

# SECURITIES AND EXCHANGE COMMISSION

## FORM SC 13D

Schedule filed to report acquisition of beneficial ownership of 5% or more of a class of equity securities

Filing Date: **1999-02-16**  
SEC Accession No. **0000906602-99-000085**

([HTML Version](#) on [secdatabase.com](http://secdatabase.com))

### SUBJECT COMPANY

#### ENTERTAINMENT INC

CIK: **1041454** | IRS No.: **061487156** | State of Incorporation: **DE** | Fiscal Year End: **1231**  
Type: **SC 13D** | Act: **34** | File No.: **005-53113** | Film No.: **99538614**  
SIC: **4841** Cable & other pay television services

Mailing Address  
*ONE COMMERCIAL PLAZA  
HARTFORD CT 06103-3583*

Business Address  
*ONE COMMERCIAL PLAZA  
6 KONSTRUKTORSKA  
STREET  
HARTFORD CT 06103-3585  
8605491674*

### FILED BY

#### CHASE ARNOLD L

CIK: **1024134**  
Type: **SC 13D**

Mailing Address  
*C/O CHASE ENTERPRISES  
ONE COMMERCIAL PLAZA  
HARTFORD CT 06103-3599*

Business Address  
*C/O CHASE ENTERPRISES  
ONE COMMERCIAL PLAZA  
HARTFORD CT 06103-3599  
8605491674*

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SCHEDULE 13D  
(Rule 13d-101)

INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT  
TO RULE 13d-1(a) AND AMENDMENTS THERETO FILED PURSUANT TO  
RULE 13d-2(a)  
(Amendment No. \_\_\_\_\_) {1}

@Entertainment, Inc.

-----  
(Name of Issuer)

Common Stock, par value \$.01 per share

-----  
(Title of Class of Securities)

045920 10 5

-----  
(CUSIP Number)

Terry Kasuga  
Chase Enterprises  
One Commercial Plaza, Hartford, Connecticut 06103-3585  
(860) 549-1674

-----  
(Name, Address and Telephone Number of Person  
Authorized to Receive Notices and Communications)

January 27, 1999

-----  
(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), 13d-1(f) or 13d-1(g), check the following box / /.

Note: Schedules filed in paper format shall include a signed original and five copies of this schedule, including all exhibits. See Rule 13d-7(b) for other parties to whom copies are to be sent.

\*\*FOOTNOTES\*\*

{1} The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that Section of the Act but shall be subject to all other provisions of the Act (however, SEE the NOTES).

CUSIP No. 045920 10 5

13D

Page 2 of 13 Pages

1 NAME OF REPORTING PERSONS  
IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

Arnold L. Chase

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\* (a) / /  
(b) /X /

3 SEC USE ONLY

4 SOURCE OF FUNDS\*

PF

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO  
ITEM 2 (d) OR 2 (e) / /

6 CITIZENSHIP OR PLACE OF ORGANIZATION

U.S.

7 SOLE VOTING POWER  
223,000 shares (See Item 5)

NUMBER OF  
SHARES

8 SHARED VOTING POWER  
9,703,000 shares (See Item 5)

BENEFICIALLY  
OWNED BY EACH  
REPORTING

PERSON 9 SOLE DISPOSITIVE POWER  
WITH 223,000 shares (See Item 5)

10 SHARED DISPOSITIVE POWER  
9,703,000 (See Item 5)

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  
9,926,000 shares (See Item 5)

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN  
SHARES\* /X/

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)  
29.6%

14 TYPE OF REPORTING PERSON\*  
IN

\*SEE INSTRUCTIONS BEFORE FILLING OUT!

Item 1. SECURITY AND ISSUER.

The class of equity securities to which this Statement on Schedule 13D relates is the common stock, par value \$.01 per share (the "Common Stock"), of @Entertainment, Inc. (the "Company"), a Delaware corporation whose principal executive offices are located at One Commercial Plaza, Hartford, Connecticut 06103-3585.

Item 2. IDENTITY AND BACKGROUND.

(a) NAME:

Arnold L. Chase

(b) RESIDENCE OR BUSINESS ADDRESS:

c/o Chase Enterprises  
One Commercial Plaza  
Hartford, Connecticut 06103-3585

(c) PRESENT PRINCIPAL OCCUPATION OR EMPLOYMENT:

Executive Vice President  
D.T. Chase Enterprises, Inc.  
One Commercial Plaza  
Hartford, CT 06103-3585

D.T. Chase Enterprises, Inc. ("DTCE") is a holding company for various Chase family interests.

(d) During the past five years, the reporting person has not been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).

(e) During the past five years, the reporting person has not been a party to a civil proceeding of a judicial or an administrative body of competent jurisdiction and as a result of such proceeding is or was subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

(f) CITIZENSHIP:

The reporting person is a citizen of the United States of America.

Item 3. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION.

On January 27, 1999, the reporting person purchased 2,000 units from the Company in a private transaction, each such unit consisting of one Series B 12% Cumulative Preference Share, par value \$.01, and one warrant to purchase 110 shares of Common Stock. All such warrants (the "Warrants") are currently exercisable. The aggregate consideration for such purchase was \$2,000,000.00, including commissions and costs payable by the Company. The funds to purchase such units were personal funds of the reporting person.

Item 4. PURPOSE OF TRANSACTION.

The reporting person is holding all of the shares of Common Stock beneficially owned by him for investment purposes. Based on the reporting person's ongoing evaluation of the business, prospects and financial condition of the Company, the market for and price of the Common Stock, other opportunities available to the reporting person, offers for his shares of Common Stock, general economic conditions and other future developments, the reporting person reserves the right to change his plans and intentions at any time, as he deems appropriate. In particular, the reporting person may decide to sell or seek the sale of all or part of his present or future beneficial holdings of Common Stock, or may decide to acquire additional Common Stock, or securities convertible into or exchangeable for Common Stock, either in the open market, in private transactions, or by any other permissible means. The reporting person may also decide to enter into derivative transactions relating to the Common Stock. Any such transactions may be effected at any time and from time to time.

Other than the above, as of the date hereof, the reporting person does not have any plans or proposals that relate to or would result in any

of the following:

- (a) The acquisition by any person of additional securities of the Company, or the disposition of securities of the Company;
- (b) Any extraordinary corporate transaction, such as a merger, reorganization or liquidation, involving the Company or any of its subsidiaries;
- (c) A sale or transfer of a material amount of assets of the Company or any of its subsidiaries;
- (d) Any change in the present board of directors or management of the Company, including any plans or proposals to change the number or term of directors or to fill any existing vacancies on the board;
- (e) Any material change in the present capitalization or dividend policy of the Company;
- (f) Any other material change in the Company's business or corporate structure;
- (g) Changes in the Company's charter, bylaws or instruments corresponding thereto or other actions which may impede the acquisition of control of the Company by any person;
- (h) Causing a class of securities of the Company to be delisted from a national securities exchange or to cease to be authorized to be quoted in an inter-dealer quotation system of a registered national securities association;
- (i) A class of equity securities of the Company becoming eligible for termination of registration pursuant to Section 12(g)(4) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"); or
- (j) Any action similar to any of those enumerated above.

Item 5. INTEREST IN SECURITIES OF THE ISSUER.

(a) As of the date hereof, the reporting person beneficially owns 9,926,000 shares of Common Stock (including 220,000 shares issuable upon the exercise of the Warrants and 3,000 shares held by the reporting person as custodian for his son), representing approximately 29.6% of the 33,310,000 shares of Common Stock reported to be outstanding as of September 30, 1998 (as reported in the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 1998).

This schedule does not relate to, and, in accordance with Rule 13d-4 under the Exchange Act, the reporting person expressly declares that the filing of this statement shall not be construed as an admission that he is, for purposes of Section 13(d) or 13(g) of the Exchange Act, the beneficial

owner of, any of (i) 110,000 shares of Common Stock, or approximately 0.3% of the shares of Common Stock reported to be outstanding, beneficially owned by Cheryl A. Chase, the reporting person's sister, (ii) 733,000 shares of Common Stock, or approximately 2.2% of the shares of Common Stock reported to be outstanding, owned by the Cheryl A. Chase Marital Trust (the "CACMT"), a trust of which Cheryl A. Chase and Kenneth N. Musen are the trustees and Cheryl A. Chase and her children are the beneficiaries, (iii) 110,000 shares of Common Stock, or approximately 0.3% of the shares of Common Stock reported to be outstanding, beneficially owned by The Darland Trust, a trust of which Rothschild Trust Cayman Limited is trustee and Cheryl A. Chase and her children are the beneficiaries, or (iv) 615,000 shares of Common Stock, or approximately 1.8% of the shares of Common Stock reported to be outstanding, beneficially owned by Rhoda L. Chase, the reporting person's mother.

(b) Upon the exercise of the Warrants, the reporting person will have the sole power to vote, direct the vote of, dispose of and direct the disposition of the 220,000 shares of Common Stock received by him as a result of such exercise.

3,000 of the shares of Common Stock to which this schedule relates are held by the reporting person as custodian for his son. The reporting person has the sole power to vote, direct the vote of, dispose of and direct the disposition of such shares.

9,703,000 of the shares of Common Stock to which this Schedule relates are owned by Polish Investments Holding L.P. ("PIHLP"). Chase Polish Enterprises, Inc. ("CPEI") is the sole general partner of PIHLP. As general partner, CPEI manages PIHLP, which includes directing the voting and disposition of the shares of Common Stock owned by PIHLP. The reporting person and Cheryl A. Chase each own 50% of the outstanding capital stock of CPEI and are its sole directors and executive officers. As a result of their control over the management of PIHLP, the reporting person, CPEI and Cheryl A. Chase may be deemed to share the power to direct the vote and disposition of the 9,703,000 shares of Common Stock owned by PIHLP.

PIHLP has a special class of partnership interests (the "Preferred PIHLP Interests") which entitle the holders to a pro rata right and preference to 1,050,000 of the shares of Common Stock held by PIHLP and any proceeds related thereto. These interests are held by PIHLP's limited partner, Cable Investments L.P. ("CILP"), and PIHLP's general partner, CPEI. CILP has a special class of partnership interests (the "Preferred CILP Interests") which entitle the holders to a pro rata right and preference to all of the Preferred PIHLP Interests held by CILP, and any assets and/or proceeds derived therefrom. These interests are held by CPEI, as general partner, and the reporting person, the Sandra Chase Grantor Trust, the Arnold Chase Spray Trust, the Cheryl Chase Spray Trust and Chase Cable LLC, as limited partners.

As described in Item 6, below, the Preferred PIHLP Interests may

be redeemed for the 1,050,000 shares of Common Stock to which they relate, and the Preferred CILP Interests may be redeemed for the Preferred PIHLP Interests to which they relate. Alternatively, a holder of Preferred CILP Interests may direct CPEI, as general partner of both PIHLP and CILP, to redeem the related Preferred PIHLP Interests for shares of Common Stock and then redeem the holder's Preferred CILP Interests for such shares of Common Stock. In addition, the holders of the preferred partnership interests may direct CPEI to effect the sale of the shares of Common Stock to which such interests relate while such shares are held by PIHLP or CILP. As a result of such rights, the holders of the Preferred PIHLP Interests and Preferred CILP Interests (and the trustees, managers and members of such holders) may be considered beneficial owners of 1,050,000 of the shares of Common Stock held by PIHLP.

PIHLP and CILP are Delaware limited partnerships whose purpose is to hold investments for the benefit of their respective partners. CPEI is a Delaware corporation whose principal business is serving as general partner of PIHLP and CILP. The address of PIHLP, CILP and CPEI is c/o Chase Enterprises, One Commercial Plaza, Hartford, Connecticut 06103-3585.

Cheryl A. Chase is Vice President and General Counsel of DTCE. Cheryl A. Chase's business address and the principal business address of DTCE is: D.T. Chase Enterprises, Inc., One Commercial Plaza, Hartford, Connecticut 06103-3585. Cheryl A. Chase is a citizen of the United States of America.

The Sandra Chase Grantor Trust is a trust of which Kenneth N. Musen is the trustee and Sandra M. Chase, the reporting person's wife, is the beneficiary. The Arnold Chase Spray Trust is a trust of which Kenneth N. Musen is the trustee and the reporting person and his children are the beneficiaries. The Cheryl Chase Spray Trust is a trust of which Kenneth N. Musen is the trustee and Cheryl A. Chase and her children are the beneficiaries. Each such trust was formed under the laws of the state of Connecticut. The address of each of these trusts is c/o Kenneth N. Musen, Bergman, Horowitz & Reynolds, P.C., 157 Church Street, P.O. Box 426, New Haven, Connecticut 06502.

Chase Cable LLC is a Delaware limited liability company of which the reporting person and Cheryl A. Chase are the members and Kenneth N. Musen is the manager. Its principal business is holding investments. Its address is c/o Kenneth N. Musen, Bergman, Horowitz & Reynolds, P.C., 157 Church Street, P.O. Box 426, New Haven, Connecticut 06502.

Kenneth N. Musen is an attorney. His principal business address is Bergman, Horowitz & Reynolds, P.C., 157 Church Street, P.O. Box 426, New Haven, Connecticut 06502. Kenneth N. Musen is a citizen of the United States of America.

During the past five years, none of PIHLP, CILP, CPEI, Cheryl A. Chase, the Sandra Chase Grantor Trust, the Arnold Chase Spray Trust, the Cheryl Chase Spray Trust, Chase Cable LLC or Kenneth N. Musen has been



convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors). During the past five years, none of such persons or entities has been a party to a civil proceeding of a judicial or an administrative body of competent jurisdiction and as a result of such proceeding is or was subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

(c) All transactions in the Common Stock effected by or on behalf of the reporting person in the past 60 days are described in Item 3 hereof.

(d) Upon the exercise of the Warrants, the reporting person will have the sole right to receive or direct the receipt of dividends from, and the proceeds from the sale of, the 220,000 shares of Common Stock received by him as a result of such exercise. Dividends on, and the proceeds from the sale of, the 3,000 shares of Common Stock held by the reporting person as custodian for his son will be received by the reporting person as such custodian. As a result of the relationships and rights described in Item 5(b), PIHLP, CPEI and Cheryl A. Chase may be deemed to share the power to direct the receipt of dividends from, and the proceeds from the sale of, 9,703,000 of the shares of Common Stock beneficially owned by the reporting person, and the holders of the Preferred PIHLP Interests and Preferred CILP Interests (and the trustees, managers and members of such holders) may be deemed to share the power to receive or to direct the receipt of dividends from, and the proceeds from the sale of, 1,050,000 of such shares.

(e) Not applicable.

Item 6. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO SECURITIES OF THE ISSUER.

Pursuant to a Registration Rights Agreement (the "Registration Rights Agreement"), dated June 22, 1997, as amended by an amendment thereto (the "Amendment to Registration Rights Agreement"), dated as of June 22, 1997, each among the Company, PIHLP, ECO Holdings III Limited Partnership ("ECO"), Roger M. Freedman, Steel LLC, the AESOP Fund, L.P. and the CACMT, the Company has granted the other parties to the Registration Rights Agreement certain registration rights with respect to the Common Stock held by them. In particular, PIHLP and ECO have the right, beginning after March 29, 1999, to demand that the Company register their shares of Common Stock under the Securities Act of 1933, as amended (the "Securities Act"). Each of PIHLP and ECO can make three such demands. PIHLP and ECO also have the right, beginning after March 29, 2001, to demand that the Company register their shares of Common Stock in a shelf registration pursuant to Rule 415 under the Securities Act. Each of PIHLP and ECO can make one such demand. In addition, all of the parties to the Registration Rights Agreement have the right to have their shares of Common Stock included in certain registrations of the Company's securities which are effected by the Company. All such registration rights expire on March 29, 2004, and are subject to certain limitations and conditions contained in the Registration

Pursuant to a letter agreement (the "PIHLP Letter Agreement"), dated March 24, 1998, between CPEI, as general partner of PIHLP, and all of the limited partners of PIHLP, CPEI, as general partner of PIHLP, has agreed that, upon the request of CILP, as holder of the limited Preferred PIHLP Interests, CPEI will (i) redeem the Preferred PIHLP Interests for the shares of Common Stock to which they relate or (ii) effect the sale of such shares of Common Stock while such shares are held by PIHLP. The other limited partners of PIHLP have agreed in such letter agreement not to interfere with such transactions or with certain redemptions, withdrawals, liquidations or transfers of Preferred PIHLP Interests. At the time the PIHLP Letter Agreement was entered into, there were Preferred PIHLP Interests relating to 1,650,000 shares of Common Stock. As of the date hereof, the outstanding Preferred PIHLP Interests relate to 1,050,000 shares of Common Stock.

Pursuant to a letter agreement (the "CILP Letter Agreement"), dated March 24, 1998, between CPEI, as general partner of PIHLP and CILP, and all of the limited partners of CILP, CPEI, as general partner of PIHLP and CILP, has agreed that, upon the request of a holder of Preferred CILP Interests, CPEI will (i) redeem the Preferred CILP Interests for the Preferred PIHLP Interests to which they relate, (ii) redeem such Preferred PIHLP Interests for shares of Common Stock and then redeem the Preferred CILP Interests for such shares of Common Stock, or (iii) effect the sale of the shares of Common Stock to which the holder's Preferred CILP Interests relate while such shares are held by either PIHLP or CILP. The other limited partners of CILP have agreed in such letter not to interfere with such transactions or with certain redemptions, withdrawals, liquidations or transfers of Preferred CILP Interests. At the time the CILP Letter Agreement was entered into, there were Preferred CILP Interests relating to 1,633,000 shares of Common Stock. As of the date hereof, the outstanding Preferred CILP Interests relate to 1,033,000 shares of Common Stock.

On January 22, 1999, the reporting person, Cheryl A. Chase and Rhoda L. Chase entered into a Purchase Agreement with the Company (the "Purchase Agreement") relating to their purchase from the Company of an aggregate of 5,000 Series B 12% Cumulative Preference Shares (the "Cumulative Preference Shares") and 5,000 warrants (the "Preference Warrants"), including the Warrants, each entitling the holder to purchase 110 shares of Common Stock. Cheryl A. Chase assigned her right to purchase a certain of such shares and warrants to the Darland Trust. The transactions contemplated by the Purchase Agreement were consummated on January 27, 1999. In addition to provisions relating to such transactions, the Purchase Agreement contains agreements by the purchasers to comply with certain restrictions on the transfer of such securities, and agreements by the Company to provide information in connection with resales by the purchasers. The Purchase Agreement also contains customary indemnification and contribution provisions.

The Preference Warrants are issued under a Preference Warrant

Agreement, dated January 27, 1999, between the Company and Bankers Trust Company (the "Preference Warrant Agreement"), and are represented by Preference Warrant Certificates (the "Preference Warrant Certificates"). Each Preference Warrant entitles the holder to purchase from the Company 110 shares of Common Stock at an exercise price of \$10.00 per share. The number of shares for which each Preference Warrant is exercisable and the exercise price are subject to adjustment, as provided in the Preference Warrant Certificates and the Preference Warrant Agreement. The Preference Warrants expire on February 1, 2010. While the Preference Warrants are currently exercisable, holders of the Preference Warrants may not sell or otherwise dispose of the shares of Common Stock issuable upon their exercise until January 27, 2000. After such date, such shares may be sold if the Preference Warrant Stock Shelf Registration Statement (as defined below) is effective or if such sale is exempt from the registration requirements of the Securities Act.

The Preference Warrant Agreement provides that the initial purchasers of the Preference Warrants (the "Initial Purchasers") will have the right of first refusal to purchase, at the same per share price and on the same terms and conditions, a pro rata share of New Securities (as defined below) which the Company may, from time to time, sell or issue after January 27, 1999. In general, an Initial Purchaser's "pro rata share" is the ratio of the number of shares of Common Stock that such Initial Purchaser has the right to acquire pursuant to the Preference Warrants held by it immediately prior to the issuance of New Securities, to the total number of shares of Common Stock outstanding immediately prior to the issuance of New Securities, assuming full conversion of all outstanding securities convertible into or exchangeable for Common Stock and exercise of all outstanding rights, options and warrants for Common Stock. For the purpose of the Initial Purchasers' pre-emptive rights, the term "New Securities" means any Common Stock, whether now authorized or not, and any rights, options or warrants to purchase any such Common Stock, and securities of any type whatsoever that are, or may become, convertible into Common Stock; provided that the term "New Securities" does not include: (i) securities issued in connection with an acquisition by the Company of another business entity or business segment of such an entity, whether by merger, purchase of substantially all the assets, or by other reorganization; (ii) certain securities issued to employees, consultants, officers or directors of the Company pursuant to a stock option, stock purchase, stock bonus or similar plan, provided that such securities have an exercise price of no less than the fair market value of the Common Stock on the date of the grant; (iii) securities issued in connection with any stock split, stock dividend, recapitalization or other reorganization of the Company; (iv) securities issued upon the exchange, exercise or conversion of any security that was the subject of a right of first refusal pursuant to the Preference Warrant Agreement; (v) treasury shares; (vi) any right, option or warrant to acquire any security convertible solely into the securities excluded from the definition of New Securities pursuant to subsections (i) through (v) above; (vii) any Common Stock, or any rights, options or warrants or shares convertible into or exchangeable for Common Stock, which the Company was, on or before January 27, 1999, required to

issue; (viii) Common Stock or any rights, options or warrants or shares convertible into or exchangeable for Common Stock which the Company shall issue on January 27, 1999 in connection with its offering of certain senior discount notes due 2009; or (ix) any Common Stock or any rights, options or warrants, or shares convertible or exchangeable into Common Stock, issued or sold to any Initial Purchaser by the operation of any rights described in the Preference Warrant Agreement or pursuant to any other antidilution arrangement with any other person. Upon the disposition by any Initial Purchaser of all of its Preference Warrants, such Initial Purchaser shall have no further pre-emptive rights under the Preference Warrant Agreement.

Pursuant to a Preference Registration Rights Agreement (the "Preference Registration Rights Agreement"), dated as of January 27, 1999, between the Company and Morgan Grenfell Private Equity Limited ("MGPE"), Arnold L. Chase, Cheryl A. Chase, Rhoda L. Chase and The Darland Trust, the Company has agreed that it will use its best efforts to have declared effective, by July 7, 1999, a shelf registration statement (the "Shelf Registration Statement") with respect to resales of the Cumulative Preference Shares. The Company will use reasonable efforts to keep such registration statement effective until the expiration of the time period referred to in Rule 144(k) under the Securities Act with respect to all holders of Cumulative Preference Shares, provided, that the Company has the right, under certain circumstances, to periodically suspend the availability of such registration statement, as provided in the Preference Registration Rights Agreement. If such shelf registration statement is not effective within the time period set forth above or is unavailable for periods in excess of those permitted under the Preference Registration Rights Agreement, dividends will accrue on the Cumulative Preference Shares at an annual rate of 13% of the accreted liquidation preference per share, in lieu of the regular annual dividend rate of 12%, until such effectiveness or availability.

Pursuant to a Preference Warrant Registration Rights Agreement (the "Preference Warrant Registration Rights Agreement"), dated as of January 27, 1999, between the Company and MGPE, Arnold L. Chase, Cheryl A. Chase, Rhoda L. Chase and The Darland Trust, the Company has agreed to use its best efforts to cause to be declared effective under the Securities Act, no later than July 7, 1999, a shelf registration statement (the "Preference Warrant Shelf Registration Statement") to provide for the resale of the Preference Warrants. In addition, the Company has agreed to use its best efforts to cause to be declared effective under the Securities Act, no later than January 27, 2000, a shelf registration statement (the "Preference Warrant Stock Shelf Registration Statement") to provide for the issuance of the shares of Common Stock issuable upon the exercise of the Preference Warrants. The Company is required to use reasonable efforts to maintain the effectiveness of the Preference Warrant Shelf Registration Statement and the Preference Warrant Stock Shelf Registration Statement until such time as all Preference Warrants have expired or have been exercised or redeemed, provided, that the Company has the right, under certain circumstances, to periodically suspend the availability of such registration statements, as provided in the Preference Warrant Registration

## Rights Agreement.

In the event that the (i) the Preference Warrant Shelf Registration Statement or the Preference Warrant Stock Shelf Registration Statement has not been declared effective by the Commission on or prior to the date specified for such effectiveness or (ii) following the date such Preference Warrant Shelf Registration Statement or Preference Warrant Stock Shelf Registration Statement is declared effective by the Commission, it shall cease to be effective without being restored to effectiveness by amendment or otherwise within the time period specified in the Preference Warrant Registration Agreement (each such event referred to in clauses (i) and (ii), a "Preference Warrant Shelf Registration Default"), the Company shall pay as liquidated damages ("Liquidated Damages") to each holder of Preference Warrants or Preference Warrant Shares an amount (the "Damage Amount") equal to \$.0025 per week per Preference Warrant for each week that the Preference Warrant Shelf Registration Default continues. The amount of Liquidated Damages will increase by an additional \$.0025 per week per Preference Warrant with respect to each subsequent 90-day period until such Preference Warrant Shelf Registration Default has been cured, up to a maximum amount of Liquidated Damages of \$.0125 per week per Preference Warrant.

The Preference Registration Rights Agreement and the Preference Warrant Registration Rights Agreement include customary covenants on the part of the Company and provide that the Company will indemnify the holders of Cumulative Preference Shares, Preference Warrants and Preference Warrant Shares included in any registration statement and any underwriter with respect thereto against certain liabilities under the Securities Act and the Exchange Act.

