
Title: _____

PECO ENERGY COMPANY

By: _____
Title: _____

BEAL BANK, S.S.B.

By: _____
Title: _____

ACKNOWLEDGMENT

The undersigned (each a "Debtor") each hereby acknowledges and agrees to the terms and provisions of the Beal/PHT Partners Intercreditor Agreement (the "Intercreditor Agreement"; capitalized terms used and not otherwise defined herein shall have the meanings assigned to them in the Intercreditor Agreement) to which this Acknowledgement is attached. By executing this Acknowledgement, the undersigned each acknowledges the provisions of the Intercreditor Agreement as they relate to the relative rights of the Creditors as between such Creditors. The undersigned each further agrees that, except as expressly otherwise provided in the Intercreditor Agreement, the terms of the Intercreditor Agreement shall not give the undersigned any, nor modify any, substantive rights vis-à-vis any Creditor, or any obligations or liabilities owing to such parties, under any instrument, document, agreement or arrangement. If any Creditor shall enforce its rights or remedies in violation of the terms of the Intercreditor Agreement, each Debtor agrees that it shall not use such violation as a defense to any future Enforcement by any Creditor under the Intercreditor Agreement, or the enforcement by any such Creditor of any other instrument, document or agreement under which such Debtor is bound or assert such violation as a counterclaim or basis for set-off or recoupment against any such Creditor.

ADELPHIA BUSINESS SOLUTIONS, INC.

By: Edd R. Bell
Title: CFO

ADELPHIA BUSINESS SOLUTIONS OF PENNSYLVANIA, INC.

By: Edd R. Bell
Title: CFO

PECO HYPERION TELECOMMUNICATIONS
By: Adelfia Business Solutions of Pennsylvania, Inc., its
General Partner

By: Edd R. Bell
Title: CFO

ADELPHIA COMMUNICATIONS CORPORATION

By: _____

Beal/PHT Intercreditor Agreement

Title: _____

Beal/PHT Intercreditor Agreement

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Amendment No. 1 as of the date first written above.

BORROWERS:

ADELPHIA BUSINESS SOLUTIONS, INC.
(as debtor and debtor in possession)

By: Ed E Babcock
Name: Edward E. Babcock
Title: Vice President and CFO

ADELPHIA BUSINESS SOLUTIONS LLC
(as debtor and debtor in possession)

By: Ed E Babcock
Name: Edward E. Babcock
Title: Vice President and CFO

ADELPHIA BUSINESS SOLUTIONS ATLANTIC,
INC.
(as debtor and debtor in possession)

By: Ed E Babcock
Name: Edward E. Babcock
Title: Vice President and CFO

ADELPHIA BUSINESS SOLUTIONS
INTERNATIONAL, LLC
(as debtor and debtor in possession)

By: Ed E Babcock
Name: Edward E. Babcock
Title: Vice President and CFO

ADELPHIA BUSINESS SOLUTIONS
INVESTMENT, LLC
(as debtor and debtor in possession)

By: Ed E Babcock
Name: Edward E. Babcock
Title: Vice President and CFO

-S-1-

AMENDMENT NO. 1 TO
BEAL/ABIZ DIP PRIMING CREDIT AGREEMENT

NEWYORK 864646v4 20722-00644 12/30/02

ADELPHIA BUSINESS SOLUTIONS
INVESTMENT EAST, LLC
(as debtor and debtor in possession)

By: E. Babcock
Name: Edward E. Babcock
Title: Vice President and CFO

ADELPHIA BUSINESS SOLUTIONS LONG
HAUL, L.P.
(as debtor and debtor in possession)

By: ADELPHIA BUSINESS SOLUTIONS
OPERATIONS, INC.
(as debtor and debtor in possession),
as its General Partner

By: E. Babcock
Name: Edward E. Babcock
Title: Vice President and CFO

ADELPHIA BUSINESS SOLUTIONS OF
FLORIDA, INC.
(as debtor and debtor in possession)

By: E. Babcock
Name: Edward E. Babcock
Title: Vice President and CFO

ADELPHIA BUSINESS SOLUTIONS OF
JACKSONVILLE, INC.
(as debtor and debtor in possession)