The foregoing description of the Registration Rights Agreement, Amendment to Registration Rights Agreement, PIHLP Letter Agreement, CILP Letter Agreement, Purchase Agreement, Preference Warrants, Preference Warrant Agreement, Preference Warrant Certificates, Preference Warrant Registration Rights Agreement and Preference Registration Rights Agreement is subject to, and is qualified in its entirety by reference to, the Registration Rights Agreement, Amendment to Registration Rights Agreement, PIHLP Letter Agreement, CILP Letter Agreement, Purchase Agreement, Preference Warrant Agreement, Form of Preference Warrant Certificate, Preference Warrant Registration Rights Agreement and Preference Registration Rights Agreement, each of which is filed as an exhibit to this Statement on Schedule 13D.

Except as described in this Statement on Schedule 13D, the reporting person knows of no contracts, arrangements, understandings or relationships (legal or otherwise) between any of the persons named in Item 2 or between such persons and any other person with respect to any securities of the Company, including, but not limited to, transfer or voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, puts or calls, guarantees of profits, division of profits or loss, or the giving or withholding of proxies.

The reporting person has not agreed to act together with any other person or entity for the purpose of acquiring, holding, voting or disposing of shares of Common Stock and the reporting person disclaims membership in any "group" with respect to the Common Stock for purposes of Section 13(d) (3) of the Exchange Act or Rule 13d-5(b) (1) adopted thereunder.

Item 7. MATERIAL TO BE FILED AS EXHIBITS.

- (1) Registration Rights Agreement
- (2) Amendment to Registration Rights Agreement
- (3) PIHLP Letter Agreement
- (4) CILP Letter Agreement
- (5) Purchase Agreement
- (6) Preference Warrant Agreement\*
- (7) Form of Preference Warrant Certificate
- (8) Preference Warrant Registration Rights Agreement
- (9) Preference Registration Rights Agreement

---

\* To be filed by amendment.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: February 11, 1999

/s/ Arnold L. Chase

-----  
Arnold L. Chase

## REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (the "Agreement"), dated as of the 22nd day of June 1997 (the "Effective Date"), among @Entertainment, Inc., a Delaware corporation (the "Company"), Polish Investments Holding L.P., a Delaware limited partnership ("PIHLP"), ECO Holdings III Limited Partnership, a Delaware limited partnership ("ECO"), Roger M. Freedman, an individual resident of the State of Connecticut ("RMF"), Steele LLC., a Connecticut limited liability company ("Steele"), The AESOP Fund, L.P., a Delaware limited partnership ("AESOP"), and The Cheryl Anne Chase Marital Trust, a Connecticut Trust ("CACMT"). PIHLP, ECO, RMF, Steele, AESOP and CACMT shall hereinafter be referred to as the "Shareholders."

## W I T N E S S E T H :

WHEREAS, the Company and the Shareholders are on this date entering into a Contribution Agreement to which this Agreement is an Exhibit, whereby the Shareholders will exchange certain of their shares of capital stock of Poland Communications, Inc. ("PCI") for capital stock of the Company in a tax-free reorganization pursuant to Section 351 of the Internal Revenue Code of 1986, as amended (the "Code");

WHEREAS, the Shareholders constitute all of the shareholders of the Company and on this date are entering into that certain Shareholders Agreement (the "Shareholders Agreement"), whereby the parties will agree, among other things, to the terms upon which the Company will conduct its activities and upon which the relations between the shareholders of the Company will be regulated; and

WHEREAS, in order to induce the Shareholders to enter into and perform the Contribution Agreement and the Shareholders Agreement, the Company has agreed to provide the Shareholders with certain rights in respect of the registration of its common stock, par value one cent (\$0.01) per share ("Common Stock").

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Shareholders agree as follows:

1. DEFINITIONS. As used in this Agreement, the following terms shall have the respective meanings set forth below (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"DEMAND SHAREHOLDER" means PIHLP or ECO or, if used in the plural form, means PIHLP and ECO, and permitted assignees of same under Section 5(g).

"EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended.

"FOLLOWING SHAREHOLDER" means RMF, Steele, AESOP or CACMT or, if used in the plural form, means RMF, Steele, AESOP and CACMT or any two of them.

"NATIONAL SECURITIES EXCHANGE" means the New York Stock Exchange, American Stock Exchange, National Association of Securities Dealers Automated Quotation System, or National Market System of the National Association of Securities Dealers, as selected by the Company, and reasonably acceptable to the Demand Shareholder.

"PERSON" shall mean and include any individual, partnership, joint venture, corporation, trust, unincorporated organization or association or any other entity or association of any kind and any authority, federal, state, local or foreign government, any political subdivision of any thereof and any court, panel, judge, board, bureau, commission, agency or other entity or body exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to any government.

"REGISTRABLE SHARES" means (i) shares of Common Stock held by any of the Shareholders on the date hereof or acquired thereafter (including any shares of Common Stock issuable upon conversion of Series B Preferred), and (ii) any Common Stock issued in respect of such shares including, without limitation, upon any stock split, stock dividend, recapitalization or as a distribution; provided however, that Registrable Shares shall not include any shares of Common Stock which have been sold pursuant to registration under the Securities Act.

"REQUESTING SHAREHOLDER" means either of the Demand Shareholders or any of the Following Shareholders when the same shall have requested the Company to register some or all of its/their Registrable Shares pursuant to this Agreement, and permitted assignees of same under Section 5(g).

"REQUESTING SHAREHOLDER REGISTRATION EXPENSES" means with respect to any Requesting Shareholder, (i) underwriting discounts and commissions relating to the sale of such Requesting Shareholder's Registrable Shares, (ii) any transfer taxes attributable to the sale of such Registrable Shares, and (iii) the fees and disbursements of counsel incurred by such Requesting Shareholder on its own behalf.

"SEC" means the Securities and Exchange Commission.

"SECURITIES ACT" means the Securities Act of 1933, as amended.



"SHAREHOLDERS" means PIHLP, ECO, RMF, Steele, AESOP and CACMT, and permitted assignees of same under Section 5(g).

"COMPANY REGISTRATION EXPENSES" means any and all expenses incident to the Company's performance of its obligations under Section 2, other than Requesting Shareholder Registration Expenses. Company Registration Expenses shall include but not be limited to (i) registration and filing fees with the SEC and a National Securities Exchange, (ii) fees and expenses of compliance with state securities or "blue sky laws" (including reasonable fees and disbursements of counsel for the underwriters in connection with blue sky qualifications of Registrable Shares), (iii) printing expenses, (iv) registrars and transfer agents fees, (v) the fees and expenses incurred in connection with the listing or quotation of Registrable Shares on any National Securities Exchange, and (vi) fees and expenses of counsel for the Company and the independent certified public accountants for the Company.

## 2. REGISTRATION RIGHTS.

(a) DEMAND REGISTRATION. Each Demand Shareholder shall be entitled to request that the Company effect a registration under the Securities Act with respect to some or all of the Registrable Shares held by it upon the following terms and conditions:

(i) REQUEST FOR REGISTRATION OF REGISTRABLE SHARES. In the event that the Company shall receive from a Demand Shareholder a written request that the Company effect a registration under the Securities Act with respect to all or any part of the Registrable Shares held by such Demand Shareholder, the Company shall use its best efforts to effect, at the earliest practicable date, such registration, qualification and compliance (including, without limitation, the execution of an undertaking to file post-effective amendments, the execution and filing of a listing agreement with a National Securities Exchange, appropriate qualification under applicable blue sky or other state securities laws, and appropriate compliance with applicable regulations issued under the Securities Act) as may be so requested and as would permit or facilitate the sale and distribution of such Registrable Shares on such National Securities Exchange as is specified in such request (or if the Common Stock is then listed on a National Securities Exchange, such National Securities Exchange); PROVIDED that the Company shall not be obligated to take any action to effect any such registration, qualification or compliance pursuant to this Section 2(a): (A) if the Company has effected a previous registration for any Demand Shareholder pursuant to this Section 2(a)(i) during the preceding six-month period; (B) if such Demand Shareholder has previously effected three such registrations pursuant to this Section 2(a), which registrations have been declared or ordered effective by the SEC; (C) during the period starting with the date sixty (60) days prior to the Company's estimated date of filing of, and ending on

the date ninety (90) days immediately following the effective date of, any registration statement pertaining to a public offering of securities of the Company; or (D) prior to the third anniversary of this Agreement.

Subject to the foregoing clauses (A) through (D) the Company shall file a registration statement covering such Registrable Shares so requested to be registered as soon as practicable after receipt of the request of the Requesting Shareholder. Provided, however, that the Company may upon giving notice to the Requesting Shareholder postpone for a reasonable period, not to exceed 90 days, the filing or the effectiveness of such registration statement, if there exists at the time material non-public information which, in the reasonable opinion of the Company, if disclosed would have a material adverse effect on its business. During such period the Company shall continue to use its best efforts to prepare such registration statement and update such registration statement with all information necessary to make such registration statement ready for filing and effectiveness as soon as practicable after the end of such period.

ECO shall not be required to convert its Series B Preferred shares into Common Stock prior to exercising its demand registration rights hereunder with respect to shares of Common Stock which would result from such conversion.

At no time shall any Demand Shareholder demand that less than twenty-five percent (25%) of the number of shares of Common Stock held by such Demand Shareholder on the date of execution of this Agreement be registered pursuant to this Section 2(a); provided, however, that if at any time such Demand Shareholder holds less than twenty-five percent (25%) of the number of shares of Common Stock held by such Demand Shareholder on the date of execution of this Agreement, such Demand Shareholder shall have the right to demand registration of all its Registrable Shares pursuant to this Section 2(a).

(ii) UNDERWRITING. The right of the Requesting Shareholder to registration pursuant to this Section 2(a) shall be conditioned upon the Requesting Shareholder's participation in the underwriting arrangements required by this Section 2 and the inclusion in the underwriting of the Registrable Shares requested to be registered.

The Company and the Requesting Shareholder shall enter into an underwriting agreement in customary form with the managing underwriter selected for such underwriting by the Company from the following list: (A) Goldman, Sachs & Co.; (B) Morgan Stanley & Co. Incorporated; (C) Merrill Lynch & Co., Inc.; (D) CS First Boston Inc.; and (E) Donaldson, Lufkin and Jenrette Inc. the

Company may select a managing underwriter for such underwriting not on the aforementioned list, so long as such managing underwriter is acceptable to the Requesting Shareholder. Notwithstanding any other provision of this Section 2(a), if the managing underwriter determines, in good faith, that marketing factors require a limitation of the number of shares to be underwritten, the managing underwriter may limit the number of Registrable Shares to be included in the registration and underwriting to the extent such managing underwriter deems necessary. The Company shall so advise the Requesting Shareholder, and the number of Registrable Shares that may be included in the registration and underwriting shall be limited accordingly.

(iii) OTHER HOLDERS OF COMMON STOCK. Other holders of Common Stock (including, without limitation, the other Demand Shareholder and the Following Shareholders) to whom the Company has granted registration rights may include their respective securities for their own accounts in such registration if the managing underwriter so agrees. If the managing underwriter determines, in good faith, that marketing factors require a limitation of the number of shares to be underwritten, the managing underwriter may limit the number of Registrable Shares to be included by all holders of Common Stock requesting registration hereunder (including the Demand Shareholder exercising its demand rights under this Section 2(a)) based on the ratio of the number of shares requested to be registered by each such holder to the total number of shares requested to be registered by all such holders.

(iv) EXPENSES OF REQUESTED REGISTRATION. The Company shall pay all Company Registration Expenses incurred in connection with each registration, qualification or compliance pursuant to Section 2(a), and the Requesting Shareholder will pay its Requesting Shareholder Registration Expenses.

(b) PIGGY-BACK REGISTRATION.

(i) REGISTRATION INITIATED BY THE COMPANY. If the Company at any time proposes to register an offering of its securities under the Securities Act other than registrations in connection with employee stock ownership plans, offerings of debt securities and shelf registrations made pursuant to Section 2(c), either for its own account or for the account of a security holder or holders, and the registration form to be used may be used for the registration of Registrable Shares, the Company will:

(A) give written notice thereof to the Demand Shareholders and the Following Shareholders (which shall include a list of the jurisdictions in which the Company intends to attempt to qualify such securities under the

applicable blue sky or other state securities laws) within 10 days of its receipt of a request from a security holder or holders to register securities or from its decision to effect a registration of securities for its own account; and

(B) use its best efforts to include in such registration (and any related qualification under blue sky laws or other compliance), and in any underwriting involved therein, all the Registrable Shares specified in a written request by any Demand Shareholder or Following Shareholder made within 30 days after receipt of such written notice from the Company, except as set forth in Sections 2(b)(ii) and 2(b)(iii) below; PROVIDED, that if at any time after giving written notice to the Demand Shareholders and the Following Shareholders of its intention to register the Company securities under the Securities Act (x) the Company in good faith shall determine not to register such securities, the Company may, at its election, give written notice of such determination to the Demand Shareholders and the Following Shareholders and, thereupon, shall be relieved of its obligation to register such Registrable Shares pursuant to this Section 2(a) in connection with such registration, without prejudice, however, to any rights of either Demand Shareholder to request that such registration be effected as a registration under Section 2(a), or (y) the Company shall determine to delay the registration of such securities, the Company shall be permitted to delay the registration of such Registrable Shares for the same period as the delay in registering the securities to be registered by the Company for its own account or for others.

(ii) AMOUNT TO BE INCLUDED. In the event that Registrable Shares are requested to be included in any registration initiated pursuant to Section 2(b)(i) that contemplates an underwritten public offering, and if, in the good faith judgment of the managing underwriting of such public offering, the inclusion of all of the Registrable Shares covered by such request for registration, together with the number or amount of securities that were intended to be offered by the Company or other security holders who hold registration rights, would interfere with the successful marketing of such securities, then, such managing underwriter may limit the number or amount of securities to be included in the registration such that (A) the Company shall include in such registration the securities it intended to offer and (B) with respect to any additional securities which may be included in such registration (after inclusion of the securities referred to in clause (A)), all holders of securities (including the holders of Registrable Shares) who hold registration rights and who have requested registration (collectively, "Security Holders") shall participate in the underwritten public offering PRO RATA based upon the ratio of the number of shares requested

to be registered by each such Security Holder to the total number of shares requested to be registered by all such Security Holders.

(iii) UNDERWRITING. If the registration of which the Company gives notice is for a registered public offering involving an underwriting, the Company shall so advise the Demand Shareholders and the Following Shareholders as a part of the written notice given pursuant to Section 2(b)(i)(A). In such event, the right of each Requesting Shareholder to registration pursuant to this Section 2(b) shall be conditioned upon its participation in such underwriting and the inclusion of the Registrable Shares in the underwriting to the extent provided herein. The Requesting Shareholder shall (together with the Company and the other holders (if any) distributing their securities through such underwriting) enter into an underwriting agreement in customary form with the underwriter or underwriters selected for such underwriting by the Company from the following list: (A) Goldman, Sachs & Co.; (B) Morgan Stanley & Co. Incorporated; (C) Merrill Lynch & Co.; (D) CS First Boston; and (E) Donaldson, Lufkin & Jenrette Inc. The Company may select a managing underwriter for such underwriting not on the aforementioned list, so long as such managing underwriter is acceptable to the Demand Shareholders participating in such offering. If the Requesting Shareholder disapproves of the terms of any such underwriting, it may elect to withdraw therefrom by written notice to the Company and the underwriter. Any Registrable Shares excluded or withdrawn from such underwriting shall be withdrawn from such registration.

(iv) EXPENSES OF REGISTRATION. The Company shall bear all Company Registration Expenses incurred in connection with each registration, qualification or compliance pursuant to Section 2(b), and each Requesting Shareholder shall pay its own Requesting Shareholder Registration Expenses.

(c) SHELF REGISTRATION.

(i) REGISTRATION FOLLOWING MARCH 29, 2001. In the event that the Company shall receive from a Demand Shareholder a written request that the Company effect a registration under the Securities Act with respect to all of the Registrable Shares pursuant to this Section 2(c). The Company will use its best efforts to effect, at the earliest practicable date, a shelf registration statement on an appropriate form pursuant to Rule 415 (or any successor provision then in force) under the Securities Act with respect to such Registrable Shares; PROVIDED, HOWEVER, that the Company shall not be obligated to take any such action to effect any such registration pursuant to this SECTION 2(C): (A) if the Company has effected a previous registration for such Demand Shareholder pursuant to this Section 2(c); (B) if

registration pursuant to Rule 415 (or any successor provision then in force) is not available for such offering by the Demand Shareholder; or (C) prior to March 29, 2001. The Company shall use its best efforts to keep such registration statement continuously effective until all of the Registrable Shares covered by such registration are sold, and shall seek such qualification and compliance (including, without limitation, the execution of an undertaking to file post-effective amendments, appropriate qualification under blue sky or other state securities laws and appropriate compliance with applicable regulations issued under the Securities Act) as may be requested by the Requesting Shareholder.

(ii) EXPENSES OF SHELF REGISTRATION. The Company shall bear all Company Registration Expenses incurred in connection with each registration, qualification or compliance pursuant to Section 2(c), and the Requesting Shareholder will pay its Requesting Shareholder Registration Expenses.

(d) REGISTRATION PROCEDURES. In the case of each registration, qualification or compliance effected by the Company pursuant to this Section 2 pursuant to which Registrable Shares are included therein, the Company will keep each Requesting Shareholder advised in writing as to the initiation of such registration, qualification and compliance and as to the completion thereof, at its expense, the Company shall:

(i) prepare and file with the SEC any amendments (including post-effective amendments) and supplements as may be necessary to keep such registration, qualification or compliance current and effective and to comply with the provisions of the Securities Act and the rules and regulations promulgated thereunder, and the rules and regulations of any applicable securities exchange, with respect to the distribution of the Registrable Shares covered by such registration, qualification and compliance for a period of (x) in the case of a registration, qualification and compliance pursuant to Sections 2(a) or 2(b) hereof at least 180 days or until the Requesting Shareholder has completed the distribution described in the registration statement relating thereto, whichever first occurs or (y) in the case of a registration, qualification and compliance pursuant to Section 2(c) until all of the Registrable Shares have been sold;

(ii) immediately notify each Requesting Shareholder and the underwriter, if any, and confirm such notification in writing (w) when such registration statement becomes effective, (x) when the filing of any post-effective amendment to such registration statement or supplement to the prospectus is required, when the same is filed and, in the case of a post-effective amendment, when the same becomes effective, (y) of any request by the SEC for any amendment of or supplement to such registration statement

or the prospectus or for additional information, and (z) of the entry of any stop order suspending the effectiveness of such registration statement or of the initiation of any proceedings for that purpose, and, if such stop order shall be entered, the Company shall use its best efforts promptly to obtain the lifting thereof;

(iii) furnish to each Requesting Shareholder and any underwriter acting on behalf of such Requesting Shareholder (x) at a reasonable time prior to the filing thereof with the SEC a copy of the registration statement in the form in which the Company proposes to file the same, and not later than one day prior to the filing thereof, a copy of any amendment (including any post-effective amendment) to such registration statement, and promptly following the effectiveness thereof, a conformed copy of the registration statement as declared effective by the SEC and of each post-effective amendment thereto, including financial statements and all exhibits and reports incorporated therein by reference, and (y) such number of copies of the preliminary, any amended preliminary, and final prospectus and of each post-effective amendment or supplement thereto, as may reasonably be required in order to facilitate the disposition of the Registrable Shares covered by such registration statement in conformity with the requirements of the Securities Act and the rules and regulations promulgated thereunder, but only while the Company is required under the provisions hereof to cause the registration statement to remain effective; and

(iv) list such Registrable Shares on each securities exchange (if any) or qualify the Registrable Shares for trading on any over the counter market (if any) on which the Common Stock is then listed or traded, so long as such Registrable Shares are eligible for such listing or qualification.

In connection with the registration of the Registrable Shares pursuant to this Section 2, each Requesting Shareholder, for the purpose of Section 2(b) only hereby agrees as follows:

(v) the Requesting Shareholder shall cooperate with the Company in connection with the preparation of the registration statement, and for so long as the Company is obligated to file and keep effective the registration statement, shall provide to the Company, in writing, for use in the registration statement, all such information regarding the Requesting Shareholder and its plan of distribution of the Registrable Shares as may be necessary to enable the Company to prepare the registration statement and prospectus covering the Registrable Shares, to maintain the currency and effectiveness thereof and otherwise to comply with all applicable requirements of law in connection therewith;

(vi) during such time as the Requesting Shareholder may be engaged in a distribution of Registrable Shares, the Requesting Shareholder shall comply with Rules 10b-2, 10b-6 and 10b-7 promulgated under the Exchange Act, to the extent applicable, and pursuant thereto it shall, among other things: (w) not engage in any stabilization activity in connection with the securities in contravention of such Rules; (x) distribute the Registrable Shares solely in the manner described in the registration statement; (y) cause to be furnished to each broker through whom the Registrable Shares may be offered, if any, or to the offeree if an offer is not made through a broker, such copies of the prospectus and any amendment or supplement thereto and documents incorporated by reference therein as may be required by law; and not bid for or purchase any securities of the Company or attempt to induce any person to purchase any securities of the Company other than as permitted under the Exchange Act;

(vii) upon receipt of a notice pursuant to Section 2(d)(ii)(x), (y) or (z), discontinue any distribution of Registrable Shares if such discontinuance is required under the Securities Act; and

(viii) at least five (5) days prior to any distribution of the Registrable Shares other than in an underwritten offering, the Requesting Shareholder will advise the Company in writing of the dates on which the distribution is intended to commence and terminate, the number of the Registrable Shares to be sold and the terms and the manner of sale; such person also shall inform the Company and any broker/dealers through whom sales of the Registrable Shares may be made when each distribution of such shares is completed.

(e) INDEMNIFICATION.

(i) If Registrable Shares held by a Demand Shareholder or a Following Shareholder are included in the securities as to which any registration, qualification or compliance is being effected, the Company will indemnify each such Demand Shareholder and each such Following Shareholder, each of its general and limited partners, each of the officers and directors of it or any of its general or limited partners and any person which controls, within the meaning of Section 15 of the Securities Act, any of the foregoing, each underwriter, if any, and each person who controls any underwriter within the meaning of Section 15 of the Securities Act, against all claims, losses, damages and liabilities (and actions in respect thereof) ("Loss") arising out of or based on any untrue statement (or alleged untrue statement) of a material fact contained in any prospectus, offering circular or other document (including any related registration statement, notification or the like) incident to any such registration, qualification or compliance, or based on any omission (or alleged



omission) to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, or any violation by the Company of any rule or regulation promulgated under the Securities Act, or of any other federal, state or common law applicable to the Company and relating to any action or inaction required of the Company in connection with any such registration, qualification or compliance, and will reimburse each such Demand Shareholder and each such Following Shareholder, general or limited partners, or such officers or directors of it or any of its general or limited partners, any person which controls any of the foregoing and each such underwriter and each person which controls such underwriter, for any legal and any other expenses reasonably incurred in connection with investigating or defending any such Loss; PROVIDED, that the Company will not be liable to so indemnify or reimburse in any such case to the extent that any such Loss arises out of or is based on any untrue statement or omission resulting from written information furnished to the Company by or on behalf of such Demand Shareholder or such Following Shareholder or such underwriter for use therein.

(ii) The Requesting Shareholder will, if Registrable Shares held by the Requesting Shareholder are included in the securities as to which such registration, qualification or compliance is being effected, indemnify the Company, each of its directors and officers, each other Security Holder, each other Requesting Shareholder, the independent accountants and legal counsel of the Company, each underwriter, if any, of the Company's securities covered by such a registration statement, and each person who controls any of the foregoing within the meaning of Section 15 of the Securities Act, against all Loss arising out of or based on any untrue statement (or alleged untrue statement) of a material fact contained in any such registration statement, prospectus, offering circular or other document, or any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, or any violation by the Requesting Shareholder of any rule or regulation promulgated under the Securities Act, or of any other federal, state or common law applicable to the Requesting Shareholder and relating to any action or inaction required by the Requesting Shareholder in connection with any such registration, qualification or compliance, and will reimburse the Company, such directors, officers, accountants, counsel, Security Holders, the other Requesting Shareholders, underwriters, officers, directors and controlling persons for any legal or any other expenses reasonably incurred in connection with investigating or defending any such Loss in each case to the extent, but only to the extent, that such untrue statement (or alleged untrue statement) or omission (or alleged omission) is made in such registration statement, prospectus, offering circular or other document in reliance upon and in conformity

with written information furnished to the Company by or on behalf of such Requesting Shareholder for use therein; PROVIDED, HOWEVER, that (i) such obligations of such Requesting Shareholder hereunder shall be limited to an amount equal to the aggregate public offering price of the Registrable Shares of such Requesting Shareholder sold as contemplated herein, unless such liability arises out of or is based upon willful misconduct by such Requesting Shareholder and (ii) the indemnity for untrue statements or omissions described above, and the reimbursements obligation relating thereto, shall not apply if such Requesting Shareholder provides the Company with such additional written information prior to the effectiveness of the registration statement as is required to make the previously supplied written information true and complete, together with a description in reasonable detail of the information previously supplied which was untrue or incomplete.

(iii) Each person entitled to indemnification under this Section 2(e) (the "Indemnified Party") shall give notice to the party required to provide indemnification (the "Indemnifying Party") promptly after such Indemnified Party has actual knowledge of any claim as to which indemnity may be sought, and shall permit the Indemnifying Party to assume the defense of any such claim or any litigation resulting therefrom; PROVIDED, that counsel for the Indemnifying Party, who shall conduct the defense of such claim or litigation, shall be approved by the Indemnified Party (whose approval shall not unreasonably be withheld), and the Indemnified Party may participate in such defense at such Indemnified Party's expense, and PROVIDED FURTHER that the failure of any Indemnified Party to give notice as provided herein shall not relieve the Indemnifying Party of its obligations under this Section 2(e). After notice from the Indemnifying Party to the Indemnified Party of its election to assume the defense of such claim or litigation, the Indemnifying Party will not be liable to such Indemnified Party for any legal or other expenses subsequently incurred by such Indemnified Party in connection with the defense thereof other than reasonable costs of investigation, unless the Indemnifying Party abandons the defense of such claim or litigation. No Indemnifying Party in the defense of any such claim or litigation, shall, except with the consent of each Indemnified Party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party of a release from all liability in respect to such claim or litigation.

(f) CONTRIBUTION. If the indemnification provided for in subsections (i) or (ii) of Section 2(e) is unavailable to or insufficient to hold the Indemnified Party harmless in respect of any Loss referred to therein for any reason other than as specified therein, then the Indemnifying Party shall contribute to the amount

paid or payable by such Indemnified Party as a result of such Loss in such proportion as appropriate to reflect the relative fault of the Indemnifying Party, on the one hand, and such Indemnified Party, on the other, in connection with the statements or omissions which resulted in such Loss, as well as any other relevant equitable considerations. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by (or omitted to be supplied by) the Indemnifying Party or the Indemnified Party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The amount paid or payable by an Indemnified Party as a result of Loss referred to in this subsection (f) shall be deemed to include any legal or other expenses reasonably incurred by such Indemnified Party in connection with investigating or defending any such action or claim. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

(g) INFORMATION FURNISHED BY THE REQUESTING SHAREHOLDERS. Each Requesting Shareholder shall furnish to the Company such information regarding itself, each of its general or limited partners, and each of its directors and officers, and any person controlling any of the foregoing, and the distribution proposed by such Requesting Shareholder, as the Company may reasonably request in writing and as shall be required in connection with any registration, qualification or compliance referred to in this Section 2.

3. HOLDBACK AGREEMENTS. If any registration of Registrable Shares or other securities of the Company pursuant to Section 2(a) or Section 2(b) herein shall be in connection with an underwritten public offering, each Requesting Shareholder agrees not to effect any public sale or distribution, including any sale under Rule 144 (or any successor provision then in effect) under the Securities Act, of any Registrable Shares or of any shares of Common Stock or any security convertible into or exchangeable or exercisable for any shares of Common Stock (in each case, other than as part of such underwritten public offering) during the seven (7) days prior to, and during the 180-day period (or such shorter period as may be provided for in the applicable underwriting agreement) beginning on, the effective date of the related registration statement.

4. TERMINATION.

(a) Notwithstanding any other provision of this Agreement, the respective covenants, agreements and obligations contained in Section 2 of this Agreement shall continue until the latter of: (i) such date as all of the Demand Shareholders and all of the Following Shareholders cease to own any Registrable Shares; or (ii) March 29, 2004; provided that (x) such covenants, agreements and obligations

shall continue with respect to any request for registration of Registrable Shares made hereunder March 29, 2004 of the date of this Agreement, and (y) the indemnification obligations contained in Section 2(e) and the contribution obligations contained in Section 2(f) shall survive for the period of the statute of limitations with respect thereto.

5. MISCELLANEOUS.

(a) Each of the parties acknowledges and agrees that irreparable damage would occur in the event any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Agreement and to enforce specifically the terms and provisions hereof in any court of the United States or any state thereof having jurisdiction, in addition to any other remedy to which they may be entitled at law or equity.

(b) All notices and other communications hereunder shall be in writing and shall be deemed given (i) when delivered personally, (ii) when received if sent by registered or certified mail, return receipt requested, or by air courier or (iii) when received by facsimile transmission with electronic verification, in each case to the parties at the following addresses (or at such other address as a party may specify by like notice):

(A) If to the Company, addressed to: @ Entertainment, Inc., One Commercial Plaza, Hartford, Connecticut 06103; facsimile: (860) 293-4297, Attention: Cheryl Anne Chase; with a copy thereof addressed to Baker & McKenzie, 815 Connecticut Avenue, N.W., Washington, D.C. 20006-4078; facsimile: (202) 452-7074, Attention: Marc R. Paul, Esq.;

(B) If to PIHLP, addressed to: Chase Polish Enterprises, Inc., One Commercial Plaza, Hartford, Connecticut 06103; facsimile: (860) 293-4297, Attention: Cheryl Chase Freedman;

(C) If to ECO, addressed to: ECO Holdings III Limited Partnership, c/o Advent International Corporation, 101 Federal Street, Boston, Massachusetts 02110; facsimile: (617) 951-0571, Attention: Ms. Janet Hennessy; with a copy thereof addressed to Advent International Plc, 123 Buckingham Palace Road, London SW1W 9SL; facsimile: 44 (171) 333-0801, Attention: Mr. Scott Lanphere;

(D) If to RMF, addressed to: Roger M. Freedman, 67 Prospect Avenue, West Hartford, Connecticut 06106; facsimile: (860) 231-0551, with a copy thereof addressed to Robinson & Cole, One Commercial Plaza, Hartford, Connecticut 06103; facsimile: (860) 231-0551, Attention: Richard G. Schectman;

(E) As to Steele, addressed to: Steele LLC, 19 Warren Terrace, Longmeadow, Massachusetts 01106; facsimile: (413) 567-5160, Attention: Richard B. Steele, Managing Member; with a copy thereof addressed to Bergman Horowitz, Connecticut Financial Center, New Haven, Connecticut; facsimile: (860) 785-8127, Attention: Jim Brockway, Esq.;

(F) If to CACMT, addressed to: Chase Polish Enterprises, Inc., One Commercial Plaza, Hartford Connecticut 06103; facsimile: (860) 293-4297, Attention: Cheryl Chase Freedman; and

(G) As to AESOP, addressed to: The AESOP Fund, L.P. c/o Capital Investors, Inc., 1215 19th Street, N.W., Washington, D.C. 20036; facsimile: (202) 467-4426, Attention: Harry Huge; with a copy thereof addressed to The AESOP Fund, L.P., 1119 Financial Center Building, Seattle, Washington 98161; facsimile: (206) 292-8075, Attention: Duff Kennedy.

(c) This Agreement supersedes all prior agreements between the parties (written or oral) relating to registration of the Registrable Shares under the Securities Act and is intended as a complete and exclusive statement of the terms of the agreement between the parties with respect to such matters.

(d) This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware and shall be construed and enforced in accordance with the laws of such state without regard to principles of conflicts of laws thereof.

(e) The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

(f) Any term or provision of this Agreement may be waived at any time by an instrument in writing signed by the party which is entitled to the benefits thereof and this Agreement may be amended or supplemented at any time by an instrument in writing signed by all parties hereto.

(g) Except as otherwise provided herein, the Company shall not assign this Agreement or any part hereof or any rights or obligations hereunder without the prior written consent of all other parties hereto. Each Shareholder shall be entitled, without the consent of any other party hereto, to assign and transfer any or all of its rights hereunder to any transferee of its Registrable Shares to which it is permitted to transfer such Registrable Shares under the provisions of the Shareholders Agreement; provided, however, that a Demand Shareholder may only assign and transfer any of its demand registration rights under Section 2(a) to a permitted transferee holding at least twenty-five (25%) of the Common Stock held by such

Demand Shareholder at the date of execution of this Agreement, and any exercise of such demand registration rights by such transferee shall be counted as a demand registration effected on behalf of such Demand Shareholder for the purposes of Section 2(a)(i)(B). No assignment shall release any party of any of its obligations under this Agreement. Except as otherwise provided herein, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

(h) If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the extent possible.

(i) This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute but one and the same agreement.

(j) The number of Registrable Shares and any references herein as to specific number of shares shall be appropriately adjusted in the event of any stock split, reverse split, stock dividend or other reclassification or reorganization affecting the capital stock of the Company which occurs after the date hereof.

(k) Any claim, suit, action, or proceeding among any or all of the parties hereto relating to this Agreement, to any document, instrument, or agreement delivered pursuant hereto, referred to herein, or contemplated hereby, or in any other manner arising out of or relating to the transactions contemplated by or referenced in this Agreement, shall be commenced and maintained exclusively in the United States District Court for the District of Delaware, or, if such Court lacks jurisdiction over the subject matter, in a state court of competent subject-matter jurisdiction sitting in the State of Delaware. The parties hereby submit themselves unconditionally and irrevocably to the personal jurisdiction of such courts. The parties further agree that venue shall be exclusively in New Castle County in the State of Delaware. The parties irrevocably waive any objection to such personal jurisdiction or venue including, but not limited to, the objection that any suit, action, or proceeding brought in the State of Delaware has been brought in an inconvenient forum. The parties irrevocably agree that process issuing from such courts may be served on them, either personally or by certified mail, return receipt requested, at the addresses given in Section 5(b) hereof; and further irrevocably waive any objection to service of process made in such manner and at such addresses, including without limitation any

objection that service in such manner and at such addresses is not authorized by the local or procedural laws of the State of Delaware.

(l) In any suit or proceeding brought or instituted by any of the parties to enforce or interpret any of the provisions of this Agreement or on account of any damages claimed to be sustained by such instituting party by reason of another party's violation of any of the terms or provisions of this Agreement, the prevailing party shall be entitled to recover reasonable attorneys' fees and court costs.

(m) This Agreement shall be effective as to all parties other than AESOP as soon as all such other parties have signed it, and with respect to AESOP's rights and obligations it shall be effective as soon as all parties including AESOP have signed it.

IN WITNESS WHEREOF, the Company, PIHLP, ECO, RMF, Steele, AESOP and CACMT have caused this Agreement to be duly executed by their respective officers, each of whom is duly authorized, all as of the day and year first above written.

@ ENTERTAINMENT, INC.,  
a Delaware corporation

By: /s/ Robert E. Fowler, III

-----  
Name: Robert E. Fowler, III

-----  
Title: Chief Executive Officer  
-----

POLISH INVESTMENTS HOLDING L.P.,  
a Delaware limited partnership

By: CHASE POLISH ENTERPRISES, INC.,  
a Delaware corporation

MANAGING GENERAL PARTNER

By: /s/ Cheryl A. Chase

-----  
Name: Cheryl A. Chase

Title: Exec. Vice President

ECO HOLDINGS III LIMITED PARTNERSHIP, a

Delaware limited partnership

By: Advent ECO III L.L.C., general partner

By: Global Private Equity II Limited  
Partnership, member

By: Advent International Limited Partnership,  
general partner

By: Advent International Corporation, general  
partner

By: /s/ Janet L. Hennessy

-----  
Name: Janet L. Hennessy  
Title: Vice President

THE AESOP FUND, L.P.,  
a Delaware limited partnership

By: Capitol Investments, Inc.

-----  
a General Partner  
-----

MANAGING GENERAL PARTNER

By: /s/ Duff Kennedy

-----  
Name: Duff Kennedy  
Title: Chairman

Roger M. Freedman

-----  
Roger M. Freedman

STEELE LLC, a Connecticut limited liability  
company

By: /s/ Richard B. Steele



Name: Richard B. Steele  
Title: Managing Member

THE CHERYL ANNE CHASE MARITAL TRUST  
a Connecticut Trust

By: /s/ Cheryl A. Chase

-----  
Name: Cheryl A. Chase  
Title: Trustee, and not individually  
or in any other capacity

By: /s/ Kenneth Musen Trustee

-----  
Name: Kenneth Musen  
Title: Trustee, and not individually  
or in any other capacity

AMENDMENT TO REGISTRATION RIGHTS AGREEMENT

This Amendment ("Amendment") to the Registration Rights Agreement (the "Registration Rights Agreement"), dated as of June 22, 1997 among ECO Holdings III Limited Partnership, Polish Investments Holding L.P., Roger M. Freedman, The Cheryl Anne Chase Marital Trust, Steele LLC, the AESOP Fund, L.P. and @Entertainment, Inc. is made this 9th day of July, 1997.

WITNESSETH:

WHEREAS, Section 5(f) the Registration Rights Agreement permits this Amendment to be made in writing signed by all of the parties to the Registration Rights Agreement;

WHEREAS, the undersigned are all of the parties to the Registration Rights Agreement; and

WHEREAS, the undersigned agree that the Registration Rights Agreement should be amended as set forth herein.

THEREFORE, in consideration of the foregoing recitals, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned agree as follows:

1. Section 2(a)(i)(D) of the Registration Rights Agreement is amended by deleting the phrase "prior to the third anniversary of this Agreement" and substituting therefor the phrase "prior to March 29, 1999."
2. Except as amended by paragraph 1 of this Amendment, all the terms and provisions of the Registration Rights Agreement in effect on the date hereof are hereby ratified and confirmed.

3. This Amendment may be executed in counterparts so that upon execution of counterparts by all of the parties to the Registration Rights Agreement this Amendment shall be in full force and effect.

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed as of the day and year first above written.

@ENTERTAINMENT, INC.,  
a Delaware corporation

By: /s/ Robert E. Fowler, III

-----  
Name: Robert E. Fowler, III  
Title: Chief Executive Officer

POLISH INVESTMENTS HOLDING L.P.,  
a Delaware limited partnership

By: CHASE POLISH ENTERPRISES, INC.  
a Delaware corporation

MANAGING GENERAL PARTNER

By: /s/ Cheryl A. Chase

-----  
Name: Cheryl A. Chase  
Title: Executive Vice President

ECO HOLDINGS III LIMITED PARTNERSHIP,  
a Delaware limited partnership

By: Advent ECO III L.L.C., general partner

By: Global Private Equity II Limited  
Partnership, member

By: Advent International Limited  
Partnership, general partner

By: Advent International Corporation,  
general partner

By: /s/ Janet L. Hennessy

-----  
Name: Janet L. Hennessy  
Title: Vice President

THE AESOP FUND, L.P.,  
a Delaware limited partnership

By: Capital Investors, G.P.,  
a \_\_\_\_\_ partnership

MANAGING GENERAL PARTNER

By: /s/ Duff Kennedy

-----  
Name: Duff Kennedy  
Title: Chairman

/s/ Roger M. Freedman

-----  
Roger M. Freedman

STEELE LLC, a Connecticut limited liability  
company

By: /s/ Richard B. Steele

-----  
Name: Richard B. Steele  
Title: Managing Member

THE CHERYL ANNE CHASE MARITAL  
TRUST, a Connecticut trust

By: /s/ Cheryl A. Chase

-----  
Name: Cheryl A. Chase  
Title: Trustee, and not individually or  
in any other capacity.

By: /s/ Kenneth Musen Trustee

-----  
Kenneth Musen  
Trustee, and not individually or in any  
other capacity



March 24, 1998

Ms. Cheryl A. Chase  
Executive Vice President  
Chase Polish Enterprises, Inc., General Partner  
Polish Investments Holding L.P.  
One Commercial Plaza  
Hartford, CT 06103

Re: Access to @Entertainment Shares

Dear Ms. Chase:

By way of this letter Agreement, the undersigned, constituting all of the Class A, Class B and Class C limited partners of Polish Investments Holding LP., a Delaware limited partnership ("PIHLP"), hereby set forth our understanding with you, in your capacity as the sole general partner of PIHLP, in regard to 1,650,000 @Entertainment, Inc. common shares (the "Shares"), owned by PIHLP. It is our intention that this Letter Agreement serve as a instruction by us, constituting all of the limited partners of PIHLP, to you, as general partner of PIHLP.

Our intention is that 99% of the Shares will eventually be held by Cable Investment L.P., a Delaware limited partnership ("CILP"), as the sole Class B Limited Partner of PIHLP and 1% of the Shares will eventually be held by you, as the sole general partner of PIHLP. The current structure is such that CILP owns a 99% Class B limited partnership interest in PIHLP and that you own a 1% interest as the general partner of PIHLP. The Class B PIHLP limited partnership interest indirectly owns rights to 99% of the Shares. Eventually, it is intended that the Class B limited partnership interest owned by CILP in PIHLP will be redeemed by PIHLP in exchange for a transfer to CILP by PIHLP of 99% of the Shares. A portion of your general partnership interest will also eventually be redeemed in exchange for a transfer to you by PIHLP of 1% of such Shares.

You are the sole general partner of PIHLP. Documents have previously been drafted to permit you, in your absolute discretion, to consummate the above described redemptions. In accordance with this Letter Agreement, you agree to complete these redemptions to the best of your ability upon the request of the Class B limited partner of PIHLP. No other Class A limited partner or Class C limited partner of PIHLP will interfere in any manner whatsoever with your completing the transfer of the Shares from PIHLP to CILP as the PIHLP Class B limited partner or to you as the PIHLP general partner.

If the Class B limited partner of PIHLP wishes you to consider the sale of any portion of such Shares which the Class B limited partner's interest indirectly represents, CILP will request such from you and you will effect such sale to the best of your ability in your capacity as general partner. Such sale of all or a portion of the Shares may also may be followed by a partial or complete redemption of the PIHLP Class B limited partner's interest, in whole or in part, by way of the distribution of the net proceeds resulting from the sale of the Shares. The other Class A limited partners and the Class C limited partners of PIHLP agree to take no action which will interfere with your efforts to sell all or a portion of the Shares or to effect redemptions of the Class B limited partner's interest or your interest as a general partner with respect to 1% of the Shares with each action being taken in response to the Class B limited partner's request.

Finally, as you know, the Class B limited partner of PIHLP is entitled to request withdrawal from the Company or to request the liquidation of such limited partner's interest. Such withdrawal or liquidation is possible only with your consent as general partner of PIHLP. The Class B limited partner also is entitled to transfer his or her limited partnership interest in PIHLP by sale or otherwise, but only with your consent as general partner. We, constituting all of the Class A limited partners and Class C limited partners, will not block or otherwise interfere with such withdrawal or liquidation request of the Class B limited partner or interfere with the sale or liquidation of the Class B limited partner's interest in any manner whatsoever. You, as general partner of PIHLP, may consider a request of the Class B limited partner to withdraw from CILP in whole or in part or to approve a transfer of the Class B limited partner's interest. Each such action may be taken by you without the consent of any other partner. We direct you to cause PIHLP to file such documents or requests that are necessary with the SEC or any applicable state as to such sales, redemptions, transfers or withdrawals. You are direct to obtain advice of SEC Counsel at the expense of PIHLP to determine appropriate SEC filing requirements. Each limited partner hereby agrees to indemnify you and hold you harmless for all such actions or omissions, as provided for in Section 5.5 of the Limited Partnership Agreement for PIHLP.

This Letter Agreement is effective as of the date hereof and made by and among the parties hereto. Any disputes hereunder shall be governed by the laws of the State of Connecticut.

SIGNED AND AGREED:

/s/ Cheryl Anne Chase

-----  
Cheryl Anne Chase, Class A Limited Partner

/s/ Arnold L. Chase

-----  
Arnold Chase Accumulation Trust I, Class A  
Limited Partner, acting by Arnold L. Chase,  
Trustee

/s/ Cheryl Anne Chase

-----  
Cheryl Chase Accumulation Trust I, Class A  
Limited Partner, acting by Cheryl Anne Chase,  
Trustee

Cable Investment L.P., as Class A, Class B  
and Class C Limited Partner

By: /s/ Cheryl Anne Chase

-----  
Chase Polish Enterprises, Inc., General  
Partner acting by Cheryl Anne Chase, Its  
Executive Vice President

CONSENTED TO BY:

By: /s/ Cheryl Anne Chase

-----  
Chase Polish Enterprises, Inc., General  
Partner of Polish Investments Holding  
L.P., acting by Cheryl Anne Chase, Its  
Executive Vice President



March 24, 1998

Ms. Cheryl A. Chase  
President  
Chase Polish Enterprises, Inc., General Partner  
Cable Investment L.P.  
Polish Investments Holding L.P.  
One Commercial Plaza  
Hartford, CT 06103

Re: Access to @Entertainment Shares

Dear Ms. Chase:

By way of this Letter Agreement, the undersigned, constituting all of the Class A and Class B limited partners of Cable Investment LP., a Delaware limited partnership ("CILP"), hereby set forth our understanding with you, in your capacity as i) the sole general partner of CILP, and (ii) the sole general partner of Polish Investments Holding L.P., a Delaware limited partnership ("PIHLP"), in which CILP has its principal investment in regard to 1,633,500 @Entertainment, Inc. common shares (the "Shares"), owned by PIHLP and indirectly owned by CILP. It is our intention that this Letter Agreement serve as a instruction by us, constituting all of the limited partners of CILP, to you, as general partner of CILP and PIHLP.

Our intention is that the Shares will eventually be held by CILP for the benefit of its Class B limited partners and you, as CILP general partner. The current structure is such that CILP owns a 99% Class B limited partnership interest in PIHLP. The Class B PIHLP limited partnership interest indirectly owns rights to the Shares. Eventually, it is intended that the Class B limited partnership interest owned by CILP in PIHLP will be redeemed by PIHLP in exchange for a transfer to CILP by PIHLP of such Shares. It is also our intention to permit you, as general partner, to redeem the interests of the Class B limited partners of CILP by making a distribution of all or any portion of the Shares in full or partial redemption of the Class B limited partner interests.

You are the sole general partner of PIHLP and CILP. Documents have previously been drafted to permit you, in your absolute discretion, to consummate the above described redemptions. In accordance with this Letter Agreement, you agree to complete these redemptions to the best of your ability. Upon the request of any Class B limited partner of CILP of CILP. No other Class B limited partner or Class A limited partner of CILP will

interfere in any manner whatsoever with your completing the transfer of the Shares from PIHLP to CILP and, in turn, from CILP to the Class B limited partner or partners.

If a Class B limited partner of CILP wishes you to consider the sale of any portion of such Shares which such Class B limited partner's interest indirectly represents, that Class B limited partner will request such from you and you will effect such sale to your best of your ability at the PIHLP or CILP level in your capacity as general partner. Such sale of all or a portion of the Shares may also may be followed by a partial or complete redemption of the applicable CILP Class B limited partner's interests, in whole or in part, by way of the distribution of the net proceeds resulting from the sale of the Shares. The other Class B limited partners and the Class A limited partners agree to take no action which will interfere with your efforts to sell all or a portion of the Shares on behalf of CILP or to effect such redemption of a Class B limited partner's interest as a consequence of your actions in regard to the particular Class B limited partner's request.

Finally, as you know, a Class B limited partner is entitled to request withdrawal from the Company or to request the liquidation of such limited partner's interest. Such withdrawal or liquidation is possible only with your consent as general partner of CILP. A Class B limited partner also is entitled to transfer his or her limited partnership interest in CILP by sale or otherwise, but only with your consent as general partner. We, constituting all of the Class A limited partners and Class B limited partners, will not block or otherwise interfere with such withdrawal or liquidation request of any Class B limited partner or interfere with the sale or liquidation of a Class B limited partner's interest in any manner whatsoever. You, as general partner of CILP, may consider a request of a Class B limited partner to withdraw from CILP in whole or in part or to approve a transfer of a Class B limited partner's interest. Each such action may be taken by you without the consent of any other partner. We direct you to cause CILP and/or PIHLP to file such documents or requests that are necessary with the SEC or any applicable state as to such sales, redemptions, transfers or withdrawals. You are direct to obtain advice of SEC Counsel at the expense of CILP to determine appropriate SEC filing requirements. Each limited partner hereby agrees to indemnify you and hold you harmless for all such actions or omissions, as provided for in Section 5.4 of the Limited Partnership Agreement for CILP.

This Letter Agreement is effective as of the date hereof and made by and among the parties hereto. Any disputes hereunder shall be governed by the laws of the State of Connecticut.

SIGNED AND AGREED:

/s/ Cheryl Anne Chase

-----  
Cheryl Anne Chase, Class A and Class B

Limited Partner

/s/ Arnold L. Chase

-----  
Arnold L. Chase, Class A and Class B  
Limited Partner

/s/ Kenneth N. Musen Trustee

-----  
Sandra Chase Grantor Trust, Class A and  
Class B Limited Partner, by Kenneth N.  
Musen, as Trustee and not in any other  
capacity

/s/ Kenneth N. Musen Trustee

-----  
Arnold L Chase Family  
Family Spray Trust, Class A and Class B  
Limited Partner, by Kenneth N. Musen, as  
Trustee and not in any other capacity

/s/ Kenneth N. Musen Trustee

-----  
Cheryl Anne Chase Family Spray Trust, Class  
A and Class B Limited Partner, by Kenneth N.  
Musen, as Trustee and not in any other  
capacity

/s/ Kenneth N. Musen Trustee

-----  
Chase Cable LLC, by Kenneth N. Musen, its  
Manager

CONSENTED TO BY:  
CHASE POLISH ENTERPRISES, INC.

By: /s/ Cheryl A. Chase

Its

In its capacity as General Partner of  
Chase Investment Limited Partnership  
and Polish Investments Holding L.P.