By: E. Babcock
Name: Edward E. Babcock
Title: Vice President and CFO

ADELPHIA BUSINESS SOLUTIONS OF
KENTUCKY, INC.
(as debtor and debtor in possession)

By: E. Babcock
Name: Edward E. Babcock
Title: Vice President and CFO

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AMENDMENT NO. 1 TO
BEAL/ABIZ DIP PRUING CREDIT AGREEMENT

NEWYORK 864646v4 20722-00644 12/30/02

ADELPHIA BUSINESS SOLUTIONS OF
LOUISIANA, INC.
(as debtor and debtor in possession)

By: Ed E. Babcock
Name: Edward E. Babcock
Title: Vice President and CFO

ADELPHIA BUSINESS SOLUTIONS OF
LOUISIANA, LLC
(as debtor and debtor in possession)

By: Ed E. Babcock
Name: Edward E. Babcock
Title: Vice President and CFO

ADELPHIA BUSINESS SOLUTIONS OF
NASHVILLE, L.P.
(as debtor and debtor in possession)

By: ADELPHIA BUSINESS SOLUTIONS OF
TENNESSEE, INC.
(as debtor and debtor in possession),
as its General Partner

By: Ed E. Babcock
Name: Edward E. Babcock
Title: Vice President and CFO

ADELPHIA BUSINESS SOLUTIONS OF SOUTH
CAROLINA, INC.
(as debtor and debtor in possession)

By: Ed E. Babcock
Name: Edward E. Babcock
Title: Vice President and CFO

ADELPHIA BUSINESS SOLUTIONS OF
TENNESSEE, INC.
(as debtor and debtor in possession)

By: Ed E. Babcock
Name: Edward E. Babcock
Title: Vice President and CFO

ADELPHIA BUSINESS SOLUTIONS OF
VIRGINIA, LLC
(as debtor and debtor in possession)

By: Ed E. Babcock
Name: Edward E. Babcock
Title: Vice President and CFO

ADELPHIA BUSINESS SOLUTIONS OF
VERMONT, INC.
(as debtor and debtor in possession)

By: Ed E. Babcock
Name: Edward E. Babcock
Title: Vice President and CFO

ADELPHIA BUSINESS SOLUTIONS
OPERATIONS, INC.
(as debtor and debtor in possession)

By: Ed E. Babcock
Name: Edward E. Babcock
Title: Vice President and CFO

GUARANTORS:

ADELPHIA BUSINESS SOLUTIONS OF
PENNSYLVANIA, INC.

By: Ed E. Babcock
Name: Edward E. Babcock
Title: Vice President and CFO

ADELPHIA BUSINESS SOLUTIONS CAPITAL,
INC.

By: Ed E. Babcock
Name: Edward E. Babcock
Title: Vice President and CFO

BANK:

BEAL BANK, S.S.B.

By: _____
Name: W.T. Saurenmann
Title: Senior Vice President

**SUPPLEMENT
TO
SCHEDULE 4.8
(PLEGGED COLLATERAL)**

Schedule 4.8 to the Existing Credit Agreement is hereby supplemented, as of the effective date of Amendment No. 1, as follows:

I. PLEDGED STOCK

C. PARTNERSHIPS

<u>Issuer</u>	<u>Grantor(s), including percentage of issued and outstanding pledged</u>	<u>Other holder(s) of Stock in Issuer, including percentage of issued and outstanding Stock</u>
PECO Hyperion Telecommunications [PA general partnership]	Adelphia Business Solutions of Pennsylvania, Inc. (50% general partner)	PHT Holdings LLC (49% general partner) PECO Energy Company (1% general partner)

AMENDMENT NO. 1 TO
BEAL/ABIZ DIP PRJMING CREDIT AGREEMENT

NEWYORK 864646v4 20722-00644 12/30/02

IN WITNESS WHEREOF, the parties hereto have caused this Amendment No. 1 to be duly executed by their duly authorized officers on the day and year first above written.