EXECUTION COPY

---

---

@ENTERTAINMENT, INC.  
(a Delaware corporation)

5,000 Shares of Series B Cumulative Preference Stock and  
5,000 Warrants to Purchase an Aggregate of  
550,000 Shares of Common Stock

PURCHASE AGREEMENT

Dated: January 22, 1999

---

---

Table of Contents

PURCHASE AGREEMENT . . . . . 1

SECTION 1. REPRESENTATIONS AND WARRANTIES . . . . . 3

    (a) REPRESENTATIONS AND WARRANTIES BY THE COMPANY. . . . . 3

        (i) SIMILAR OFFERINGS . . . . . 3

        (ii) PREFERENCE OFFERING MEMORANDUM. . . . . 3

        (iii) INDEPENDENT ACCOUNTANTS . . . . . 4

        (iv) FINANCIAL STATEMENTS. . . . . 4

        (v) NO MATERIAL ADVERSE CHANGE IN BUSINESS. . . . . 4

        (vi) GOOD STANDING OF THE COMPANY. . . . . 4

        (vii) CORPORATE STANDING OF DESIGNATED SUBSIDIARIES . . . . . 5

        (viii) RESTRICTIONS ON PAYMENTS OF DIVIDENDS . . . . . 5

        (ix) CAPITALIZATION. . . . . 6

        (x) AUTHORIZATION OF AGREEMENT. . . . . 6

(xi)	AUTHORIZATION OF THE PREFERENCE REGISTRATION RIGHTS AGREEMENT . . . . .	6
(xii)	AUTHORIZATION OF THE CERTIFICATE OF DESIGNATION AND THE PREFERENCE SHARES . . . . .	6
(xiii)	AUTHORIZATION OF THE PREFERENCE WARRANT AGREEMENT . . . . .	6
(xiv)	AUTHORIZATION OF THE PREFERENCE WARRANTS. . . . .	7
(xv)	AUTHORIZATION OF THE PREFERENCE WARRANT SHARES. . . . .	7
(xvi)	AUTHORIZATION OF THE PREFERENCE WARRANT REGISTRATION RIGHTS AGREEMENT. . . . .	7
(xvii)	AUTHORIZATION OF THE INDENTURE. . . . .	8
(xviii)	AUTHORIZATION OF THE NOTES. . . . .	8
(xix)	AUTHORIZATION OF THE NOTE REGISTRATION RIGHTS AGREEMENT . . . . .	8
(xx)	AUTHORIZATION OF THE NOTE WARRANT AGREEMENT . . . . .	8
(xxi)	AUTHORIZATION OF THE NOTE WARRANT REGISTRATION RIGHTS AGREEMENT. . . . .	9
(xxii)	DESCRIPTION OF THE PREFERENCE REGISTRATION RIGHTS AGREEMENT, THE PREFERENCE WARRANT REGISTRATION RIGHTS AGREEMENT, THE PREFERENCE SHARES, THE PREFERENCE WARRANTS, THE COMMON STOCK, THE PREFERENCE WARRANT AGREEMENT, THE MG SECURITIES, THE NOTE SECURITIES, AND THE NOTE AGREEMENTS. . . . .	9
(xxiii)	ABSENCE OF DEFAULTS AND CONFLICTS . . . . .	9
(xxiv)	ABSENCE OF LABOR DISPUTE. . . . .	10
(xxv)	ABSENCE OF PROCEEDINGS. . . . .	10
(xxvi)	POSSESSION OF INTELLECTUAL PROPERTY . . . . .	11
(xxvii)	ABSENCE OF FURTHER REQUIREMENTS . . . . .	11
(xxviii)	POSSESSION OF LICENSES AND PERMITS. . . . .	12
(xxix)	NO ADDITIONAL DOCUMENTS . . . . .	12
(xxx)	MANAGEMENT AGREEMENTS . . . . .	12
(xxxi)	TITLE TO PROPERTY . . . . .	13
(xxxii)	TAX RETURNS . . . . .	13
(xxxiii)	ENVIRONMENTAL LAWS. . . . .	13
(xxxiv)	INVESTMENT COMPANY ACT. . . . .	14
(xxxv)	INTERNAL CONTROLS . . . . .	14
(xxxvi)	TAXES ON SUBSIDIARY INDEBTEDNESS. . . . .	14
(xxxvii)	INSURANCE . . . . .	15
(xxxviii)	RULE 144A ELIGIBILITY . . . . .	15
(xxxix)	NO GENERAL SOLICITATION . . . . .	15
(xl)	NO REGISTRATION REQUIRED. . . . .	15
(xli)	REPORTING COMPANY . . . . .	15
(xlii)	FUNDS . . . . .	15
(xliii)	SUBSCRIBERS . . . . .	16
(b)	OFFICERS' CERTIFICATES . . . . .	16
SECTION 2. SALE AND DELIVERY TO THE PURCHASER; CLOSING. . . . .		16
(a)	PREFERENCE SECURITIES. . . . .	16
(b)	PAYMENT. . . . .	16
(c)	QUALIFIED INSTITUTIONAL BUYER. . . . .	16
(d)	DENOMINATIONS; REGISTRATION. . . . .	16
SECTION 3. COVENANTS OF THE COMPANY . . . . .		17
(a)	PREFERENCE OFFERING MEMORANDUM . . . . .	17
(b)	NOTICE AND EFFECT OF MATERIAL EVENTS . . . . .	17
(c)	RESERVED . . . . .	17
(d)	RESERVED . . . . .	17
(e)	RESERVED . . . . .	17
(f)	DTC. . . . .	17
(g)	USE OF PROCEEDS. . . . .	17
(h)	RESERVED . . . . .	17
(I)	NOTIFICATION OF CURRENT ACCUMULATED EARNINGS AND PROFITS . . . . .	17
SECTION 4. PAYMENT OF EXPENSES. . . . .		17
(a)	EXPENSES . . . . .	17

(b)	TERMINATION OF AGREEMENT . . . . .	.18
SECTION 5.	CONDITIONS OF THE CHASE PURCHASERS' OBLIGATIONS. . . . .	.18
(a)	RESERVED . . . . .	.18
(b)	RESERVED . . . . .	.18
(c)	RESERVED . . . . .	.18
(d)	OFFICERS' CERTIFICATE. . . . .	.18
(e)	RESERVED . . . . .	.18
(f)	RESERVED . . . . .	.19
(g)	CONSUMMATION OF SALE OF MG SECURITIES AND NOTE SECURITIES. .19	
(h)	RESERVED . . . . .	.19
(i)	ADDITIONAL DOCUMENTS . . . . .	.19
(j)	EXECUTION OF AGREEMENTS. . . . .	.19
(k)	TERMINATION OF AGREEMENT . . . . .	.19
SECTION 6.	RESALES OF THE PREFERENCE SECURITIES . . . . .	.19
(a)	REPRESENTATION AND WARRANTY OF THE CHASE PURCHASERS. . . . .	.19
(c)	COVENANTS OF THE COMPANY . . . . .	.20
(i)	DUE DILIGENCE . . . . .	.20
(ii)	INTEGRATION . . . . .	.20
(iii)	RULE 144A INFORMATION . . . . .	.20
(d)	RESALES. . . . .	.21
(e)	OFFERS AND SALES IN POLAND AND THE NETHERLANDS . . . . .	.21
(f)	OFFERS AND SALES IN THE UNITED KINGDOM . . . . .	.21
(g)	DARLAND. . . . .	.22
SECTION 7.	INDEMNIFICATION. . . . .	.22
(a)	INDEMNIFICATION OF THE CHASE PURCHASERS. . . . .	.22
(b)	INDEMNIFICATION OF THE COMPANY, DIRECTORS AND OFFICERS . . .22	
(c)	ACTIONS AGAINST PARTIES; NOTIFICATION. . . . .	.23
(d)	SETTLEMENT WITHOUT CONSENT IF FAILURE TO REIMBURSE . . . . .	.23
SECTION 8.	CONTRIBUTION . . . . .	.23
SECTION 9.	REPRESENTATIONS, WARRANTIES AND AGREEMENTS TO SURVIVE DELIVERY . . . . .	.25
SECTION 10.	TERMINATION OF AGREEMENT. . . . .	.25
(a)	TERMINATION; GENERAL. . . . .	.25
(b)	LIABILITIES . . . . .	.26
SECTION 11.	NOTICES . . . . .	.26
SECTION 12.	PARTIES . . . . .	.26
SECTION 13.	GOVERNING LAW AND TIME. . . . .	.26
SECTION 14.	EFFECT OF HEADINGS. . . . .	.26
SECTION 15.	COUNTERPARTS. . . . .	.26
EXHIBITS		
	Exhibit A - Form of Certificate of Designation . . . . .	.A-1
	Exhibit B - Form of Preference Warrant Agreement . . . . .	.B-1
	Exhibit C - Form of Preference Registration Rights Agreement . . .C-1	
	Exhibit D - Form of Preference Warrant Registration Rights Agreement. . . . .	.D-1

(a Delaware corporation)

5,000 Shares of Series B Cumulative Preference Stock and  
5,000 Warrants to Purchase an Aggregate of  
4,950,000 Shares of Common Stock

PURCHASE AGREEMENT  
-----

January 22, 1999

Mr. Arnold Chase  
Ms. Cheryl Chase  
Ms. Rhoda Chase  
c/o Chase Enterprises  
One Commercial Plaza  
Hartford, Connecticut 06103-3585

Ladies and Gentlemen:

@Entertainment, Inc., a Delaware corporation (the "Company"), confirms its agreement with Mr. Arnold Chase, Ms. Cheryl Chase and Ms. Rhoda Chase (the "Chase Purchasers") with respect to the issue and sale by the Company and the purchase by the Chase Purchasers, severally and not jointly, of an aggregate of 5,000 of the Company's Series B Cumulative Preference Shares (the "Preference Shares") and 5,000 warrants (each a "Preference Warrant" and collectively, the "Preference Warrants" and, together with the Preference Shares, the "Preference Securities"). The Preference Warrants entitling the holders thereof to purchase an aggregate of 550,000 shares of common stock, par value \$0.01 per share (the "Common Stock"), of the Company. The number of Preference Shares and Preference Warrants to be purchased, severally and not jointly, by each of the Chase Purchasers is set forth on Schedule A. The Preference Shares and Preference Warrants are more fully described in Schedule B hereto. The Preference Shares are to be issued pursuant to the Certificate of Designation of the Company in substantially the form attached hereto as Exhibit A and the Preference Warrants are to be issued pursuant to a warrant agreement dated as of January 27, 1999 (the "Preference Warrant Agreement"), between the Company and Bankers Trust Company, as warrant agent (the "Preference Warrant Agent") in substantially the form attached hereto as Exhibit A. Under the Preference Warrant Agreement, the Chase Purchasers will have certain preemptive rights in relation to the Company's Common Stock. Preference Securities issued in book-entry form will be issued to Cede & Co. as nominee of The Depository Trust Company ("DTC") pursuant to a letter agreement, to be dated as of the Closing Time (as defined in Section 2(b)) (the "DTC Agreement"), among the Company, the Trustee and DTC.

Concurrently, the Company has entered into a separate purchase agreement (the "MG Purchase Agreement") for the sale of an aggregate of 45,000 of the Company's Series A Cumulative Preference Shares (the "Series A Preference Shares") and 45,000 Warrants (the "MG Warrants") to purchase and aggregate of 4,950,000 shares of Common Stock to Morgan Grenfell Private Equity Limited (the "MG Purchaser"). The MG Warrants will be issued pursuant to the Preference Warrant Agreement. The Series A Preference Shares and the MG Warrants being sold to the MG Purchaser are sometimes hereinafter referred to as the "MG Securities."

The holders of Preference Shares and the Series A Preference Shares will be entitled to the benefits of a Registration Rights Agreement, in substantially the form attached hereto as Exhibit C with such changes as shall be agreed to by the parties hereto and the MG Purchaser (the "Preference Registration Rights Agreement"), pursuant to which the Company



will file a registration statement (the "Preference Registration Statement") with the Securities and Exchange Commission (the "Commission") registering the Preference Shares and the Series A Preference Shares under the Securities Act of 1933, as amended (the "1933 Act").

The holders of Preference Warrants and the MG Warrants will be entitled to the benefits of a Preference Warrant Registration Rights Agreement in substantially the form attached hereto as Exhibit D, with such changes as shall be agreed to by the parties hereto and the MG Purchaser (the "Preference Warrant Registration Rights Agreement") which provides for the registration of the Preference Warrants and the MG Warrants under the 1933 Act under certain circumstances set forth therein.

Pursuant to the terms of the Preference Securities, investors that acquire Preference Securities may only resell or otherwise transfer such Preference Securities if such Preference Securities are hereafter registered under the 1933 Act or if an exemption from the registration requirements of the 1933 Act is available (including the exemption afforded by Rule 144A ("Rule 144A") of the rules and regulations promulgated under the 1933 Act by the Commission).

The Company has prepared and will deliver to the Chase Purchasers, on the date hereof or the next succeeding day, copies of an offering memorandum dated January 22, 1999 which was prepared by the Company in connection with the sale of the MG Securities. "Preference Offering Memorandum" means with respect to any date or time referred to in this Agreement, the final Preference Offering Memorandum (including any amendment or supplement thereto) including exhibits thereto and any documents incorporated by reference, which has been prepared and delivered by the Company to the Chase Purchasers in connection with the sale of the MG Securities.

Simultaneously with the execution of this Agreement, the Company is entering into a separate purchase agreement (the "Note Purchase Agreement") for the sale of 256,800 the Company's units (the "Note Units"), each Note Unit consisting of \$1,000 aggregate principal amount at maturity of the Company's 14 1/2 Senior Discount Notes due 2009 (the "Notes") and four warrants (each a "Note Warrant" and collectively, the "Note Warrants" and, together with the Note Units and the Notes, the "Note Securities"). The Note Warrants entitle the holders thereof to purchase an aggregate of 1,813,665 shares of Common Stock. The Notes are to be issued pursuant to an indenture dated as of January 27, 1999 (the "Indenture") between the Company and Bankers Trust Company, as trustee (the "Trustee") and the Note Warrants are to be issued pursuant to a warrant agreement dated as of January 27, 1999 (the "Note Warrant Agreement") between the Company and Bankers Trust Company, as warrant agent (the "Note Warrant Agent"). The holders of the Note and the Note Warrants will be entitled to the benefits of two Registration Rights Agreements (the "Note Registration Rights Agreement" and the "Note Warrant Registration Rights Agreement", respectively) which provide for the registration of the Notes and the Note Warrants under the 1933 Act under certain circumstances set forth therein. The Indenture, the Note Warrant Agreement, the Note Registration Rights Agreement and the Note Warrant Registration Rights Agreement are sometimes referred to herein as the "Note Agreements."

All references in this Agreement to financial statements and schedules and other information which are "contained," "included" or "stated" in the Preference Offering Memorandum (or other references of like import) shall be deemed to mean and include all such financial statements and schedules and other information, if any, which are incorporated by reference in the Preference Offering Memorandum.

## SECTION 1. REPRESENTATIONS AND WARRANTIES.

(a) REPRESENTATIONS AND WARRANTIES BY THE COMPANY. The Company

represents and warrants to the Chase Purchasers as of the date hereof and as of the Closing Time referred to in Section 2(b) hereof, and agrees with the Chase Purchasers as follows:

(i) SIMILAR OFFERINGS. The Company and its Affiliates (as defined in Section 1(a)(xxxv)) have not, directly or indirectly, solicited any offer to buy or offered to sell, and will not, directly or indirectly, solicit any offer to buy or offer to sell, in the United States or to any United States citizen or resident, any security which is or would be integrated with the sale of the Preference Securities in a manner that would require the Preference Securities to be registered under the 1933 Act.

(ii) PREFERENCE OFFERING MEMORANDUM. Neither of its date nor as of the Closing Time the Preference Offering Memorandum, including any amendment or supplement thereto, includes or will include an untrue statement of a material fact or omits or will omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(iii) INDEPENDENT ACCOUNTANTS. The accountants who certified the financial statements and supporting schedules included in the Preference Offering Memorandum are independent certified public accountants with respect to the Company and its subsidiaries within the meaning of Regulation S-X under the 1933 Act.

(iv) FINANCIAL STATEMENTS. The financial statements, together with the related schedules and notes, of the Company included in the Preference Offering Memorandum present fairly the financial position of the Company and its consolidated subsidiaries at the dates indicated and the statement of operations, stockholders' equity and cash flows of the Company and its consolidated subsidiaries for the periods specified; said financial statements have been prepared in conformity with United States generally accepted accounting principles ("GAAP") applied on a consistent basis throughout the periods involved. The supporting schedules, if any, included in the Preference Offering Memorandum present fairly in accordance with GAAP the information required to be stated therein. The selected financial data and the summary financial information included in the Preference Offering Memorandum present fairly the information shown therein and have been compiled on a basis consistent with that of the audited financial statements included in the Preference Offering Memorandum.

(v) NO MATERIAL ADVERSE CHANGE IN BUSINESS. Since the respective dates as of which information is given in the Preference Offering Memorandum, except as otherwise stated therein, (A) there has been no material adverse change in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Company and its subsidiaries considered as one enterprise (a "Material Adverse Effect"), whether or not arising in the ordinary course of business, (B) there have been no transactions entered into by the Company or any of its subsidiaries, other than transactions entered into in the ordinary course of business, which are material with respect to the Company and its subsidiaries considered as one enterprise, and (C) there has been no dividend or distribution of any kind declared, paid or made by the Company on any class of its capital stock.

(vi) GOOD STANDING OF THE COMPANY. The Company has been duly organized and is validly existing as a corporation in good standing under the laws of the State of Delaware and has corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Preference Offering Memorandum and to enter into and perform its obligations under this Agreement, the Preference Warrant Agreement, the Preference Registration Rights

Agreement, the Preference Warrant Registration Rights Agreement, the Certificate of Designation, the Note Securities, the Note Agreements, and the Preference Securities; and the Company is duly qualified as a foreign corporation to transact business and is in good standing in each other jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure so to qualify or to be in good standing would not result in a Material Adverse Effect.

(vii) CORPORATE STANDING OF DESIGNATED SUBSIDIARIES. Each subsidiary of the Company that (i) is a "significant subsidiary" (as that term is defined in Regulation S-X under the 1933 Act) or (ii) that holds any valid permits or licenses to operate the cable television business in Poland or a digital direct-to-home business uplinking from the United Kingdom is listed on Schedule C hereto (each subsidiary listed on Schedule C hereto is hereinafter referred to as a "Designated Subsidiary" and, collectively, the "Designated Subsidiaries"), and has been duly organized and is validly existing as a corporation under the laws of the jurisdiction of its incorporation, has corporate power and corporate authority to own, lease and operate its properties and to conduct its business as described in the Preference Offering Memorandum and is not required to be qualified as a foreign corporation to transact business or to own or lease property in any jurisdiction where it owns or leases property or transacts business; except as otherwise disclosed in the Preference Offering Memorandum or in Schedule C, all of the issued and outstanding capital stock of each Designated Subsidiary has been duly authorized and validly issued, is fully paid and non-assessable and is owned by the Company, directly or through subsidiaries, free and clear of any security interest, mortgage, pledge, lien, encumbrance, claim or equity, except for (i) in the case of any Polish limited liability company, any statutory liability for taxes, (ii) the pledge of 3,583,457 shares of Polska Telewizja Kablowa Warszawa S.A. and of 2,514,291 shares of Polska Telewizja Kablowa Krakow S.A. held by Poland Cablevision (Netherlands) B.V. ("PCBV") and 2,400 shares of Polska Telewizja Kablowa Lublin S.A. held by Poltelkab Sp. z o.o. as security for the loan of \$6.5 million granted on August 28, 1996 by the American Bank in Poland to Poland Communications, Inc. ("PCI"), and (iii) the pledge of 1,818 shares of Szczecińska Telewizja Kablowa Sp. z o.o. ("SzTK") for the security of certain obligations undertaken by PTK Szczecin Sp. z o.o. ("PTK Szczecin") with respect to the sellers of those shares (collectively, the "Share Pledges"); none of the outstanding shares of capital stock of the Designated Subsidiaries was issued in violation of any preemptive or similar rights arising by operation of law, or under the statute or by-laws (or other similar organizational documents) of any Designated Subsidiary or under any agreement to which the Company or any Designated Subsidiary is a party. The subsidiaries of the Company other than the Designated Subsidiaries, considered in the aggregate as a single subsidiary, do not constitute a "significant subsidiary" as defined in Rule 1-02 of Regulation S-X.

(viii) RESTRICTIONS ON PAYMENTS OF DIVIDENDS. There are no restrictions (legal, contractual or otherwise) on the ability of the Designated Subsidiaries to declare and pay dividends or make any payment or transfer of property or assets to their shareholders other than those referred to in the Preference Offering Memorandum and except for (i) restrictions relating to the Share Pledges, (ii) encumbrances on certain assets of Telewizja Kablowa GOSAT Sp. z o.o. ("GOSAT") consisting of the transfer of title to such assets as security for the loan of \$0.5 million granted on October 7, 1996 by Polski Bank Rozwoju (which was bought by Bank Rozwoju Eksportu S.A. in July of 1998) to GOSAT, and (iii) the restrictions discussed in Schedule D to the Indenture (collectively, the "Asset Encumbrances").

(ix) CAPITALIZATION. The authorized, issued and outstanding capital stock of the Company at September 30, 1998 was as set forth under the caption "Capitalization" under the heading "Actual" in the Preference Offering Memorandum and, as of the date hereof, there has been no material change in the authorized, issued and outstanding capital stock since the date of the Preference Offering Memorandum other than (i) issuances of shares of Common Stock upon the exercise of options disclosed to be outstanding in the Preference Offering Memorandum and (ii) the authorization and issuance of the Preference Shares, the Warrants, the Series A Preference Shares, the MG Warrants and the Note Securities as described in The Preference Offering Memorandum. The shares of issued and outstanding capital stock of the Company have been duly authorized and validly issued and are fully paid and non-assessable; none of the outstanding shares of capital stock of the Company was issued in violation of the preemptive or other similar rights of any securityholder of the Company.

(x) AUTHORIZATION OF AGREEMENT. This Agreement has been duly authorized, executed and delivered by the Company.

(xi) AUTHORIZATION OF THE PREFERENCE REGISTRATION RIGHTS AGREEMENT. The Preference Registration Rights Agreement has been duly authorized by the Company, and, at the Closing Time, will have been duly executed and delivered by the Company and, when executed and delivered by the MG Purchaser and the Chase Purchasers, will constitute a valid and binding agreement of the Company, enforceable against the Company in accordance with its terms except as (x) the enforceability thereof may be limited by bankruptcy, insolvency (including, without limitation, all laws relating to fraudulent transfers), reorganization, moratorium or other similar laws relating to or affecting enforcement of creditors' rights generally, (y) the enforceability thereof may be limited by general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law) and (z) any rights to indemnity and contribution may be limited by federal and state securities laws and public policy considerations.

(xii) AUTHORIZATION OF THE CERTIFICATE OF DESIGNATION AND THE PREFERENCE SHARES. The Certificate of Designation has been duly authorized by the Board of Directors of the Company and, at the Closing Time, will have been duly filed with the Secretary of State of Delaware. The Preference Shares have been duly authorized by the Company for issuance and sale to the Chase Purchasers pursuant to this Agreement and the Preference Shares when issued and delivered against payment therefor in accordance with the terms hereof, will be validly issued, fully paid and non-assessable and the Chase Purchasers will receive title to the Preference Shares free and clear of all liens and encumbrances. The security holders of the Company have no preemptive rights with respect to the Preference Shares.

(xiii) AUTHORIZATION OF THE PREFERENCE WARRANT AGREEMENT. The Preference Warrant Agreement has been duly authorized by the Company and, at the Closing Time, will have been duly executed and delivered by the Company and, when duly executed and delivered by the Preference Warrant Agent, will constitute a valid and binding agreement of the Company, enforceable against the Company in accordance with its terms, except as enforceability thereof may be limited by bankruptcy, insolvency (including, without limitation, all laws relating to fraudulent transfers), reorganization, moratorium or other similar laws relating to or affecting enforcement of creditors' rights generally or by general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law).

(xiv) AUTHORIZATION OF THE PREFERENCE WARRANTS. The Preference Warrants have been duly authorized by the Company and, at the Closing Time, will have been duly executed by the Company and, when executed and issued in the manner provided for in the Preference Warrant Agreement and delivered against payment of the purchase price therefor as provided in this Agreement, (A) will constitute valid and binding obligations of the Company, enforceable against the Company in accordance with their terms, except as the enforcement thereof may be limited by bankruptcy, insolvency (including, without limitation, all laws relating to fraudulent transfers), reorganization, moratorium or similar laws affecting enforcement of creditors' rights generally and except as enforcement thereof is subject to general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law), and (B) will be in the form contemplated by, and entitled to the benefits of, the Preference Warrant Agreement and the Preference Warrant Registration Rights Agreement.

(xv) AUTHORIZATION OF THE PREFERENCE WARRANT SHARES. The shares of Common Stock issuable upon exercise of the Preference Warrants (the "Preference Warrant Shares") have been duly authorized and reserved by the Company and, when executed by the Company and countersigned by the Preference Warrant Agent and issued and delivered upon exercise of the Preference Warrants in accordance with the terms of the Preference Warrants and the Preference Warrant Agreement, will be validly issued, fully paid and non-assessable and will not be subject to any preemptive or similar rights.

(xvi) AUTHORIZATION OF THE PREFERENCE WARRANT REGISTRATION RIGHTS AGREEMENT. The Preference Warrant Registration Rights Agreement has been duly authorized by the Company and, at the Closing Time, will have been duly executed and delivered by the Company and, when executed and delivered by the MG Purchaser and the Chase Purchasers, will constitute a valid and binding agreement of the Company, enforceable against the Company in accordance with its terms except as (x) the enforceability thereof may be limited by bankruptcy, insolvency (including, without limitation, all laws relating to fraudulent transfers), reorganization, moratorium or other similar laws relating to or affecting enforcement of creditor's rights generally, (y) the enforceability thereof may be limited by general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law) and (z) any rights to indemnity and contribution may be limited by federal and state securities laws and public policy considerations.

(xvii) AUTHORIZATION OF THE INDENTURE. The Indenture has been duly authorized by the Company and, at the Closing Time, will have been duly executed and delivered by the Company and, when executed and delivered by the Trustee, will constitute a valid and binding agreement of the Company, enforceable against the Company in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency (including, without limitation, all laws relating to fraudulent transfers), reorganization, moratorium or other similar laws relating to or affecting enforcement of creditors' rights generally or by general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law) and the waiver contained in Section 514 thereof may be unenforceable due to interests of public policy.

(xviii) AUTHORIZATION OF THE NOTES. The Notes have been duly authorized and, at the Closing Time, will have been duly executed by the Company and, when authenticated in the manner provided for in the Indenture and delivered against payment of the purchase price therefor will constitute valid and binding obligations of the Company,

enforceable against the Company in accordance with their terms, except as the enforceability thereof may be limited by bankruptcy, insolvency (including, without limitation, all laws relating to fraudulent transfers), reorganization, moratorium or other similar laws relating to or affecting enforcement of creditors' rights generally or by general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law), and will be in the form contemplated by, and entitled to the benefits of, the Indenture and the Note Registration Rights Agreement.

(xix) AUTHORIZATION OF THE NOTE REGISTRATION RIGHTS AGREEMENT.

The Note Registration Rights Agreement has been duly authorized by the Company, and, at the Closing Time, will have been duly executed and delivered by the Company and will, when executed and delivered by the Initial Purchasers, constitute a valid and binding agreement of the Company, enforceable against the Company in accordance with its terms except as (x) the enforceability thereof may be limited by bankruptcy, insolvency (including, without limitation, all laws relating to fraudulent transfers), reorganization, moratorium or other similar laws relating to or affecting enforcement of creditors' rights generally, (y) the enforceability thereof may be limited by general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law) and (z) any rights to indemnity and contribution may be limited by federal and state securities laws and public policy considerations.

(xx) AUTHORIZATION OF THE NOTE WARRANT AGREEMENT. The Note

Warrant Agreement has been duly authorized by the Company and, at the Closing Time, will have been duly executed and delivered by the Company and, when duly executed and delivered by the Note Warrant Agent, will constitute a valid and binding agreement of the Company, enforceable against the Company in accordance with its terms, except as enforceability thereof may be limited by bankruptcy, insolvency (including, without limitation, all laws relating to fraudulent transfers), reorganization, moratorium or other similar laws relating to or affecting enforcement of creditors' rights generally or by general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law).

(xxi) AUTHORIZATION OF THE NOTE WARRANT REGISTRATION RIGHTS

AGREEMENT. The Note Warrant Registration Rights Agreement has been duly authorized by the Company and, at the Closing Time, will have been duly executed and delivered by the Company and, when executed and delivered by the Initial Purchasers, will constitute a valid and binding agreement of the Company, enforceable against the Company in accordance with its terms except as (x) the enforceability thereof may be limited by bankruptcy, insolvency (including, without limitation, all laws relating to fraudulent transfers), reorganization, moratorium or other similar laws relating to or affecting enforcement of creditor's rights generally, (y) the enforceability thereof may be limited by general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law) and (z) any rights to indemnity and contribution may be limited by federal and state securities laws and public policy considerations.

(xxii) DESCRIPTION OF THE PREFERENCE REGISTRATION RIGHTS

AGREEMENT, THE PREFERENCE WARRANT REGISTRATION RIGHTS AGREEMENT, THE PREFERENCE SHARES, THE PREFERENCE WARRANTS, THE COMMON STOCK, THE PREFERENCE WARRANT AGREEMENT, THE MG SECURITIES, THE NOTE SECURITIES, AND THE NOTE AGREEMENTS. The Preference Registration Rights Agreement, the Preference Warrant Registration Rights Agreement, the Preference Shares, the Preference Warrants, the Common Stock, the Preference Warrant Agreement, the MG Securities, the Note Securities and the Note Agreements will conform in all material respects to the respective statements relating thereto contained in the Preference Offering Memorandum and will be in substantially the respective forms

previously delivered to the Chase Purchasers.

(xxiii) ABSENCE OF DEFAULTS AND CONFLICTS. Neither the Company nor any of its subsidiaries is (1) in violation of its charter or statute, as applicable, or by-laws (or other similar organizational documents), (2) in default in the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, lease or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which or any of them may be bound, or to which any of the property or assets of the Company or any of its subsidiaries is subject (collectively, "Agreements and Instruments"), except as described in the Preference Offering Memorandum and except for such defaults that would not result in a Material Adverse Effect or (3) in violation of any applicable law, statute, rule, regulation, judgment, order, writ or decree of any government, government instrumentality or court, domestic or foreign, having jurisdiction over the Company or any of its subsidiaries or any of their assets or properties, except as described in the Preference Offering Memorandum; and the execution, delivery and performance of this Agreement, the Preference Warrant Agreement, the Preference Registration Rights Agreement, the Preference Warrant Registration Rights Agreement, the Certificate of Designation, the Preference Securities, the Note Securities, the Note Agreements, and any other agreement or instrument entered into or issued or to be entered into or issued by the Company or any Designated Subsidiary in connection with the transactions contemplated hereby or thereby or in the Preference Offering Memorandum and the consummation of the transactions contemplated herein and in the Note Purchase Agreement and the Preference Offering Memorandum (including the issuance and sale of the Preference Securities and the Note Securities and the use of the proceeds from the sale of the Preference Securities and the Note Securities as described in the Preference Offering Memorandum under the caption "Use of Proceeds") and compliance by the Company with its obligations hereunder have been duly authorized by all necessary corporate action and do not and will not, whether with or without the giving of notice or passage of time or both, conflict with or constitute a breach of, or default or Repayment Event (as defined below) under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any of its subsidiaries pursuant to, the Agreements and Instruments except for such conflicts, breaches, Repayment Events or defaults or liens, charges or encumbrances that, singly or in the aggregate, would not result in a Material Adverse Effect, nor will such action result in any violation of the provisions of the charter or statute, as applicable, or by-laws (or other similar organizational documents) of the Company or any of its subsidiaries or any applicable law, statute, rule, regulation, judgment, order, writ or decree of any government, government instrumentality or court, domestic or foreign, having jurisdiction over the Company or any of its subsidiaries or any of their assets or properties, assuming that the Chase Purchasers comply with all of its obligations under Section 6 hereof. As used herein, a "Repayment Event" means any event or condition which gives the holder of any note, debenture or other evidence of indebtedness (or any person acting on such holder's behalf) the right to require the repurchase, redemption or repayment of all or a portion of such indebtedness by the Company or any of its subsidiaries.

(xxiv) ABSENCE OF LABOR DISPUTE. No labor dispute with the employees of the Company or any of its subsidiaries exists or, to the knowledge of the Company, is imminent, and the Company is not aware of any existing or imminent labor disturbance by the employees of any of its or any of its subsidiaries' principal suppliers, customers or contractors, which, in either case, may reasonably be expected to

result in a Material Adverse Effect.

(xxv) ABSENCE OF PROCEEDINGS. Except as disclosed in the Preference Offering Memorandum, there is no action, suit, proceeding, inquiry or investigation before or by any court or governmental agency or body, domestic or foreign, now pending, or, to the knowledge of the Company, threatened, against or affecting the Company or any subsidiary thereof, which would be required to be disclosed in the Preference Offering Memorandum (other than as disclosed therein) if it were a prospectus filed as part of a registration statement on Form S-1 under the 1933 Act, or which might reasonably be expected to result in a Material Adverse Effect, or which might reasonably be expected to adversely affect the properties or assets of the Company or any of its subsidiaries in a manner that is material and adverse to the Company and its subsidiaries considered as one enterprise or the consummation of the transactions contemplated by this Agreement, the Preference Warrant Agreement, the Preference Registration Rights Agreement, the Preference Warrant Registration Rights Agreement, the Certificate of Designation, the Preference Securities, the Note Securities or the Note Agreements, or the performance by the Company of its obligations hereunder or thereunder. The aggregate of all pending legal or governmental proceedings to which the Company or any subsidiary thereof is a party or of which any of their respective property or assets is the subject which are not described in the Preference Offering Memorandum, including ordinary routine litigation incidental to the business, could not reasonably be expected to result in a Material Adverse Effect.

(xxvi) POSSESSION OF INTELLECTUAL PROPERTY. Except as disclosed in the Preference Offering Memorandum, the Company and its subsidiaries own or possess, or can acquire on reasonable terms, adequate patents, patent rights, licenses, inventions, copyrights, know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures), trademarks, service marks, trade names or other intellectual property (collectively, "Intellectual Property") necessary to carry on the business now operated by them. Except as disclosed in the Preference Offering Memorandum, neither the Company nor any of its subsidiaries has received any notice or is otherwise aware of any infringement of or conflict with asserted rights of others with respect to any Intellectual Property or of any facts or circumstances which would render any Intellectual Property invalid or inadequate to protect the interest of the Company or any of its subsidiaries therein, and which infringement or conflict (if the subject of any unfavorable decision, ruling or finding) or invalidity or inadequacy, singly or in the aggregate, would result in a Material Adverse Effect.

(xxvii) ABSENCE OF FURTHER REQUIREMENTS. No filing with, or authorization, approval, consent, license, order, registration, qualification or decree of, any court or governmental authority or agency (other than (A) under the 1933 Act and the rules and regulations thereunder with respect to the Preference Registration Rights Agreement, the Preference Warrant Registration Rights Agreement, the Note Registration Rights Agreement, the Note Warrant Registration Rights Agreement, and the transactions contemplated thereunder, (B) under the securities or "blue sky" laws of the various states and (C) the Polish Anti-Monopoly Act) is necessary or required (x) for the performance by the Company of its obligations hereunder, in connection with the offering, issuance or sale of the Preference Securities hereunder or the consummation of the transactions contemplated by this Agreement, the Preference Warrant Agreement, the Preference Registration Rights Agreement, the Preference Warrant Registration Rights Agreement, the Note Registration Rights Agreement,



the Note Warrant Registration Rights Agreement, or the Preference Offering Memorandum or (y) to permit the Company to (1) effect payments of dividends on or redemption of the Preference Shares, or (2) perform its other obligations under the Certificate of Designation, the Preference Warrant Agreement, the Preference Warrant Registration Rights Agreement, the Note Registration Rights Agreement, and the Note Warrant Registration Rights Agreement.

(xxviii) POSSESSION OF LICENSES AND PERMITS. Except as disclosed in the Preference Offering Memorandum, the Company and its subsidiaries possess such permits, licenses, approvals, concessions, consents and other authorizations (including, without limitation, all permits required for the operation of the business of the Company and its subsidiaries by the Republic of Poland and the United Kingdom) (collectively, "Governmental Licenses") issued by the appropriate domestic or foreign regulatory agencies or bodies, other governmental authorities or self regulatory organizations necessary to conduct the business now operated by them or any business currently proposed to be conducted by them as described in the Preference Offering Memorandum; the Company and its subsidiaries, except as disclosed in the Preference Offering Memorandum and except where the failure to so comply would not, singly or in the aggregate, have a Material Adverse Effect, are in compliance with the terms and conditions of all such Governmental Licenses; all of the Governmental Licenses are valid and in full force and effect, except as disclosed in the Preference Offering Memorandum and except when the invalidity of such Governmental Licenses or the failure of such Governmental Licenses to be in full force and effect would not have a Material Adverse Effect; and except as disclosed in the Preference Offering Memorandum, neither the Company nor any of its subsidiaries has received any notice of proceedings relating to the revocation or modification of any such Governmental Licenses which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would result in a Material Adverse Effect. To the knowledge of the Company, except as described in the Preference Offering Memorandum, there exists no reason or cause that could justify the variation, suspension, cancellation or termination of any such Governmental Licenses held by the Company or any of its subsidiaries with respect to the construction or operation of their respective businesses, which variation, suspension, cancellation or termination could reasonably be expected to have a Material Adverse Effect.

(xxix) NO ADDITIONAL DOCUMENTS. There are no contracts or documents of a character that would be required to be described in the Preference Offering Memorandum, if it were a prospectus filed as part of a registration statement on Form S-3 under the 1933 Act, that are not described as would be so required. All such contracts to which the Company is party have been duly authorized, executed and delivered by the Company and constitute valid and binding agreements of the Company.

(xxx) MANAGEMENT AGREEMENTS. Each of the Management Agreements (as such term is defined in the Indenture) to which any subsidiary of the Company is a party has been duly authorized, executed and delivered by each of the parties thereto and constitutes a valid and binding agreement of each of the parties thereto.

(xxxi) TITLE TO PROPERTY. The Company and its subsidiaries own no real property, except as described in the Preference Offering Memorandum and except for approximately 3,200 square meters of real property owned by a Designated Subsidiary, and have good title to all other properties owned by them, in each case, free and clear of all mortgages, pledges, liens, security interests, claims, restrictions or encumbrances of any kind except such as (a) are described in the

Preference Offering Memorandum or (b) do not, singly or in the aggregate, materially affect the value of such property and do not interfere with the use made and proposed to be made of such property by the Company or any of its subsidiaries; and all of the leases and subleases material to the business of the Company and its subsidiaries, considered as one enterprise, and under which the Company or any of its subsidiaries holds properties described in the Preference Offering Memorandum, are in full force and effect, and neither the Company nor any of its subsidiaries has any notice of any claim of any sort that has been asserted by anyone adverse to the rights of the Company or any of its subsidiaries under any of the leases or subleases mentioned above, or affecting or questioning the rights of the Company or any subsidiary thereof to the continued possession of the leased or subleased premises under any such lease or sublease, except for such claims as could not reasonably be expected to result in a Material Adverse Effect.

(xxxii) TAX RETURNS. Except as disclosed in the Preference Offering Memorandum, the Company and its subsidiaries have filed all domestic and foreign tax returns that are required to be filed or have duly requested extensions thereof and have paid all taxes required to be paid by any of them and any related assessments, fines or penalties, except for any such tax, assessment, fine or penalty that is being contested in good faith and by appropriate proceedings, and except for such claims as could not result in a Material Adverse Effect; and adequate charges, accruals and reserves have been provided for in the financial statements referred to in Section 1(a)(iv) above in respect of all domestic and foreign taxes for all periods as to which the tax liability of the Company or any of its subsidiaries has not been finally determined or remains open to examination by applicable taxing authorities.

(xxxiii) ENVIRONMENTAL LAWS. Except as described in the Preference Offering Memorandum and except such matters as would not, singly or in the aggregate, result in a Material Adverse Effect, (A) neither the Company nor any of its subsidiaries is in violation of any domestic or foreign statute, law, rule, regulation, ordinance, code, policy or rule of common law or any judicial or administrative interpretation thereof including any judicial or administrative order, consent, decree or judgment, relating to pollution or protection of human health, the environment (including, without limitation, ambient air, surface water, groundwater, land surface or subsurface strata) or wildlife, including, without limitation, laws and regulations relating to the release or threatened release of chemicals, pollutants, contaminants, wastes, toxic substances, hazardous substances, petroleum or petroleum products (collectively, "Hazardous Materials") or to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials (collectively, "Environmental Laws"), (B) the Company and its subsidiaries have all permits, authorizations and approvals required under any applicable Environmental Laws and are each in compliance with their requirements, (C) there are no pending or threatened administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices of noncompliance or violation, investigation or proceedings relating to any Environmental Law against the Company or any of its subsidiaries and (D) there are no events or circumstances that might reasonably be expected to form the basis of an order for clean-up or remediation, or an action, suit or proceeding by any private party or governmental body or agency, against or affecting the Company or any of its subsidiaries relating to Hazardous Materials or Environmental Laws.

(xxxiv) INVESTMENT COMPANY ACT. The Company is not, and upon the issuance and sale of the Preference Securities, the MG Securities and

the Note Securities as herein contemplated and the application of the net proceeds therefrom as described in the Preference Offering Memorandum will not be, an "investment company" or an entity "controlled" by an "investment company" as such terms are defined in the Investment Company Act of 1940, as amended (the "1940 Act").

(xxxv) INTERNAL CONTROLS. The Company and each of its subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurances that (A) transactions are executed in accordance with management's general or specific authorization; (B) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain accountability for assets; (C) access to assets is permitted only in accordance with management's general or specific authorization; and (D) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. The Company and its subsidiaries have not made, and, to the knowledge of the Company, no employee or agent of the Company or any subsidiary has made, any payment of the Company's funds or any subsidiary's funds or received or retained any funds (A) in violation of the Foreign Corrupt Practices Act, as amended, or (B) in violation of any other applicable law, regulation or rule (except, in the case of this clause (B), for such violations as could not reasonably be expected to result in a Material Adverse Effect) or that would be required to be disclosed in the Preference Offering Memorandum if it were a prospectus filed as part of a registration statement on Form S-1 under the 1933 Act.

(xxxvi) TAXES ON SUBSIDIARY INDEBTEDNESS. Except as described in the Preference Offering Memorandum, as of the date hereof, no material income, stamp or other taxes or levies, imposts, deductions, charges, compulsory loans or withholdings whatsoever are or will be, under applicable law in the Republic of Poland, imposed, assessed, levied or collected by the Republic of Poland or any political subdivision or taxing authority thereof or therein or on or in respect of principal, interest, premiums, penalties or other amounts payable under any indebtedness of any of the Company's subsidiaries held by the Company.

(xxxvii) INSURANCE. Except as otherwise disclosed in the Preference Offering Memorandum, the Company and each of its subsidiaries carry, or are covered by, insurance in such amounts and covering such risks as is adequate for the conduct of their respective businesses and the value of their respective properties and as is customary for companies engaged in similar businesses or similar industries in similar locations.

(xxxviii) RULE 144A ELIGIBILITY. The Preference Securities are eligible for resale pursuant to Rule 144A and will not be, at the Closing Time, of the same class as securities listed on a national securities exchange registered under Section 6 of the Securities Exchange Act of 1934, as amended (the "1934 Act"), or quoted in a U.S. automated interdealer quotation system.

(xxxix) NO GENERAL SOLICITATION. None of the Company, its affiliates, as such term is defined in Rule 501(b) under the 1933 Act ("Affiliates"), or any person acting on its or any of their behalf (other than Chase Purchasers, the MG Purchaser and the Initial Purchasers, as to whom the Company makes no representation) has engaged or will engage, in connection with the offering of the Preference Securities, in any form of general solicitation or general advertising within the meaning of Rule 502(c) under the 1933 Act.

(xl) NO REGISTRATION REQUIRED. Subject to compliance by the Chase Purchasers with the representations and warranties set forth in

Section 2 and the procedures set forth in Section 6 hereof, it is not necessary in connection with the offer, sale and delivery of the Preference Securities to the Chase Purchasers in the manner contemplated by this Agreement, the Preference Warrant Agreement and the Preference Offering Memorandum to register the Preference Securities under the 1933 Act.

(xli) REPORTING COMPANY. The Company is subject to, and has complied with all applicable reporting requirements of Section 13 or Section 15(d) of the 1934 Act.

(xl ii) FUNDS. With the net proceeds of the sale of the Preference Securities and the MG Securities pursuant to this Agreement and the MG Purchase Agreement, respectively, the sales of the Note Securities pursuant to the Note Purchase Agreement and the sale of the Company's Series C Senior Discount Notes which was consummated on January 20, 1999, together with cash on hand, the Company has sufficient capital to fulfill its current business plan and to fund its commitments until the Company achieves positive cash flow from operations, subject to the matters disclosed in the Preference Offering Memorandum.

(xl iii) SUBSCRIBERS. As of December 31, 1998, the Company had at least 675,000 basic cable subscribers and had sold approximately 125,000 Wizja TV packages to authorized retailers in Poland (as described in the Preference Offering Memorandum).

(b) OFFICERS' CERTIFICATES. Any certificate titled "Officers' Certificate" or "Secretary's Certificate" signed by any officer of the Company or any of its subsidiaries which is delivered to the Chase Purchasers or to counsel for the Chase Purchasers shall be deemed a representation and warranty by the Company to the Chase Purchasers as to the matters covered thereby.

## SECTION 2. SALE AND DELIVERY TO THE PURCHASER; CLOSING.

(a) PREFERENCE SECURITIES. On the basis of the representations and warranties herein contained and subject to the terms and conditions herein set forth, the Company agrees to sell to the Chase Purchasers and the Chase Purchasers, severally and not jointly, agree to purchase from the Company, at an aggregate purchase price of \$5,000,000 (less a commission of \$150,000), the aggregate number of Preference Shares and Preference Warrants set forth in Schedule A opposite its name.

(b) PAYMENT. Payment of the purchase price for, and delivery of certificates for, the Preference Securities shall be made at the office of Shearman & Sterling, 599 Lexington Avenue, New York, New York 10022, or at such other place as shall be agreed upon by the Chase Purchasers and the Company, at 9:00 A.M. on the third business day after the date hereof (unless postponed in accordance with the provisions of Section 11), or such other time not later than ten business days after such date as shall be agreed upon by the Chase Purchasers and the Company (such time and date of payment and delivery being herein called the "Closing Time").

Payment shall be made to the Company by wire transfer of immediately available funds to a bank account designated by the Company, against delivery to each of the Chase Purchasers for the account of such Chase Purchasers of certificates for the Preference Securities to be purchased by it.

(c) QUALIFIED INSTITUTIONAL BUYER. Each Chase Purchaser represents and warrants to, and agrees with, the Company that it is an "accredited investor" within the meaning of Rule 501(a) under the 1933 Act (an "Accredited Investor").

(d) DENOMINATIONS; REGISTRATION. Certificates for the Preference Securities shall be in such denominations and registered in such names as the Chase Purchasers may request in writing at least one full business day before the Closing Time. The certificates representing the Preference Shares and the Preference Warrants shall be registered in the name of Cede & Co. pursuant to the DTC Agreement and shall be made available for examination and packaging by the Chase Purchasers in the City of New York not later than 10:00 A.M. on the last business day prior to the Closing Time.

SECTION 3. COVENANTS OF THE COMPANY. The Company covenants with the Chase Purchasers as follows:

(a) PREFERENCE OFFERING MEMORANDUM. The Company, as promptly as possible, will furnish to each Chase Purchaser, without charge, such number of copies of the Preference Offering Memorandum and any amendments and supplements thereto and documents incorporated by reference therein as the Chase Purchaser may reasonably request.

(b) NOTICE AND EFFECT OF MATERIAL EVENTS. The Company will immediately notify the Chase Purchasers, and confirm such notice in writing, of any filing made by the Company of information relating to the offering of the Preference Securities with any securities exchange or any other regulatory body in the United States or any other jurisdiction.

(c) RESERVED.

(d) RESERVED.

(e) RESERVED.

(f) DTC. The Company will cooperate with the Chase Purchasers and use its best efforts (i) to permit the Preference Securities to be eligible for clearance and settlement through the facilities of DTC.

(g) USE OF PROCEEDS. The Company will use the net proceeds received by it from the sale of the Preference Securities in the manner specified in the Preference Offering Memorandum under "Use of Proceeds."

(h) RESERVED.

(i) NOTIFICATION OF CURRENT ACCUMULATED EARNINGS AND PROFITS. The Company will disclose its current and accumulated earnings and profits, if any, for each fiscal year in its annual report on Form 10-K so long as it is required to file such a report. Thereafter, the Company will provide such information to any holder of Preference Securities upon receipt of a written request from such holder.

SECTION 4. PAYMENT OF EXPENSES.

(a) EXPENSES. The Company will pay all expenses incident to the performance of its obligations under this Agreement, including (i) the preparation, printing and any filing of the Preference Offering Memorandum (including financial statements and any schedules or exhibits and any document incorporated therein by reference) and of each amendment or supplement thereto, (ii) the preparation, printing and delivery to the Chase Purchasers of this Agreement, the Preference Warrant Agreement, the Preference Registration Rights Agreement, the Preference Warrant Registration Rights Agreement, the Certificate of Designation and such other documents as may be required in connection with the offering, purchase, sale, issuance or delivery of the Preference Securities, (iii) the preparation, issuance and delivery of the certificates for the Preference Securities to the Chase Purchasers, including any charges of DTC in connection therewith, (iv) the fees and disbursements of the Company's

counsel, accountants and other advisors, (v) any filing for review of the offering with the National Association of Securities Dealers (the "NASD"), and (vi) any fees payable to the NASD.

(b) TERMINATION OF AGREEMENT. If this Agreement is terminated by the Chase Purchasers in accordance with the provisions of Section 5 or Section 10(a)(i) hereof, the Company shall reimburse the Chase Purchasers for all of its out-of-pocket expenses, including the reasonable fees and disbursements of counsel for the Chase Purchasers incurred through the date of termination.