BEAL BANK, S.S.B.,
As Senior DIP Lender

ADELPHIA COMMUNICATION CORPORATION,
Debtor and Debtor in Possession,
As Administrative Agent and Subordinated
DIP Lender

By: _____
Name: W.T. Saurenmann
Title: Senior Vice President

By: _____
Name:
Title:

The undersigned Borrowers and Guarantors acknowledge and agree to be bound by the terms of the foregoing Amendment No. 1.

BORROWERS:

ADELPHIA BUSINESS SOLUTIONS, INC.
(as debtor and debtor in possession)

By: Ed E. Babcock
Name: Edward E. Babcock
Title: Vice President and CFO

ADELPHIA BUSINESS SOLUTIONS LLC
(as debtor and debtor in possession)

By: Ed E. Babcock
Name: Edward E. Babcock
Title: Vice President and CFO

ADELPHIA BUSINESS SOLUTIONS ATLANTIC,
INC.
(as debtor and debtor in possession)

By: Ed E. Babcock
Name: Edward E. Babcock
Title: Vice President and CFO

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AMENDMENT NO. 1 TO
BEAL/ACC SUBORDINATION AGREEMENT

NEWYORK 864479v5 20722-00644 12/30/02

ADELPHIA BUSINESS SOLUTIONS
INTERNATIONAL, LLC
(as debtor and debtor in possession)

By: Ed E. Babcock
Name: Edward E. Babcock
Title: Vice President and CFO

ADELPHIA BUSINESS SOLUTIONS
INVESTMENT, LLC
(as debtor and debtor in possession)

By: Ed E. Babcock
Name: Edward E. Babcock
Title: Vice President and CFO

ADELPHIA BUSINESS SOLUTIONS
INVESTMENT EAST, LLC
(as debtor and debtor in possession)

By: Ed E. Babcock
Name: Edward E. Babcock
Title: Vice President and CFO

ADELPHIA BUSINESS SOLUTIONS LONG
HAUL, L.P.
(as debtor and debtor in possession)

By: ADELPHIA BUSINESS SOLUTIONS
OPERATIONS, INC.
(as debtor and debtor in possession),
as its General Partner

By: Ed E. Babcock
Name: Edward E. Babcock
Title: Vice President and CFO

ADELPHIA BUSINESS SOLUTIONS OF
FLORIDA, INC.
(as debtor and debtor in possession)

By: Ed E. Babcock
Name: Edward E. Babcock
Title: Vice President and CFO

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AMENDMENT NO. 1 TO
BEAL/ACC SUBORDINATION AGREEMENT

NEWYORK 864479v5 20722-00644 12/30/02

ADELPHIA BUSINESS SOLUTIONS OF JACKSONVILLE, INC. (as debtor and debtor in possession)

By: [Signature] Name: Edward E. Babcock Title: Vice President and CFO

ADELPHIA BUSINESS SOLUTIONS OF KENTUCKY, INC. (as debtor and debtor in possession)

By: [Signature] Name: Edward E. Babcock Title: Vice President and CFO

ADELPHIA BUSINESS SOLUTIONS OF LOUISIANA, INC. (as debtor and debtor in possession)

By: [Signature] Name: Edward E. Babcock Title: Vice President and CFO

ADELPHIA BUSINESS SOLUTIONS OF LOUISIANA, LLC (as debtor and debtor in possession)

By: [Signature] Name: Edward E. Babcock Title: Vice President and CFO

ADELPHIA BUSINESS SOLUTIONS OF NASHVILLE, L.P. (as debtor and debtor in possession)

By: ADELPHIA BUSINESS SOLUTIONS OF TENNESSEE, INC. (as debtor and debtor in possession), as its General Partner

By: [Signature] Name: Edward E. Babcock Title: Vice President and CFO

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AMENDMENT NO. 1 TO BEAL/ACC SUBORDINATION AGREEMENT

NEWYORK 864479v5 20722-00644 12/30/02

ADELPHIA BUSINESS SOLUTIONS OF SOUTH
CAROLINA, INC.
(as debtor and debtor in possession)

By: Ed E Babcock
Name: Edward E. Babcock
Title: Vice President and CFO

ADELPHIA BUSINESS SOLUTIONS OF
TENNESSEE, INC.
(as debtor and debtor in possession)