SECTION 5. CONDITIONS OF THE CHASE PURCHASERS' OBLIGATIONS. The obligations of the Chase Purchasers hereunder are subject to the accuracy of the representations and warranties of the Company contained in Section 1 hereof or in certificates of any officer of the Company or any of its subsidiaries delivered pursuant to the provisions hereof, to the performance by the Company of its covenants and other obligations hereunder, and to the following further conditions:

(a) RESERVED

(b) RESERVED

(c) RESERVED

(d) OFFICERS' CERTIFICATE. At the Closing Time, there shall not have been, since the date hereof or since the respective dates as of which information is given in the Preference Offering Memorandum, any material adverse change in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Company and its subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business, and the Chase Purchasers shall have received a certificate of the chief executive officer of the Company and of the chief financial or chief accounting officer of the Company, dated as of the Closing Time, to the effect that (i) there has been no such material adverse change, (ii) the representations and warranties in Section 1 hereof are true and correct with the same force and effect as though expressly made at and as of the Closing Time, and (iii) the Company has complied with all agreements and satisfied all conditions on its part to be performed or satisfied at or prior to the Closing Time.

(e) RESERVED

(f) RESERVED

(g) CONSUMMATION OF SALE OF MG SECURITIES AND NOTE SECURITIES. The sale of the Note Securities and the sale of MG Securities to the MG Purchasers pursuant to the MG Purchase Agreement shall have been consummated at the Closing Time.

(h) RESERVED

(i) ADDITIONAL DOCUMENTS. At the Closing Time, counsel for the Chase Purchasers shall have been furnished with such documents and opinions as it may require for the purpose of enabling it to pass upon the issuance and sale of the Preference Securities as herein contemplated, or in order to evidence the accuracy of any of the representations or warranties, or the fulfillment of any of the conditions, herein contained; and all proceedings taken by the Company in connection with the issuance and sale of the Preference Securities as herein contemplated shall be satisfactory in form and substance to the Chase Purchasers and counsel for the Chase Purchasers.

(j) EXECUTION OF AGREEMENTS. At the Closing Time, the Preference Warrant Agreement, the Preference Registration Rights Agreement, the Preference Warrant Registration Rights Agreement and the Certificate of

Designation, each in form and substance reasonably satisfactory to the Chase Purchasers, shall have been duly executed and delivered and shall be in full force and effect.

(k) TERMINATION OF AGREEMENT. If any condition specified in this Section shall not have been fulfilled when and as required to be fulfilled, this Agreement may be terminated by the Chase Purchasers by notice to the Company at any time at or prior to the Closing Time, and such termination shall be without liability of any party to any other party except as provided in Section 4 and except that Sections 1, 7, 8 and 9 shall survive any such termination and remain in full force and effect.

#### SECTION 6. RESALES OF THE PREFERENCE SECURITIES.

(a) REPRESENTATION AND WARRANTY OF THE CHASE PURCHASERS. Each Chase Purchaser represents and agrees that (i) it has not entered and will not enter into any contractual arrangements with respect to the distribution of the Preference Securities, except with its affiliates or with the prior written consent of the Company; (ii) it has received and carefully reviewed the Preference Offering Memorandum prior to the execution of this Agreement; (iii) it has been furnished by the Company during the course of this transaction with all information regarding the Company which it had requested or desired to know, all documents which could be reasonably provided have been made available for its inspection and review and it has been afforded the opportunity to ask questions of and receive answers from duly authorized officers or other representatives of the Company concerning the terms and conditions of the offering and any additional information which it had requested; (iv) except as set forth herein, no representations or warranties have been made to it by the Company or any agent, employee or affiliate of the Company and in entering into this transaction, it is not relying on any information, other than that contained herein or in the Preference Offering Memorandum and the results of its independent investigation; (v) no person other than the Company has made any representations to the Chase Purchaser concerning this Offering and the Chase Purchaser has relied on no representations or documentation other than that supplied by the Company and in particular, for avoidance of doubt, the Chase Purchaser is not relying on information supplied in connection with (X) the concurrent sale of the Note Securities by the Initial Purchasers or (Y) the sale of the Company's Series C Senior Discount Notes which was consummated on January 20, 1999; (vi) it is purchasing the Preference Securities for investment purposes only for its account and not with any view toward a distribution thereof; and (vii) it has evaluated the risks of investing in the Preference Securities and has determined that the Preference Securities are a suitable investment, and that it can bear the economic risk of this investment and can afford a complete loss of its investment.

(b) RESTRICTIONS ON TRANSFER. The transfer restrictions and the other provisions set forth in the Preference Offering Memorandum under the heading "Notice to Investors", including the legend required thereby, shall apply to the Preference Securities except as otherwise agreed by the Company and the Chase Purchasers.

(c) COVENANTS OF THE COMPANY. The Company covenants with the Chase Purchasers as follows:

(i) DUE DILIGENCE. In connection with the original purchase of the Preference Securities, the Company agrees that, prior to any offer or resale of the Preference Securities by the Chase Purchasers, the Chase Purchasers and counsel for the Chase Purchasers shall have the right to make reasonable inquiries into the business of the Company and its subsidiaries.

(ii) INTEGRATION. The Company agrees that it will not and will

cause its Affiliates not to solicit any offer to buy or make any offer or sale of, or otherwise negotiate in respect of, securities of the Company of any class if, as a result of the doctrine of "integration" referred to in Rule 502 under the 1933 Act, such offer or sale would render invalid (for the purpose of the sale of the Preference Securities by the Company to the Chase Purchasers the exemption from the registration requirements of the 1933 Act provided by Section 4(2) thereof or otherwise.

(iii) RULE 144A INFORMATION. The Company agrees that, in order to render the Preference Securities eligible for resale pursuant to Rule 144A under the 1933 Act, while any of the Preference Securities remain outstanding, it will make available, upon request, to any holder of Preference Securities or prospective purchasers of Preference Securities the information specified in Rule 144A(d)(4), unless the Company furnishes information to the Commission pursuant to Section 13 or 15(d) of the 1934 Act (such information, whether made available to holders or prospective purchasers or furnished to the Commission, is herein referred to as "Additional Information").

(d) RESALES. The Chase Purchasers understand that the Preference Securities have not been and will not be registered under the 1933 Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from the registration requirements of the 1933 Act. Each Chase Purchaser represents and agrees, that it will offer and sell Preference Securities at any time only in accordance with an applicable exemption from the registration provisions of the 1933 Act. Each Chase Purchaser agrees that, at or prior to confirmation of a sale of Preference Securities it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Preference Securities from it or through it during the restricted period a confirmation or notice to substantially the following effect:

"The securities covered hereby have not been registered under the United States Securities Act of 1933 (the "Securities Act") and may not be offered or sold within the United States or to or for the account or benefit of U.S. persons as part of their distribution at any time except in accordance with an exemption from the registration requirements of the Securities Act."

(e) OFFERS AND SALES IN POLAND AND THE NETHERLANDS. Each Chase Purchaser has advised the Company and hereby represents and warrants to and agrees with the Company that it will not offer or sell the Preference Securities in Poland except in accordance with Polish foreign exchange regulations under circumstances which do not constitute a public offering or distribution of securities under Polish laws and regulations. Each Chase Purchaser further agrees it will not offer or sell the Preference Securities in The Netherlands except under circumstances which do not constitute a public offering or distribution (AANBOD BUITEN BESLOTEN KRING) of securities under the laws and regulations of The Netherlands.

(f) OFFERS AND SALES IN THE UNITED KINGDOM. Each Chase Purchaser hereby represents, warrants and agrees that (i) it has not offered or sold and prior to the expiration of the period six months after the date of issue of the Preference Securities will not offer to sell by means of any document any Preference Securities to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations



1995; (ii) it has complied and will comply with all applicable provisions of the Financial Services Act 1986 with respect to anything done by it in relation to the Preference Securities in, from or otherwise involving the United Kingdom and (iii) it has only issued or passed on, and will only issue or pass on in the United Kingdom any document received by it in connection with the issue of the Preference Securities to a person who is of a kind described in Article 11(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1995 or is a person to whom such document may otherwise lawfully be issued or passed on.

(g) DARLAND. Cheryl Chase may assign any or all of her right to purchase Preference Securities to The Darland Trust and the Company hereby consents to such assignment.

#### SECTION 7. INDEMNIFICATION.

(a) INDEMNIFICATION OF THE CHASE PURCHASERS. The Company agrees to indemnify and hold harmless each of the Chase Purchasers and each person, if any, who controls the Chase Purchasers within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act as follows:

(i) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, arising out of any untrue statement or alleged untrue statement of a material fact contained in the Preference Offering Memorandum (or any amendment or supplement thereto), or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(ii) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, to the extent of the aggregate amount paid in settlement of any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission; provided that (subject to Section 7(d) below) any such settlement is effected with the written consent of the Company; and

(iii) against any and all expense whatsoever, as incurred (including the fees and disbursements of counsel chosen by the Purchaser), reasonably incurred in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under (i) or (ii) above;

PROVIDED, HOWEVER, that this indemnity agreement shall not apply to any loss, liability, claim, damage or expense to the extent arising out of any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with written information furnished to the Company by the Chase Purchasers or the Initial Purchasers expressly for use in the Preference Offering Memorandum (or any amendment thereto) and provided further that this indemnity agreement shall not apply to any loss, liability, claim, damage or expense to the extent arising out of any untrue statement or omission or alleged untrue statement or omission which was, at any time prior to the sales of the Preference Securities by the Chase Purchaser, known or believed to be untrue or omitted by the Chase Purchaser seeking indemnification.

(b) INDEMNIFICATION OF THE COMPANY, DIRECTORS AND OFFICERS. Each Chase Purchaser agrees to indemnify and hold harmless the Company and each person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act against any and all loss,

liability, claim, damage and expense described in the indemnity contained in subsection (a) of this Section, as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Preference Offering Memorandum in reliance upon and in conformity with written information furnished to the Company by the Chase Purchasers expressly for use in the Preference Offering Memorandum.

(c) ACTIONS AGAINST PARTIES; NOTIFICATION. Each indemnified party shall give notice as promptly as reasonably practicable to each indemnifying party of any action commenced against it in respect of which indemnity may be sought hereunder, but failure to so notify an indemnifying party shall not relieve such indemnifying party from any liability hereunder to the extent it is not materially prejudiced as a result thereof and in any event shall not relieve it from any liability which it may have otherwise than on account of this indemnity agreement. In the case of parties indemnified pursuant to Section 7(a) above, counsel to the indemnified parties shall be selected by Arnold Chase, and, in the case of parties indemnified pursuant to Section 7(b) above, counsel to the indemnified parties shall be selected by the Company. An indemnifying party may participate at its own expense in the defense of any such action; PROVIDED, HOWEVER, that counsel to the indemnifying party shall not (except with the consent of the indemnified party) also be counsel to the indemnified party. In no event shall the indemnifying parties be liable for fees and expenses of more than one counsel (in addition to any local counsel) separate from their own counsel for all indemnified parties in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances. No indemnifying party shall, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever in respect of which indemnification or contribution could be sought under this Section 7 or Section 8 hereof (whether or not the indemnified parties are actual or potential parties thereto), unless such settlement, compromise or consent (i) includes an unconditional release of each indemnified party from all liability arising out of such litigation, investigation, proceeding or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any indemnified party.

(d) SETTLEMENT WITHOUT CONSENT IF FAILURE TO REIMBURSE. If at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for reasonable fees and expenses of counsel, such indemnifying party agrees that it shall be liable for any settlement of the nature contemplated by Section 7(a)(ii) effected without its written consent if (i) such settlement is entered into more than 45 days after receipt by such indemnifying party of the aforesaid request, (ii) such indemnifying party shall have received notice of the terms of such settlement at least 30 days prior to such settlement being entered into and (iii) such indemnifying party shall not have reimbursed such indemnified party in accordance with such request prior to the date of such settlement.

SECTION 8. CONTRIBUTION. If the indemnification provided for in Section 7 hereof is for any reason unavailable to or insufficient to hold harmless an indemnified party in respect of any losses, liabilities, claims, damages or expenses referred to therein, then each indemnifying party shall contribute to the aggregate amount of such losses, liabilities, claims, damages and expenses incurred by such indemnified party, as incurred, (i) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Chase Purchasers on the other hand from the offering of the Preference Securities pursuant to this Agreement or (ii) if the allocation provided by clause (i) is not permitted by applicable law, in such proportion as is appropriate to

reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company on the one hand and of the Chase Purchasers on the other hand in connection with the statements or omissions which resulted in such losses, liabilities, claims, damages or expenses, as well as any other relevant equitable considerations.

The relative benefits received by the Company on the one hand and the Chase Purchasers on the other hand in connection with the offering of the Preference Securities pursuant to this Agreement shall be deemed to be in the same respective proportions as the total net proceeds from the offering of the Preference Securities pursuant to this Agreement (before deducting expenses) received by the Company and the total commission received by the Chase Purchasers, bear to the aggregate initial offering price of the Preference Securities.

The relative fault of the Company on the one hand and the Chase Purchasers on the other hand shall be determined by reference to, among other things, whether any such untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Company or by the Chase Purchasers and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Company and the Chase Purchasers agree that it would not be just and equitable if contribution pursuant to this Section 8 were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to above in this Section 8. The aggregate amount of losses, liabilities, claims, damages and expenses incurred by an indemnified party and referred to above in this Section 8 shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue or alleged untrue statement or omission or alleged omission.

Notwithstanding the provisions of this Section 8, the Chase Purchasers shall not be required to contribute any amount in excess of the amount by which the total price at which the Preference Securities purchased by it and distributed to the subsequent purchasers were offered to the subsequent purchasers exceeds the amount of any damages which the Chase Purchasers has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission.

No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

For purposes of this Section 8, each person, if any, who controls the Chase Purchasers within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act shall have the same rights to contribution as the Chase Purchasers, and each person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act shall have the same rights to contribution as the Company.

SECTION 9. REPRESENTATIONS, WARRANTIES AND AGREEMENTS TO SURVIVE DELIVERY. All representations, warranties and agreements contained in this Agreement or in certificates of officers of the Company or any of its subsidiaries submitted pursuant hereto shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of the Chase Purchasers or controlling person, or by or on behalf of the Company, and shall survive delivery of the Preference Securities to the Chase Purchasers.

## SECTION 10. TERMINATION OF AGREEMENT.

(a) TERMINATION; GENERAL. The Chase Purchasers may terminate this Agreement, by notice to the Company, at any time at or prior to the Closing Time (i) if there has been, since the time of execution of this Agreement or since the respective dates as of which information is given in the Preference Offering Memorandum, any material adverse change in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Company and its subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business, or (ii) if there has occurred any material adverse change in the financial markets in the United States, the Republic of Poland or the international financial markets, any outbreak of hostilities or escalation thereof or other calamity or crisis or any change or development involving a prospective change in national or international political, financial or economic conditions, or in Polish taxation affecting the Company or any subsidiary thereof or the transactions contemplated by the Preference Offering Memorandum, or currency exchange rates for the U.S. dollar into the Polish Zloty or exchange controls applicable to the U.S. dollar or the Polish Zloty, in each case the effect of which is such as to make it, in the judgment of the Chase Purchasers, impracticable to market the Preference Securities or to enforce contracts for the sale of the Preference Securities, or (iii) if trading in any securities of the Company has been suspended or materially limited by the Commission, or if trading generally on the American Stock Exchange, the New York Stock Exchange or in the Nasdaq National Market has been suspended or materially limited, or minimum or maximum prices for trading have been fixed, or maximum ranges for prices have been required, by any of said exchanges or by such system or by order of the Commission, the National Association of Securities Dealers, Inc. or any other governmental authority, or (iv) if a banking moratorium has been declared by Polish, United States Federal or New York authorities.

(b) LIABILITIES. If this Agreement is terminated pursuant to this Section, such termination shall be without liability of any party to any other party except as provided in Section 4 hereof, and PROVIDED FURTHER that Sections 1, 7, 8 and 9 shall survive such termination and remain in full force and effect.

SECTION 11. NOTICES. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if mailed, sent by courier or express delivery company or transmitted by any standard form of telecommunication. Notices to the Chase Purchasers shall be directed to the Chase Purchasers c/o Chase Enterprises, Inc., One Commercial Plaza, Hartford, Connecticut 06103-3585, attention of John Redding. Notices to the Company shall be directed to it at One Commercial Plaza, Hartford, Connecticut 06103-3585, attention of Robert E. Fowler, III.

SECTION 12. PARTIES. This Agreement shall inure to the benefit of and be binding upon the Chase Purchasers and the Company and their respective successors. Nothing expressed or mentioned in this Agreement is intended or shall be construed to give any person, firm or corporation, other than the Chase Purchasers and the Company and their respective successors and the controlling persons and officers and directors referred to in Sections 7 and 8 and their heirs and legal representatives, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision herein contained. This Agreement and all conditions and provisions hereof are intended to be for the sole and exclusive benefit of the Chase Purchasers and the Company and their respective successors, and said controlling persons and officers and directors and their heirs and legal representatives, and for the benefit of no other person, firm or corporation. No purchaser of Preference Securities from the Chase Purchasers shall be deemed to be a successor by reason merely of such

purchase.

SECTION 13. GOVERNING LAW AND TIME. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK. SPECIFIED TIMES OF DAY REFER TO NEW YORK CITY TIME.

SECTION 14. EFFECT OF HEADINGS. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 15. COUNTERPARTS. This Agreement may be executed in one or more counterparts and when a counterpart has been executed by each party, all such counterparts taken together shall constitute one and the same agreement.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to the Company a counterpart hereof, whereupon this instrument, along with all counterparts, will become a binding agreement between the Chase Purchasers and the Company in accordance with its terms.

Very truly yours,

@ENTERTAINMENT, INC.

By /s/ Robert E. Fowler III

-----  
Title:

By /s/ Donald Miller-Jones

-----  
Title:

CONFIRMED AND ACCEPTED,  
as of the date first above written:

ARNOLD CHASE

CHERYL CHASE

/s/ Arnold Chase

/s/ Cheryl Chase

-----  
Arnold Chase

-----  
Cheryl Chase

RHODA CHASE

/s/ Rhoda Chase

-----  
Rhoda Chase

SCHEDULE A

<TABLE>  
<CAPTION>

Name Price	Number of Preference Shares	Number of Preference Warrants	
-----	-----	-----	-----
<S>	<C>	<C>	<C>
\$2,000,000 (less a Arnold Chase commission of \$60,000)	2,000	2,000	
\$2,000,000 (less a Cheryl Chase* commission of \$60,000)	2,000	2,000	
\$1,000,000 (less a Rhoda Chase commission of \$30,000)	1,000	1,000	
	-----	-----	
\$5,000,000 (less Total . . . . . commissions of \$150,000)	5,000	5,000	
	=====	=====	

</TABLE>

\* Cheryl Chase has assigned her right to purchase 1,000 Preference Shares and 1,000 Preference Warrants for a price of \$1,000,000 (less a commission of \$30,000) to The Darland Trust.

SCHEDULE B

@ENTERTAINMENT, INC.

[Separately Attached]

SCHEDULE C

LIST OF DESIGNATED SUBSIDIARIES

1. ETV Sp. z o.o.

2. Telewizja Kablowa GOSAT Sp. z o.o.
3. Ground Zero Media Sp. z o.o.
4. Otwocka Telewizja Kablowa Sp. z o.o.
5. Polska Telewizja Kablowa S.A.
6. Polska Telewizja Kablowa Krakow S.A.
7. Polska Telewizja Kablowa Lublin S.A.
8. Polska Telewizja Kablowa Operator Sp. z o.o.
9. Polska Telewizja Kablowa Szczecin Sp. z o.o.
10. Polska Telewizja Kablowa Warszawa S.A.
11. Poltelkab Sp. z o.o.
12. Szczecinska Telewizja Kablowa Sp. z o.o.
13. TV Kabel Sp. z o.o.
14. At Entertainment Limited
15. Poland Communications, Inc.
16. Poland Cablevision (Netherlands) B.V.
17. Sereke Holding B.V.
18. Wizja TV Sp. z o.o.
19. WPTS Sp. z o.o.
20. @Entertainment Programming, Inc.
21. ProCable Sp. z o.o.

THE SECURITIES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE OR OTHER SECURITIES LAWS. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) OR AN "ACCREDITED INVESTOR" (AS DEFINED IN REGULATION D UNDER THE SECURITIES ACT), (2) AGREES THAT IT WILL NOT PRIOR TO (X) THE DATE WHICH IS TWO YEARS (OR SHORTER PERIOD AS MAY BE PRESCRIBED BY RULE 144(K) (OR ANY SUCCESSOR PROVISION THEREOF) UNDER THE SECURITIES ACT) AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF (OR OF ANY PREDECESSOR OF THIS SECURITY) OR THE LAST DAY ON WHICH THE COMPANY OR ANY AFFILIATE OF THE COMPANY WAS THE OWNER OF THIS SECURITY OR ANY PREDECESSOR OF THIS SECURITY AND (Y) SUCH LATER DATE, IF ANY, AS MAY BE REQUIRED BY APPLICABLE LAWS (THE "RESALE RESTRICTION TERMINATION DATE"), OFFER, SELL OR OTHERWISE TRANSFER THIS SECURITY EXCEPT (A) TO THE ISSUER OR ITS SUBSIDIARY, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A OR (D) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. IN CONNECTION WITH ANY TRANSFER OF THESE SECURITIES WITHIN THE TIME PERIOD REFERRED TO ABOVE, THE HOLDER MUST CHECK THE APPROPRIATE BOX SET FORTH ON THE REVERSE HEREOF RELATING TO THE MANNER OF SUCH TRANSFER AND SUBMIT THIS CERTIFICATE TO THE WARRANT AGENT. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE.

CUSIP No. 045920 15 4

No. \_\_\_\_

\_\_\_\_\_ Preference Warrants



PREFERENCE WARRANT CERTIFICATE

@ENTERTAINMENT, INC.

This Preference Warrant Certificate certifies that \_\_\_\_\_, or his registered assigns, is the registered holder of \_\_\_\_\_ Preference Warrants (the "PREFERENCE WARRANTS") to purchase an aggregate of \_\_\_\_\_ shares of Common Stock, par value \$0.01 per share, issuable upon exercise of the Preference Warrants (the "PREFERENCE WARRANT SHARES") of @ENTERTAINMENT, INC., a Delaware corporation (the "COMPANY," which term includes its successors and assigns). Each Preference Warrant entitles the holder to purchase from the Company at any time from 9:00 a.m. New York City time on or after the Exercise Date until 5:00 p.m., New York City time, on February 1, 2010 (the "PREFERENCE EXPIRATION DATE"), 110 fully paid, registered and non-assessable Preference Warrant Shares, subject to adjustment as provided in Article V of the Preference Warrant Agreement, at a preference exercise price of \$10.00 for each share purchased (the "PREFERENCE EXERCISE PRICE"); upon surrender of this Preference Warrant Certificate and payment of the Preference Exercise Price (i) in cash or by certified or official bank check, (ii) by a Cashless Exercise or (iii) by any combination of (i) and (ii), at any office or agency maintained for that purpose by the Company (the "PREFERENCE WARRANT EXERCISE OFFICE"), subject to the conditions set forth herein and in the Preference Warrant Agreement. For purposes of this Warrant, a "CASHLESS EXERCISE" shall mean an exercise of a Preference Warrant in accordance with the immediately following two sentences. To effect a Cashless Exercise, the holder may exercise a Preference Warrant or Preference Warrants without payment of the Preference Exercise Price in cash by surrendering such Preference Warrant or Preference Warrants (represented by one or more Preference Warrant Certificates) and in exchange therefor, receiving such number of shares of Common Stock equal to the product of (1) that number of shares of Common Stock for which such Preference Warrant or Preference Warrants are exercisable and which would be issuable in the event of an exercise with payment of the Preference Exercise Price and (2) the Cashless Exercise Ratio. The "CASHLESS EXERCISE RATIO" shall equal a fraction, the numerator of which is the excess of the Current Market Value (calculated as set forth in this Preference Warrant) per share of Common Stock on the date of exercise over the Preference Exercise Price per share of Common Stock as of the date of exercise and the denominator of which is the Current Market Value per share of Common Stock on the date of exercise. Upon surrender of a Preference Warrant Certificate representing more than one Preference Warrant in connection with the holder's option to elect a Cashless Exercise, the holder must specify the number of Preference Warrants for which such Preference Warrant Certificate is to be exercised (without giving effect to the Cashless Exercise). All provisions of the Preference Warrant Agreement shall be applicable with respect to a Cashless Exercise of a Preference Warrant Certificate for less than the full number of Preference Warrants represented thereby. Capitalized terms used herein

without being defined herein shall have the definitions ascribed to such terms in the Preference Warrant Agreement.

"CURRENT MARKET VALUE" per share of Common Stock of the Company or any other security at any date shall mean (i) if the security is not registered under the Exchange Act, (a) the value of the security, determined in good faith by the board of directors of the Company and certified in a board resolution, based on the most recently completed arm's-length transaction between the Company and a person other than an affiliate of the Company and the closing of which occurs on such date or shall have occurred within the six-month period preceding such date, or (b) if no such transaction shall have occurred on such date or within such six-month period, the fair market value of the security as determined by a nationally or regionally recognized Independent Financial Expert (as defined herein) (PROVIDED that in the case of the calculation of Current Market Value for determining the cash value of fractional shares, any such determination within six months that is, in the good faith judgment of the Board, a reasonable determination of value, may be utilized) or (ii) (a) if the security is registered under the Exchange Act, the average of the daily closing sales prices of the securities for the 20 consecutive trading days immediately preceding such date, or (b) if the security has been registered under the Exchange Act for less than 20 consecutive trading days before such date, then the average of the daily closing sales prices for all of the trading days before such date for which closing sales prices are available, in the case of each of (ii) (a) and (ii) (b), as certified by the president, the chief executive officer, any vice president or the chief financial officer of the Company in a writing delivered to the Preference Warrant Agent. The closing sales price for each such trading day shall be: (A) in the case of a security listed or admitted to trading on any U.S. national securities exchange or quotation system, the closing sales price, regular way, on such day, or if no sale takes place on such day, the average of the closing bid and asked prices on such day, (B) in the case of a security not then listed or admitted to trading on any U.S. national securities exchange or quotation system, the last reported sale price on such day, or if no sale takes place on such day, the average of the closing bid and asked prices on such day, as reported by a reputable quotation source designated by the Company, (C) in the case of a security not then listed or admitted to trading on any U.S. national securities exchange or quotation system and as to which no such reported sale price or bid and asked prices are available, the average of the reported high bid and low asked prices on such day, as reported by a reputable quotation service, or a newspaper of general circulation in the Borough of Manhattan, The City and State of New York customarily published on each Business Day, designated by the Company, or, if there shall be no bid and asked prices on such day, the average of the high bid and low asked prices, as so reported, on the most recent day (not more than 30 days prior to the date in question) for which prices have been so reported and (D) if there are not bid and asked prices reported during the 30 days prior to the date in question, the Current Market Value shall be determined as if the securities were not registered under the Exchange Act.

"INDEPENDENT FINANCIAL EXPERT" means a U.S. investment banking firm of national standing in the United States, (i) which does not, and whose directors, officers and employees or affiliates do not have a direct or indirect material financial interest for its proprietary account in the Company or any of its affiliates and (ii) which, in the judgment of the board of directors of the Company, is otherwise independent with respect to the Company and its affiliates and qualified to perform the task for which it is to be engaged.

"PERSON" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof or any other entity, including any predecessor of any such entity.

The Company has initially designated the principal corporate trust office of the Preference Warrant Agent in the Borough of Manhattan, The City of New York, as the initial Preference Warrant Agent Office. The number of shares of Common Stock issuable upon exercise of the Preference Warrants ("EXERCISE RATE") is subject to adjustment upon the occurrence of certain events set forth in the Preference Warrant Agreement.

Any Warrants not exercised on or prior to 5:00 p.m., New York City time, on February 1, 2010 shall thereafter be void.

If the Company in a single transaction or through a series of related transactions, consolidates with or merges with or into any other person or sells, assigns, transfers, leases, conveys or otherwise disposes of all or substantially all of its properties and assets to another person or group of affiliated persons or is a party to a merger or binding share exchange which reclassifies or changes its outstanding Common Stock (a "Fundamental Transaction"), as a condition to consummating any such transaction the person formed by or surviving any such consolidation or merger if other than the Company or the person to whom such transfer has been made (the "Surviving Person") shall enter into a supplemental preference warrant agreement. The supplemental preference warrant agreement shall provide (a) that the holder of a Preference Warrant then outstanding may exercise it for the kind and amount of securities, cash or other assets which such holder would have received immediately after the Fundamental Transaction if such holder had exercised the Preference Warrant immediately before the effective date of the transaction (regardless of whether the Preference Warrants were then exercisable and without giving effect to the Cashless Exercise option), assuming (to the extent applicable) that such holder (i) made no election with respect to the form of consideration payable in such transaction and (ii) was treated alike with the plurality of non-electing holders, and (b) that the Surviving Person shall succeed to and be substituted for every right and obligation of the Company in respect of the Preference Warrant Agreement and the Preference Warrants. The Surviving Person shall mail to holders of Preference Warrants at the addresses appearing on the Warrant Register a notice briefly describing the supplemental warrant agreement. If the

issuer of securities deliverable upon exercise of Preference Warrants is an affiliate of the Surviving Person, that company shall join in the supplemental warrant agreement.

Notwithstanding the foregoing, (i) if the Company enters into a Fundamental Transaction and the consideration payable to holders of the Common Stock (or other securities) issuable or deliverable upon exercise of the Preference Warrants in connection with such Fundamental Transaction consists solely of cash or (ii) there is a dissolution, liquidation or winding up of the issuer, then the holders of Preference Warrants shall be entitled to receive distributions on the date of such event on an equal basis with holders of Common Stock (or other securities issuable or delivered upon exercise of the Preference Warrants) as if the Preference Warrants had been exercised immediately prior to such event, less the Exercise Price therefor. Upon receipt of such payment, if any, the rights of a holder of a Preference Warrant shall terminate and cease and such holder's Preference Warrants shall expire.

Reference is hereby made to the further provisions on the reverse hereof which provisions shall for all purposes have the same effect as though fully set forth at this place.

This Preference Warrant Certificate shall not be valid unless authenticated by the Preference Warrant Agent, as such term is used in the Preference Warrant Agreement.

The Holders of Preference Warrants have agreed with the Company that while they may exercise their Preference Warrants at any time, in whole or in part, prior to the Preference Expiration Date, such Holder of Preference Warrants will not be allowed to sell or otherwise dispose of the Preference Warrant Shares prior to one year from the date hereof.

THIS PREFERENCE WARRANT CERTIFICATE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

WITNESS the facsimile seal of the Company and facsimile signatures of its duly authorized officers.

Dated: January 27, 1999

@ENTERTAINMENT, INC.

By:

-----

Name:

Title:

By: -----

Name:

Title:

Certificate of Authentication:

This is one of the Preference Warrants referred to in the within mentioned Preference Warrant Agreement:

BANKERS TRUST COMPANY,  
Preference Warrant Agent

By:

-----

Authorized Signatory

@ENTERTAINMENT, INC.

The Preference Warrants evidenced by this Preference Warrant Certificate are part of a duly authorized issue of Preference Warrants expiring at 5:00 p.m., New York City time, on February 1, 2010 (the "PREFERENCE EXPIRATION DATE"). Each Preference Warrant represents the right to purchase at any time on or after the Preference Exercise Date (as defined in the Preference Warrant Agreement) and on or prior to the Preference Expiration Date 110 Preference Warrant Shares, subject to adjustment as set forth in the Preference Warrant Agreement. The Preference Warrants are issued pursuant to a Preference Warrant Agreement dated as of January 27, 1999 (the "PREFERENCE WARRANT AGREEMENT"), duly executed and delivered by the Company to Bankers Trust Company, as Preference Warrant Agent (the "PREFERENCE WARRANT AGENT"), which Preference Warrant Agreement is hereby incorporated by reference in and made a part of this instrument and is hereby referred to for a description of the rights, limitation of rights, obligations, duties and immunities thereunder of the Preference Warrant Agent, the Company and the holders (the words "HOLDERS" or "HOLDER" meaning the registered holders or registered holder) of the Preference Warrants.

Preference Warrants may be exercised by (i) surrendering at any Preference Warrant Exercise Office this Preference Warrant Certificate with the form of Election to Exercise set forth hereon duly completed and executed and (ii) to the extent such exercise is not being effected through a Cashless Exercise by paying in full, in cash or by certificated or

official bank check, the Warrant Preference Exercise Price for each such Preference Warrant exercised and any other amounts required to be paid pursuant to the Preference Warrant Agreement.

If all of the items referred to in the last sentence of the preceding paragraph are received by the Preference Warrant Agent at or prior to 11:00 a.m., New York City time, on a Business Day, the exercise of the Preference Warrant to which such items relate will be effective on such Business Day. If any items referred to in the last sentence of the preceding paragraph are received after 11:00 a.m., New York City time, on a Business Day, the exercise of the Preference Warrants to which such item relates will be deemed to be effective on the next succeeding Business Day. Notwithstanding the foregoing, in the case of an exercise of Preference Warrants on February 1, 2010, if all of the items referred to in the last sentence of the preceding paragraph are received by the Preference Warrant Agent at or prior to 5:00 p.m., New York City time, on such Preference Expiration Date, the exercise of the Preference Warrants to which such items relate will be effective on the Preference Expiration Date.

As soon as practicable after the exercise of any Preference Warrant or Preference Warrants, the Company shall issue or cause to be issued to or upon the written order of the registered holder of this Preference Warrant Certificate, a certificate or certificates evidencing such Preference Warrant Share or Preference Warrant Shares to which such holder is entitled, in fully registered form, registered in such name or names as may be directed by such holder pursuant to the Election to Exercise, as set forth on the reverse of this Preference Warrant Certificate. Such certificate or certificates evidencing the Preference Warrant Share or Preference Warrant Shares shall be deemed to have been issued and any persons who are designated to be named therein shall be deemed to have become the holder of record of such Preference Warrant Share or Preference Warrant Shares as of the close of business on the date upon which the exercise of this Preference Warrant was deemed to be effective as provided in the preceding paragraph.

The Company shall not be required to issue fractional Preference Warrant Shares upon exercise of the Preference Warrants or distribute Preference Warrant Certificates that evidence fractional Preference Warrant Shares. In lieu of fractional Preference Warrant Shares, there shall be paid to the registered Holder of this Preference Warrant Certificate at the time such Preference Warrant Certificate is exercised an amount in cash equal to the same fraction of the Current Market Value per share of Common Stock on the Business Day preceding the date this Preference Warrant Certificate is surrendered for exercise.

Preference Warrant Certificates, when surrendered at any office or agency maintained by the Company for that purpose by the registered holder thereof in person or by legal representative or attorney duly authorized in writing, may be exchanged for a new Preference Warrant Certificate or new Preference Warrant Certificates evidencing in the aggregate a like number of Preference Warrants, in the manner and subject

to the limitations provided in the Preference Warrant Agreement, without charge except for any tax or other governmental charge imposed in connection therewith.

Upon due presentment for registration of transfer of this Preference Warrant Certificate at any office or agency maintained by the Company for that purpose, a new Preference Warrant Certificate evidencing in the aggregate a like number of Preference Warrants shall be issued to the transferee in exchange for this Preference Warrant Certificate, subject to the limitations provided in the Preference Warrant Agreement, without charge except for any tax or other governmental charge imposed in connection therewith.

The Company and the Preference Warrant Agent may deem and treat the registered holder hereof as the absolute owner of this Preference Warrant Certificate (notwithstanding any notation of ownership or other writing hereon made by anyone) for the purpose of any exercise hereof and for all other purposes, and neither the Company nor the Preference Warrant Agent shall be affected by any notice to the contrary.

The term "Business Day" shall mean any day on which (i) banks in The City of New York, (ii) the principal U.S. securities exchange or market, if any, on which any Common Stock is listed or admitted to trading and (iii) the principal U.S. securities exchange or market, if any, on which the Preference Warrants are listed or admitted to trading, are open for business.

---

---

PREFERENCE WARRANT  
REGISTRATION RIGHTS AGREEMENT

Dated as of January 27, 1999

Among

@ENTERTAINMENT, INC.,

and

MORGAN GRENFELL PRIVATE EQUITY LIMITED on behalf of  
MORGAN GRENFELL DEVELOPMENT CAPITAL SYNDICATION LIMITED,  
ARNOLD CHASE, CHERYL CHASE, RHODA CHASE  
and THE DARLAND TRUST

---

---

TABLE OF CONTENTS

	PAGE
SECTION 1. DEFINITIONS . . . . .	3
SECTION 2. PREFERENCE REGISTRATION RIGHTS. . . . .	7
2.1(a) (i) PREFERENCE WARRANT SHELF REGISTRATION STATEMENT. . . . .	7
(ii) PREFERENCE WARRANT STOCK SHELF REGISTRATION STATEMENT. . . . .	8



(b)	BLUE SKY. . . . .	8
(c)	ACCURACY OF DISCLOSURE. . . . .	8
(d)	LIQUIDATED DAMAGES. . . . .	9
(e)	ADDITIONAL ACTS . . . . .	9
(f)	LISTING OF PREFERENCE WARRANT SHARES. . . . .	9
2.2	[Reserved]. . . . .	9
2.3	LIMITATIONS, CONDITIONS AND QUALIFICATIONS TO OBLIGATIONS UNDER REGISTRATION COVENANTS. . . . .	9
2.4	[Reserved]. . . . .	10
2.5	RULE 144 AND RULE 144A. . . . .	10
2.6	UNDERWRITTEN REGISTRATIONS. . . . .	11
SECTION 3.	[RESERVED]. . . . .	11
SECTION 4.	REGISTRATION PROCEDURES . . . . .	11
SECTION 5.	INDEMNIFICATION AND CONTRIBUTION. . . . .	17
SECTION 6.	MISCELLANEOUS . . . . .	21
(a)	REMEDIES. . . . .	21
(b)	NO INCONSISTENT AGREEMENTS. . . . .	21
(c)	[INTENTIONALLY OMITTED] . . . . .	21
(d)	AMENDMENTS AND WAIVERS. . . . .	21
(e)	NOTICES . . . . .	21
(f)	SUCCESSORS AND ASSIGNS. . . . .	22
(g)	COUNTERPARTS. . . . .	22
(h)	GOVERNING LAW . . . . .	22
(j)	SEVERABILITY. . . . .	22
(k)	HEADINGS. . . . .	23
(l)	ENTIRE AGREEMENT. . . . .	23
(m)	SECURITIES HELD BY THE COMPANY OR ITS AFFILIATES. . . . .	23

EXECUTION COPY

PREFERENCE WARRANT REGISTRATION RIGHTS AGREEMENT

This PREFERENCE WARRANT REGISTRATION RIGHTS AGREEMENT (the "AGREEMENT") is made and entered into as of January 27, 1999, among @ENTERTAINMENT, INC., (the "COMPANY") a Delaware corporation, The Darland Trust ("DARLAND"), Rhoda Chase ("RHODA CHASE"), Arnold Chase ("ARNOLD CHASE") and Cheryl Chase ("CHERYL CHASE", and together with Darland, Rhoda Chase and Arnold Chase, the "CHASE PURCHASERS") and MORGAN GRENFELL PRIVATE EQUITY LIMITED on behalf of MORGAN GRENFELL DEVELOPMENT CAPITAL SYNDICATION LIMITED ("MGPE", and together with the Chase Purchasers, the "PURCHASERS").

This Agreement is made pursuant to (i) the Purchase Agreement

dated January 22, 1999, between the Company and MGPE (the "MGPE PURCHASE AGREEMENT") and (ii) the Purchase Agreement dated as of January 22, 1999 among the Company and Arnold Chase, Rhoda Chase and Cheryl Chase (the "CHASE PURCHASE AGREEMENT"), and together with the MGPE Purchase Agreement, the "PURCHASE AGREEMENTS"), in which the Company has agreed to sell to the Purchasers (i) an aggregate of 50,000 shares of the Company's Series A and Series B 12% Cumulative Preference Shares (the "PREFERENCE SHARES"), and (ii) warrants (the "PREFERENCE WARRANTS"), initially entitling the holders thereof to purchase an aggregate of 5,500,000 shares of Common Stock of the Company, par value \$0.01 per share (the "Common Stock"). The execution of this Agreement is a condition to the obligations of the Purchasers under the Purchase Agreements.

In consideration of the foregoing, the parties hereto agree as follows:

SECTION 1. DEFINITIONS. As used in this Agreement, the following defined terms shall have the following meanings:

"ADVICE" has the meaning ascribed to such term in Section 4 hereof.

"AGREEMENT" shall have the meaning ascribed to such term in the preamble hereto.

"BUSINESS DAY" shall mean a day that is not a Legal Holiday.

"CAPITAL STOCK" shall mean, with respect to any Person, any and all shares, interests, partnership interests, participations, rights in or other equivalents (however designated and whether voting or non-voting) of such person's capital stock, and any rights (other than debt securities convertible into capital stock), warrants or options exchangeable for or convertible into such capital stock whether outstanding on the issue date or issued after the issue date.

"CHANGE OF CONTROL" shall have the meaning ascribed to such term in the Indenture.

"COMPANY" shall have the meaning ascribed to such term in the preamble of this Agreement and shall also include the Company's permitted successors and assigns.

"COMMON STOCK" shall have the meaning ascribed to such term in the preamble of this Agreement.

"CONVERTIBLE PREFERRED STOCK" shall mean any securities convertible or exercisable or exchangeable into Common Stock of the Company, whether outstanding on the date hereof or thereafter issued.

"DAMAGE AMOUNT" shall have the meaning ascribed to such term in Section 2.1(d) hereof.

"DTC" shall have the meaning ascribed to such term in Section 4(i) hereof.

"EFFECTIVENESS PERIOD" shall mean the respective periods for which the Company is obligated to use its reasonable efforts to keep a Registration Statement effective pursuant to Sections 2.1(a) and 2.2(a).

"EXCHANGE ACT" shall mean the Securities Exchange Act of 1934, as amended from time to time.

"EXERCISE DATE" shall mean the earlier of (i) the date that a shelf Registration Statement covering the sale of Common Stock underlying the Preference Warrants is declared effective under the Securities Act and (ii) January 27, 1999.

"HOLDER" shall mean each holder (including the Purchasers) of any Preference Registrable Security and each of their successors, assigns and direct and indirect transferees who become registered owners of such Preference Registrable Securities.

"INDEMNIFIED PARTY" and "INDEMNIFYING PARTY" shall have the respective meanings ascribed to such term in Section 5(c).

"INDENTURE" shall mean the Indenture, dated as of the date hereof, between the Company and Bankers Trust Company, as Trustee, pursuant to which the Notes are issued.

"INSPECTORS" shall have the meaning ascribed to such term in Section 4(m) hereof.

"LEGAL HOLIDAY" shall mean a Saturday, a Sunday or a day on which (i) banking institutions in The City of New York are required or authorized by law or other government action to be closed and (ii) the principal U.S. securities exchange or market, if any, on which any Common Stock is listed or admitted to trading and the principal U.S. securities exchange or market, if any, on which the Preference Warrants are listed or admitted to trading are closed for business.

"LIQUIDATED DAMAGES" shall have the meaning ascribed to such term in Section 2.1(d) hereof.

"MGPE" shall have the meaning ascribed to such term in the preamble hereto.

"PERSON" shall mean any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof or any other entity, including any predecessor of any such entity.

" PREFERENCE REGISTRABLE SECURITIES" shall mean any of (i) the Preference Warrants, (ii) the Preference Warrant Shares and (iii) any other securities issued or issuable with respect to the Preference Warrants or Preference Warrant Shares by way of stock dividend or stock split or in connection with a combination of shares, recapitalization, merger, consolidation or other reorganization or otherwise. As to any particular Preference Registrable Securities, such securities shall cease to be Preference Registrable Securities when (a) a registration statement with respect to the offering of such securities by the holder thereof shall have been declared effective under the Securities Act and such securities shall have been disposed of by such holder pursuant to such registration statement, (b) such securities have been sold to the public pursuant to, or are eligible for sale to the public without volume or manner of sale restrictions under, Rule 144(k) (or any similar provision then in force, but not Rule 144A) promulgated under the Securities Act, (c) such securities shall have been otherwise transferred and new certificates for such securities not bearing a legend restricting further transfer shall have been delivered by the Company or its transfer agent and subsequent disposition of such securities shall not require registration or qualification under the Securities Act or any similar state law then in force, or (d) such securities shall have ceased to be outstanding.

"PREFERENCE WARRANT REGISTRATION EXPENSES" shall mean all expenses incident to the Company's performance of or compliance with this Agreement, including, without limitation, all SEC and stock exchange or National Association of Securities Dealers, Inc. registration and filing fees and expenses, fees and expenses incurred in connection with compliance with securities or blue sky laws (including, without limitation, reasonable fees and disbursements of counsel for the underwriters and the Holders in connection with blue sky qualifications of the Registrable Securities), printing expenses, messenger, telephone and delivery expenses, fees and disbursements of counsel for the Company, counsel for the underwriters, if any, the Warrant Agent and all independent certified public accountants, and other reasonable out-of-pocket expenses of Holders (it being understood that Preference Warrant Registration Expenses shall not include as to the fees and expenses of counsel, the fees and expenses of more than one counsel for the Holders and one counsel for the underwriters and shall not include any underwriting discounts, commissions or transfer taxes).

"PREFERENCE REGISTRATION STATEMENT" shall mean any appropriate registration statement of the Company filed with the SEC pursuant to the Securities Act which covers any of the Preference Warrants, the Preference Warrant Shares and any other Preference Registrable Securities pursuant to the provisions of this Agreement and all amendments and supplements to any such Registration Statement, including post-effective amendments, in each case including the

Prospectus contained therein, all exhibits thereto and all material incorporated by reference therein. "Preference Registration Statement" shall include the Preference Warrant Shelf Registration Statement and the Preference Warrant Stock Shelf Registration Statement.

"PREFERENCE WARRANT AGENT" shall mean Bankers Trust Company and any successor warrant agent for the Preference Warrants pursuant to the Preference Warrant Agreement.

"PREFERENCE WARRANT AGREEMENT" shall mean the Preference Warrant Agreement dated as of the date hereof, between the Company and the Preference Warrant Agent, as amended or supplemented from time to time in accordance with the terms thereof.

"PREFERENCE WARRANT SHARES" shall mean shares of Common Stock issuable upon exercise of the Preference Warrants initially at an exercise price of \$10.00 per share.

"PREFERENCE WARRANT SHELF REGISTRATION STATEMENT" shall mean the Preference Registration Statement filed with the SEC pursuant to Section 2.1(a) (i).

"PREFERENCE WARRANT STOCK SHELF REGISTRATION STATEMENT" shall mean the Preference Registration Statement filed with the SEC pursuant to Section 2.1(a) (ii).

"PREFERENCE WARRANTS" shall have the meaning ascribed to such term in the preamble hereto.

"PROSPECTUS" shall mean the prospectus included in any Preference Registration Statement (including, without limitation, any prospectus subject to completion and a prospectus that includes any information previously omitted from a prospectus filed as part of an effective registration statement in reliance upon Rule 430A promulgated under the Securities Act), as amended or supplemented by any prospectus supplement, and all other amendments and supplements to the Prospectus, including post-effective amendments, and all material incorporated by reference or deemed to be incorporated by reference in such Prospectus.

"PURCHASE AGREEMENTS" shall have the meaning ascribed to such term in the preamble hereof.

"RULE 144" shall mean Rule 144 promulgated under the Securities Act, as such Rule may be amended from time to time, or any similar rule (other than Rule 144A) or regulation hereafter adopted by the SEC providing for offers and sales of securities made in compliance therewith resulting in offers and sales by subsequent holders that are not affiliates of an issuer of such securities being free of the registration and prospectus delivery requirements of the Securities

Act.

"RULE 144A" shall mean Rule 144A promulgated under the Securities Act, as such Rule may be amended from time to time, or any similar rule (other than Rule 144) or regulation hereafter adopted by the SEC.

"SEC" shall mean the Securities and Exchange Commission.

"SECURITIES ACT" shall mean the Securities Act of 1933, as amended from time to time.

"SELLING HOLDER" shall mean a Holder who is selling Preference Registrable Securities in accordance with the provisions of Section 2.2.

"SHELF REGISTRATION DEFAULT" shall have the meaning ascribed to such term in Section 2.1(d).

"SUSPENSION PERIOD" shall have the meaning ascribed to such term in Section 2.3(a).

"UNITS OFFERING" shall mean the Company's offering, which is simultaneous with the offering of Preference Shares and Preference Warrants, of 256,800 units consisting of 14 1/2 % Senior Discount Notes due 2009 and 1,207,200 warrants to purchase 1,813,665 shares of common stock.

Capitalized terms used herein but not defined shall have the meaning ascribed thereto in the Preference Warrant Agreement.

## SECTION 2. PREFERENCE REGISTRATION RIGHTS.

2.1 (a) (i) PREFERENCE WARRANT SHELF REGISTRATION STATEMENT. The Company shall cause to be filed pursuant to Rule 415 (or any successor provision) of the Securities Act a shelf registration statement covering the resale of the Preference Warrants (the "Preference Warrant Shelf Registration Statement") and shall use its best efforts to cause the Preference Warrant Shelf Registration Statement to be declared effective under the Securities Act on or before July 7, 1999. Subject to Section 2.3(a) hereof, the Company shall use reasonable efforts to maintain the effectiveness of the Preference Warrant Shelf Registration Statement until such time as all Preference Warrants have expired or have been exercised or redeemed.

(ii) PREFERENCE WARRANT STOCK SHELF REGISTRATION STATEMENT. The Company shall also caused to be filed pursuant to Rule 415 (or any successor provision) of the Securities Act, a shelf registration statement covering the issuance of the Preference Warrant Shares (the "Preference Warrant Stock Shelf Registration Statement") and shall use its best efforts to cause the Preference Warrant Stock Shelf Registration Statement to be declared effective under the Securities Act by January 27, 2000. Subject

to Section 2.3(a) hereof, the Company shall use reasonable efforts to maintain the effectiveness of the Warrant Stock Shelf Registration Statement until such time as all the Preference Warrants have expired or have been exercised or redeemed.