By: Ed E Babcock
Name: Edward E. Babcock
Title: Vice President and CFO

ADELPHIA BUSINESS SOLUTIONS OF
VIRGINIA, LLC
(as debtor and debtor in possession)

By: Ed E Babcock
Name: Edward E. Babcock
Title: Vice President and CFO

ADELPHIA BUSINESS SOLUTIONS OF
VERMONT, INC.
(as debtor and debtor in possession)

By: Ed E Babcock
Name: Edward E. Babcock
Title: Vice President and CFO

ADELPHIA BUSINESS SOLUTIONS
OPERATIONS, INC.
(as debtor and debtor in possession)

By: Ed E Babcock
Name: Edward E. Babcock
Title: Vice President and CFO

GUARANTORS:

ADELPHIA BUSINESS SOLUTIONS OF PENNSYLVANIA, INC.

By: Ed E. Babcock
Name: Edward E. Babcock
Title: Vice President and CFO

ADELPHIA BUSINESS SOLUTIONS CAPITAL, INC.

By: Ed E. Babcock
Name: Edward E. Babcock
Title: Vice President and CFO

The undersigned acknowledge and agree to be bound by Paragraph 4 of the foregoing Amendment No. 1 to the extent applicable to them.

PECO PARTNERS:

PHT HOLDINGS LLC
individually and as agent for the PHT Partners

By: _____
Name:
Title:

PECO ENERGY COMPANY

By: _____
Name:
Title:

PLEDGE AMENDMENT

This PLEDGE AMENDMENT, dated as of December 30, 2002, is delivered pursuant to Section 10.4(g) of the Credit Agreement (as defined below) by the undersigned Grantor in favor of Beal Bank, S.S.B. (the "Bank"), and the undersigned hereby agrees that this Pledge Amendment may be attached to the Credit Agreement and that the Pledged Collateral listed on this Pledge Amendment shall be and become part of the Collateral referred to in the Credit Agreement and shall secure all Obligations of the undersigned. Reference is made to that certain Secured Debtor In Possession Priming Credit and Security Agreement dated as of August 9, 2002, among Adelpia Business Solutions, Inc. ("ABIZ"), each Subsidiary of ABIZ party thereto as a "borrower" thereunder (each such Subsidiary and ABIZ a "Borrower" and, collectively, the "Borrowers"), certain Subsidiaries of ABIZ party thereto as "guarantors" thereunder, and the Bank (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"). Capitalized terms used in this Pledge Amendment but not defined herein are used herein with the meaning given them in the Credit Agreement. This Pledge Amendment shall become effective contemporaneously with the effectiveness of Amendment No. 1.

ADELPHIA BUSINESS SOLUTIONS OF PENNSYLVANIA, INC.

By: Edward E. Babcock
 Name: Edward E. Babcock
 Title: Vice President and CFO

Pledged Stock

Issuer	Class	Certificate No(s).	Par Value	Number of Shares, Units or Interests
PECO Hyperion Telecommunications, a PA general partnership	general partnership interest	uncertificated	n/a	the pledged interest (which represents 100% of Grantor's interest) constitutes 50% of the aggregate partnership interest in the Issuer.

Pledged Notes

Issuer	Description of Note(s)	Certificate No(s).	Final Maturity	Principal Amount
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ACKNOWLEDGED AND AGREED as of the date of this Pledge Amendment first above written.

BEAL BANK, S.S.B.

By: _____
 Name: W.T. Saurenmann
 Title: Senior Vice President

NEWYORK 864910v3 20722-00644 12/30/02

Title: _____

ADELPHIA COMMUNICATIONS
CORPORATION

By: _____

Title: _____

ADELPHIA BUSINESS SOLUTIONS, INC.

By: Edel R

Title: VP + CEO

ADELPHIA BUSINESS SOLUTIONS OF
PENNSYLVANIA, INC.