(iii) The Company will pay all Preference Warrant Registration Expenses in connection with the resale of Preference Warrants and the issuance of the Preference Warrant Shares.

(iv) The Preference Registration Statements may also include securities issued in the Units Offering and securities issuable upon conversion of such securities.

(b) BLUE SKY. The Company shall use its reasonable efforts to register or qualify the Preference Warrant Shares under all applicable securities laws, blue sky laws or similar laws of all jurisdictions in the United States and Canada in which any Holder may or may be deemed to purchase Preference Warrant Shares upon the exercise of Preference Warrants and shall use its reasonable efforts to maintain such registration or qualification through such time as all Preference Warrants have expired or have been exercised or redeemed and Preference Warrant Shares have been resold; PROVIDED, HOWEVER, that the Company shall not be required to qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this Section 2.1(b) or to take any action which would subject it to general service of process or to taxation in any such jurisdiction where it is not then so subject.

(c) ACCURACY OF DISCLOSURE. The Company represents and warrants to each Holder and agrees for the benefit of each Holder that (i) the Preference Registration Statements and any amendment thereto will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading; and (ii) each of the Prospectuses furnished to such Holder for delivery in connection with the exercise of Preference Warrants or in connection with the sale of Preference Warrant Shares, as the case may be, and the documents incorporated by reference therein will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading; provided, however, that the Company shall have no liability under clause (i) or (ii) of this Section 2.1(c) with respect to any such untrue statement or omission made in a Preference Registration Statement in reliance upon and in conformity with information furnished to the Company by or on behalf of the Holders specifically for inclusion therein.

(d) LIQUIDATED DAMAGES. In the event that (i) the Preference Warrant Shelf Registration Stock Statement is not declared effective by the SEC on or prior to July 7, 1999 or (ii) the Preference Warrant Stock Shelf Registration Statement is not declared effective by the SEC on or prior to January 27, 2000, or following the dates either such Preference

Registration Statement is declared effective but thereafter ceases to be effective or usable without being restored to effectiveness by amendment or otherwise, except during such time periods indicated in Section 2.3(a) (each of the events referred to in clauses (i) and (ii) above, a "SHELF REGISTRATION DEFAULT"), then the Company shall pay liquidated damages ("LIQUIDATED DAMAGES") to each Holder of Preference Warrants or Preference Warrant Shares, as the case may be, an amount (the "DAMAGE AMOUNT") in an initial amount equal to \$.0025 per week per Preference Warrant for each week that the Shelf Registration Default continues for the first 90-day period following such Shelf Registration Default. The Damage Amount shall be increased by an additional \$.0025 per week per Preference Warrant with respect to each subsequent 90-day period until such Shelf Registration Default has been cured, up to a maximum amount of Liquidated Damages of \$.0125 per week per Preference Warrant.

(e) ADDITIONAL ACTS. If the issuance or sale of any Preference Warrant Shares or other securities issuable upon the exercise of the Preference Warrants requires registration or approval of any governmental authority (other than the registration requirements under the Securities Act), or the taking of any other action under the laws of the United States of America or any political subdivision thereof before such securities may be validly offered or sold in compliance with such laws, then the Company covenants that it will, in good faith and as expeditiously as reasonably possible, use all reasonable efforts to secure and maintain such registration or approval or to take such other action, as the case may be.

(f) LISTING OF PREFERENCE WARRANT SHARES. The Company shall use its best efforts to register the Preference Warrant Shares on the Nasdaq National Market by the Exercise Date.

## 2.2 [Reserved]

2.3 LIMITATIONS, CONDITIONS AND QUALIFICATIONS TO OBLIGATIONS UNDER REGISTRATION COVENANTS. The obligations of the Company set forth in Sections 2.1 and 2.6 hereof are subject to each of the following limitations, conditions and qualifications:

(a) Subject to the next sentence of this paragraph, the Company shall be entitled to postpone, for a reasonable period of time, the filing of, or suspend the effectiveness of, any registration statement or amendment thereto, or suspend the use of any prospectus and shall not be required to amend or supplement the registration statement, any related prospectus or any document incorporated therein by reference (other than an effective registration statement being used for an underwritten offering); PROVIDED that the duration of such postponement or suspension (a "SUSPENSION PERIOD") may not exceed during any 360 day period a period of more than 60 days or two periods of more than an aggregate of 90 days. Such Suspension Period may be effected only if (i) the Company's Board determines in its good faith that there is a valid business purpose for such suspension and (ii) provides notice that such determination was made by the Company's



Board to the Holders of the Preference Warrants; PROVIDED, HOWEVER, that in no event shall the Company be required to disclose the business purpose for such suspension if the Company determines in good faith that such business purpose must remain confidential; and PROVIDED FURTHER, HOWEVER, that the Effectiveness Period shall be extended by the number of days in any Suspension Period. The Company may further suspend effectiveness for a period not in excess of 5 Business Days to allow for the updating of the financial statements included in a Registration Statement to the extent required by law, such suspension for updating financial statements not to exceed 45 calendar days in aggregate in any 12-month period. If the Company shall so postpone the filing of a Registration Statement it shall, as promptly as possible, deliver a certificate signed by the chief executive officer of the Company to the Selling Holders as to such determination, and the Selling Holders shall (1) have the right, in the case of a postponement of the filing or effectiveness of a Registration Statement, upon the affirmative vote of the Holders of not less than a majority of the Preference Registrable Securities to be included in such Registration Statement, to withdraw the request for registration by giving written notice to the Company within 10 days after receipt of such notice or (2) in the case of a suspension of the right to make sales, receive an extension of the registration period equal to the number of days of the suspension.

(b) The Company's obligations shall be subject to the obligations of the Selling Holders, which the Selling Holders acknowledge, to furnish all information and materials and to take any and all actions as may be required under applicable federal and state securities laws and regulations to permit the Company to comply with all applicable requirements of the SEC, if applicable, and to obtain any acceleration of the effective date of such Registration Statement.

#### 2.4 [Reserved]

2.5 RULE 144 AND RULE 144A. The Company covenants that it will file the reports required to be filed by it under the Securities Act and the Exchange Act and the rules and regulations adopted by the SEC thereunder in a timely manner and, if at any time the Company is not required to file such reports, it will, upon the request of any Holder or beneficial owner of Preference Registrable Securities, make available such information necessary to permit sales pursuant to Rule 144A under the Securities Act. The Company further covenants that it will take such further action as any Holder of Preference Registrable Securities may reasonably request, all to the extent required from time to time to enable such Holder to sell Preference Registrable Securities without registration under the Securities Act within the limitation of the exemptions provided by (a) Rule 144(k) and Rule 144A under the Securities Act, as such Rules may be amended from time to time, or (b) any similar rule or regulation hereafter adopted by the SEC. Upon the request of any Holder of Preference Registrable Securities, the Company will in a timely manner deliver to such Holder a written statement as to whether it has complied with such

information requirements.

2.6 UNDERWRITTEN REGISTRATIONS. No Holder of Preference Registrable Securities may participate in any underwritten registration pursuant to a Preference Registration Statement filed under this Agreement unless such Holder (a) agrees to (i) sell such Holder's Preference Registrable Securities on the basis provided in and in compliance with any underwriting arrangements approved by the Holders of not less than a majority of the Preference Registrable Securities to be sold thereunder and (ii) comply with Rules 101, 102 and 104 of Regulation M under the Exchange Act and (b) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents reasonably required under the terms of such underwriting arrangements.

If the Company has complied with all its obligations under this Agreement all holders of Preference Warrants or Preference Warrant Shares, upon request of the lead managing underwriter with respect to an underwritten public offering, will be required to not sell or otherwise dispose of any Preference Warrants or Preference Warrant Shares owned by them for a period not to exceed 30 days prior to and 180 days after the consummation of such underwritten public offering.

SECTION 3. [RESERVED].

SECTION 4. REGISTRATION PROCEDURES. In connection with the obligations of the Company with respect to any Preference Registration Statement pursuant to Sections 2.1 and 2.6 hereof, the Company shall, except as otherwise provided:

(a) At least five days prior to the initial filing of a Preference Registration Statement or Prospectus and at least two days prior to the filing of any amendment or supplement thereto (including any document that would be incorporated or deemed to be incorporated therein by reference), furnish to the Preference Warrant Agent, the Holders and the managing underwriters, if any, copies of all such documents proposed to be filed, which documents (other than those incorporated or deemed to be incorporated by reference) shall be subject to the review of such Holders, and such underwriters, if any, and cause the officers and directors of the Company, counsel to the Company and independent certified public accountants to the Company to respond to such reasonable inquiries as shall be necessary, in the opinion of counsel to such underwriters, to conduct a reasonable investigation within the meaning of the Securities Act; PROVIDED that the foregoing inspection and information gathering shall be coordinated on behalf of the Holders by MGPE. The Company shall not file any such Preference Registration Statement or related Prospectus or any amendments or supplements thereto to which the Holders of a majority of the Preference Registrable Securities included in such Preference Registration Statement shall reasonably object on a timely basis.

(b) Prepare and file with the SEC such amendments, including post-effective amendments to each Preference Registration Statement as may be necessary to keep such Preference Registration Statement continuously effective for the applicable time period required hereunder; cause the related Prospectus to be supplemented by any required Prospectus supplement, and as so supplemented to be filed pursuant to Rule 424 (or any similar provisions then in force) promulgated under the Securities Act; and comply with the provisions of the Securities Act and the Exchange Act with respect to the disposition of all securities covered by such Preference Registration Statement during such period in accordance with the intended methods of disposition by the sellers thereof set forth in such Preference Registration Statement as so amended or in such Prospectus as so supplemented.

(c) Notify the Holders of Preference Registrable Securities to be sold and the managing underwriters, if any, promptly, and (if requested by any such person) confirm such notice in writing, (i) (A) when a Prospectus or any Prospectus supplement or post-effective amendment is proposed to be filed, and (B) with respect to a Preference Registration Statement or any post-effective amendment, when the same has become effective, (ii) of any request by the SEC or any other Federal or state governmental authority for amendments or supplements to a Preference Registration Statement or related Prospectus or for additional information, (iii) of the issuance by the SEC, any state securities commission, any other governmental agency or any court of any stop order suspending the effectiveness of such Preference Registration Statement or of any order or injunction suspending or enjoining the use of a Prospectus or the effectiveness of a Preference Registration Statement or the initiation of any proceedings for that purpose, (iv) of the receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Preference Registrable Securities for sale in any jurisdiction, or the initiation or threatening of any proceeding for such purpose, and (v) of the happening of any event, the existence of any information becoming known that makes any statement made in a Preference Registration Statement or related Prospectus or any document incorporated or deemed to be incorporated therein by reference untrue in any material respect or omit to state any material fact required to be stated therein or necessary to make the statements therein, not misleading, and that in the case of the Prospectus, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(d) Use its best efforts to avoid the issuance of or, if issued, obtain the withdrawal of any order enjoining or suspending the effectiveness of the Preference Registration Statement or the use of a Prospectus or the lifting of any suspension of the qualification (or exemption from qualification) of any of the Preference Registrable

Securities covered thereby for sale in any jurisdiction described in Section 4(h) at the earliest practicable moment.

(e) If requested by the managing underwriters, if any, or if none, by the Holders of a majority of the Preference Registrable Securities being sold pursuant to such Preference Registration Statement, (i) promptly incorporate in a Prospectus supplement or post-effective amendment such information as the managing underwriters, if any, or if none, such Holders reasonably believe should be included therein, and (ii) make all required filings of such Prospectus supplement or such post-effective amendment under the Securities Act as soon as practicable after the Company has received notification of the matters to be incorporated in such prospectus supplement or post-effective amendment; PROVIDED, HOWEVER, that the Company shall not be required to take any action pursuant to this Section 4(e) that would in the opinion of counsel for the Company, violate applicable law.

(f) Upon written request to the Company, furnish to each Holder of Preference Registrable Securities to be sold pursuant to a Registration Statement and each managing underwriter, if any, without charge, at least one conformed copy of the Preference Registration Statement and each amendment thereto, including financial statements and schedules, all documents incorporated or deemed to be incorporated therein by reference, and all exhibits to the extent requested (including those previously furnished or incorporated by reference) as soon as practicable after the filing of such documents with the SEC.

(g) Deliver to each Holder of Preference Registrable Securities to be sold pursuant to a Preference Registration Statement and each managing underwriter, if any, without charge, as many copies of each Prospectus (including each form of prospectus) and each amendment or supplement thereto as such Persons may reasonably request; and the Company hereby consents to use of such Prospectus and each amendment or supplement thereto and each document supplemental thereto by each of the selling Holders of Preference Registrable Securities and the underwriters or agents, if any, in connection with the offering and sale of the Preference Registrable Securities covered by such Prospectus and any amendment or supplement thereto.

(h) Prior to any offering of Preference Registrable Securities, use its best efforts to register or qualify or cooperate with the Holders of Preference Registrable Securities to be sold, the managing underwriter or underwriters, if any, and their respective counsel in connection with the registration or qualification (or exemption from such registration or qualification) of such Preference Registrable Securities for offer and sale under the securities or Blue Sky laws of such jurisdictions as any such Holder or underwriter reasonably requests in writing; keep each such registration or qualification (or exemption therefrom) effective during the period such Preference Registration Statement is required to be kept effective hereunder and

do any and all other acts or things necessary or advisable to enable the disposition in such jurisdictions of the Preference Registrable Securities covered by the applicable Preference Registration Statement; PROVIDED, HOWEVER, that the Company shall not be required to (i) qualify generally to do business in any jurisdiction where it is not then so qualified or (ii) take any action that would subject it to general service of process in any such jurisdiction where it is not then so subject or to taxation in any jurisdiction where it is not so subject.

(i) In connection with any sale or transfer of Preference Registrable Securities that will result in such securities no longer being Preference Registrable Securities, cooperate with the Holders of Preference Registrable Securities and the managing underwriters, if any, to facilitate the timely preparation and delivery of certificates representing Preference Registrable Securities to be sold, which certificates shall not bear any restrictive legends whatsoever and shall be in a form eligible for deposit with The Depository Trust Company ("DTC"); and to enable such Preference Registrable Securities to be in such denominations and registered in such names as the managing underwriter or underwriters, if any, or such Holders may reasonably request at least two business days prior to any sale of Preference Registrable Securities.

(j) Upon the occurrence of any event contemplated by Section 4(c) (v) above, as promptly as practicable prepare a supplement or amendment, including if appropriate a post-effective amendment to each Preference Registration Statement or a supplement to the related Prospectus or any document incorporated or deemed to be incorporated therein by reference, and file any other required document so that, as thereafter delivered, such Prospectus will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(k) Prior to the effective date of a Preference Registration Statement, (i) provide the registrar for the Preference Warrants and Preference Registrable Securities with certificates for such securities in a form eligible for deposit with DTC and (ii) provide CUSIP numbers for such securities.

(l) Enter into such agreement (including an underwriting agreement in such form, scope and substance as is customary in underwritten offerings) and take all such other reasonable actions in connection therewith (including those reasonably requested by the managing underwriters, if any, or the Holders of a majority of the Preference Registrable Securities being sold) in order to expedite or facilitate the disposition of such Preference Registrable Securities, and, whether or not an underwriting agreement is entered into and whether or not the registration is an underwritten registration, (i)

make such representations and warranties to the Holders of such Preference Registrable Securities and the underwriter or underwriters, if any, with respect to the business of the Company and the subsidiaries of the Company (including with respect to businesses or assets acquired or to be acquired by any of them), and the Preference Registration Statement, Prospectus and documents, if any, incorporated or deemed to be incorporated by reference therein, in each case, in form, substance and scope as are customarily made by issuers to underwriters in underwritten offerings, and confirm the same if any when requested; (ii) obtain opinions of counsel to the Company and updates thereof (which counsel and opinions (in form, scope and substance) shall be reasonably satisfactory to the managing underwriters, if any, addressed to each selling Holder of Preference Registrable Securities and each of the underwriters, if any), covering the matters customarily covered in opinions requested in underwritten offerings and such other matters as may be reasonably requested by such underwriters; (iii) use their best efforts to obtain customary "cold comfort" letters and updates thereof from the independent certified public accountants of the Company (and, if necessary, any other independent certified public accountants of any subsidiary of the Company or of any business acquired by the Company for which financial statements and financial data are, or are required to be, included in the Preference Registration Statement), addressed (where reasonably possible) to each of the underwriters, if any, such letters to be in customary form and covering matters of the type customarily covered in "cold comfort" letters in connection with underwritten offerings; (iv) if an underwriting agreement is entered into, the same shall contain customary indemnification provisions and procedures no less favorable to the Selling Holders and the underwriters, if any, than those set forth in Section 5 hereof (or such other provisions and procedures acceptable to Holders of a majority of Preference Registrable Securities covered by such Preference Registration Statement and the managing underwriter, if any); and (v) deliver such documents and certificates as may be reasonably requested by the Holders of a majority of the Preference Registrable Securities being sold and the managing underwriters or underwriters to evidence the continued validity of the representations and warranties made pursuant to clause (i) above and evidence compliance with any customary conditions contained in the underwriting agreement or other agreements entered into by the Company.

(m) Make available for inspection by a representative of the selling Holders of Preference Registrable Securities, any underwriter participating in any such disposition of Preference Registrable Securities, if any, and any attorney, consultant or accountant retained by such representative of the selling Holders of Preference Registrable Securities or underwriter (collectively, the "INSPECTORS"), at the offices where normally kept, during the reasonable business hours, all financial and other records, pertinent corporate documents and properties of the Company and the subsidiaries of the Company (including with respect to businesses and assets

acquired or to be acquired to the extent that such information is available to the Company), and cause the officers, directors, agents and employees of the Company and its subsidiaries of the Company (including with respect to businesses and assets acquired or to be acquired to the extent that such information is available to the Company) to supply all information in each case reasonably requested by any such Inspector in connection with such Preference Registration Statement; PROVIDED, HOWEVER, that such persons shall first agree in writing with the Company that any information that is reasonably and in good faith designated by the Company in writing as confidential at the time of delivery of such information shall be kept confidential by such Persons, unless (i) disclosure of such information is required by court or administrative order or is necessary to respond to inquiries of regulatory authorities, (ii) disclosure of such information is required by law (including any disclosure requirements pursuant to U.S. securities laws in connection with the filing of the Preference Registration Statement or the use of any Prospectus), (iii) such information becomes generally available to the public other than as a result of a disclosure or failure to safeguard such information by such person or (iv) such information becomes available to such person from a source other than the Company and its subsidiaries and such source is not bound by a confidentiality agreement; PROVIDED, FURTHER that the foregoing investigation shall be coordinated on behalf of the selling Holders of Preference Registrable Securities by MGPE.

(n) Comply with all applicable rules, regulations and policies of the SEC and make generally available to its securityholders earnings statements satisfying the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder no later than 60 days after the end of any 12-month period (or 135 days after the end of any 12-month period if such period is a fiscal year) (i) commencing at the end of any fiscal quarter in which Preference Registrable Securities are sold to an underwriter or to underwriters in a firm commitment or reasonable efforts underwritten offering and (ii) if not sold to an underwriter or to underwriters in such an offering, commencing on the first day of the first fiscal quarter of the Company after the effective date of the relevant Preference Registration Statement, which statements shall cover said such period, consistent with the requirements of Rule 158 under the Securities Act.

(o) Use its best efforts to cause all Preference Warrant Shares relating to such Preference Registration Statement to be listed on each securities exchange, if any, on which similar securities issued by the Company are then listed.

(p) Cooperate with each seller of Preference Registrable Securities to facilitate the timely preparation and delivery of certificates representing Preference Registrable Securities to be sold and not bearing any restrictive legends and registered in such names as the Selling Holders may reasonably request at least two business days prior to the closing of any sale of Preference Registrable

Securities.

(q) Cooperate with each seller of Preference Registrable Securities covered by any Preference Registration Statement and each underwriter, if any, participating in the disposition of such Preference Warrants or Preference Registrable Securities and its respective counsel in connection with any filings required to be made with the National Association of Securities Dealers, Inc.

The Company may require a Holder of Preference Registrable Securities to be included in a Preference Registration Statement to furnish to the Company such information regarding (i) the intended method of distribution of such Preference Registrable Securities (ii) such Holder and (iii) the Preference Registrable Securities held by such Holder as is required by law to be disclosed in such Preference Registrable Statement and the Company may exclude from such Registration Statement the Preference Registrable Securities of any Holder who fails to furnish such information within a reasonable time after receiving such request.

If any such Preference Registration Statement refers to any Holder by name or otherwise as the Holder of any securities of the Company, then such Holder shall have the right to require (i) the insertion therein of language, in form and substance reasonably satisfactory to such Holder, to the effect that the holding by such Holder of such securities is not to be construed as a recommendation by such Holder of the investment quality of the Company's securities covered thereby and that such holding does not imply that such Holder will assist in meeting any future financial requirements of the Company, or (ii) in the event that such reference to such Holder by name or otherwise is not required by the Securities Act, the deletion of the reference to such Holder in such amendment or supplement to the Preference Registration Statement filed or prepared subsequent to the time that such reference ceases to be required.

Each Holder of Preference Registrable Securities agrees by acquisition of such Preference Registrable Securities that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 4(c) (ii), 4(c) (iv) or 4(c) (v) hereof, such Holder will forthwith discontinue disposition of such Preference Registrable Securities covered by the Preference Registration Statement or Prospectus until such Holder's receipt of the copies of the supplemented or amended Prospectus contemplated by Section 4(j) hereof, or until it is advised in writing (the "ADVICE") by the Company that the use of the applicable Prospectus may be resumed, and in either case has received copies of any additional or supplemental filings that are incorporated or deemed to be incorporated by reference in such Prospectus. If the Company shall give any such notice, the Effectiveness Period shall be extended by the number of days during such periods from and including the date of the giving of such notice to and including the date when each seller of Preference Registrable Securities covered by such Registration Statement shall have received (x) the copies of the supplemented or amended Prospectus contemplated by Section 4(j) hereof or (y) the Advice, and, in either case, has received



copies of any additional or supplemental filings that are incorporated or deemed to be incorporated by reference in such Prospectus.

Holders of the Preference Registrable Securities shall be obligated to keep confidential the existence of a Suspension Period or any confidential information communicated by the Company to the Holder with respect thereto.

SECTION 5. INDEMNIFICATION AND CONTRIBUTION. (a) The Company agrees to indemnify and hold harmless each Purchaser, each Holder, each underwriter, if any, who participates in an offering of Preference Registrable Securities, their respective affiliates, and their respective directors, officers, employees, agents and each Person, if any, who controls any of such parties within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act as follows:

(i) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, arising out of any untrue statement or alleged untrue statement of a material fact contained in any Preference Registration Statement (or any amendment thereto) pursuant to which Preference Registrable Securities were registered under the 1933 Act, including all documents incorporated therein by reference, or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading or arising out of any untrue statement or alleged untrue statement of a material fact contained in any Prospectus (or any amendment or supplement thereto) or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(ii) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, to the extent of the aggregate amount paid in settlement of any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or of any claim whatsoever, in each case, based upon any such untrue statement or omission, or any such alleged untrue statement or omission; PROVIDED that (subject to Section 5(d) below) any such settlement is effected with the written consent of the Company; and

(iii) against any and all expenses whatsoever, as incurred (including the reasonable fees and disbursements of one counsel chosen by MGPE), reasonably incurred in investigating, preparing or defending against any litigation, or any investigation or proceeding by any court or governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under subparagraph (i) or (ii) of this Section 5(a);

PROVIDED, HOWEVER, that this indemnity agreement does not apply to any loss, liability, claim, damage or expense to the extent (i) arising out of an untrue statement or omission or alleged untrue statement or omission (A) made in or omitted from a preliminary Prospectus or Preference Registration Statement and corrected or included in a subsequent Prospectus or Preference Registration Statement or any amendment or supplement thereto made in reliance upon and in conformity with written information furnished to the Company by the Selling Holders of Preference Registrable Securities, any Purchaser, any Holder, or any underwriter expressly for use in the Preference Registration Statement (or any amendment thereto) or the Prospectus (or any amendment or supplement thereto) or (B) resulting from the use of the Prospectus during a period when the use of the Prospectus has been suspended for sales thereunder in accordance with Sections 2.1(b), 2.1(c), 2.3, 2.4 or 2.6 hereof, PROVIDED, in each case, that Holders received prior notice of such suspension or other unavailability.

(b) In the case of any registration of Preference Registrable Securities, each Holder agrees, severally and not jointly, to indemnify and hold harmless the Company, each Purchaser, each underwriter, if any, who participates in an offering of Preference Registrable Securities and the other Selling Holders and each of their respective directors and officers (including each officer of the Company who signed the Preference Registration Statement) and each Person, if any, who controls the Company, any Purchaser, any underwriter or any other Selling Holder within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, against any and all loss, liability, claim, damage and expense described in the indemnity contained in Section 5(a) hereof, as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Registration Statement (or any amendment thereto) or the Prospectus (or any amendment or supplement thereto) in reliance upon and in conformity with written information furnished to the Company by such Holder expressly for use in the Preference Registration Statement (or any amendment thereto), or the Prospectus (or any amendment or supplement thereto); PROVIDED, HOWEVER, that no such Holder shall be liable for any claims hereunder in excess of the amount of net proceeds received by such Holder from the sale of Preference Warrants and Preference Registrable Securities pursuant to such Preference Registration