By: Eldridge
Title: VP-CFO

PECO HYPERION TELECOMMUNICATIONS

By: Adelpia Business Solutions of
Pennsylvania, Inc, its General Partner

By: Eldridge
Title: VP-CFO

ACKNOWLEDGMENT

The undersigned (each a "Debtor") each hereby acknowledges and agrees to the foregoing terms and provisions. By executing this Agreement, the undersigned agrees to be bound by the provisions hereof as they relate to the relative rights of the Creditors as between such Creditors. The undersigned each further agrees that the terms of this Agreement shall not give the undersigned any, nor modify any, substantive rights vis-a-vis any Creditor or any obligations or liabilities owing to such parties under any instrument, document, agreement or arrangement. If any Creditor shall enforce its rights or remedies in violation of the terms of this Agreement, each Debtor agrees that it shall not use such violation as a defense to the Enforcement by any Creditor under this Agreement, any other instrument, document or agreement or under law, nor assert such violation as a counterclaim or basis for set-off or recoupment against any such Creditor.

ADELPHIA BUSINESS SOLUTIONS, INC.

By: Eddel ? SM
Title: VP-CFO

ADELPHIA BUSINESS SOLUTIONS OF PENNSYLVANIA, INC.

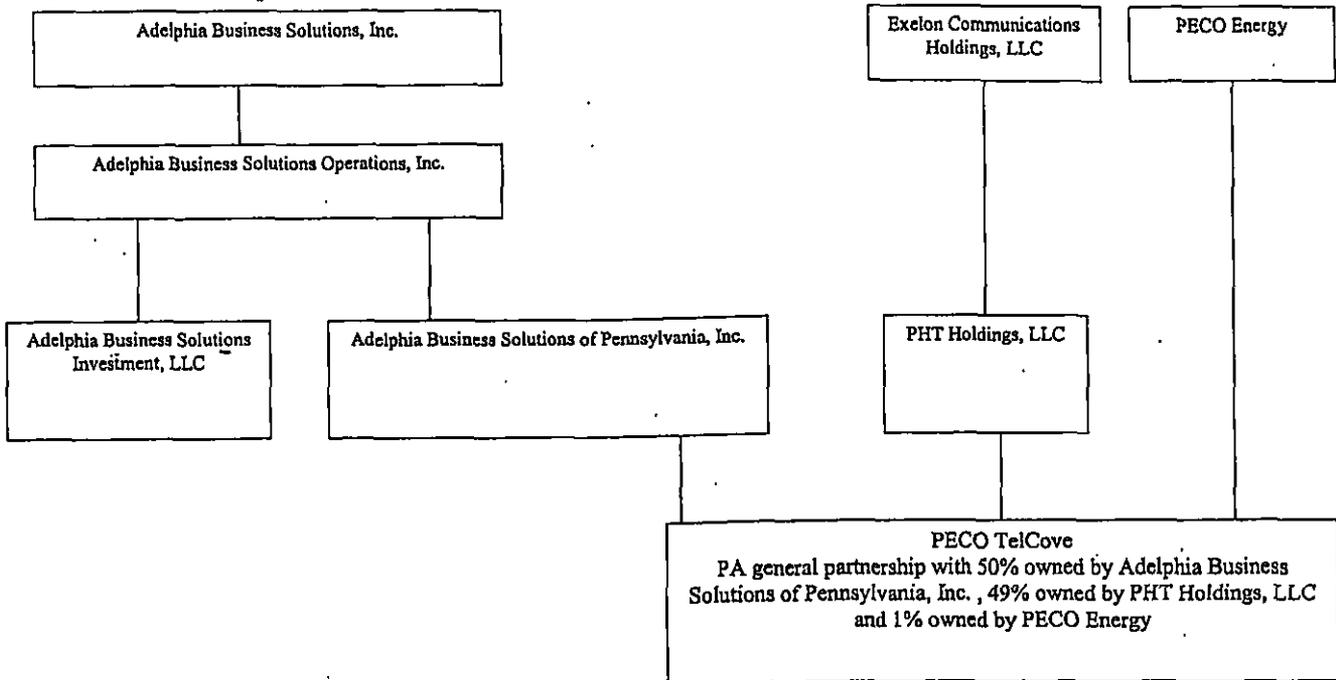
By: Eddel ? SM
Title: VP-CFO

ADELPHIA COMMUNICATIONS CORPORATION

By: _____
Title: _____

PECO TelCove

Pre- Transaction Corporate Structure



PECO TelCove

Post Transaction Corporate Structure

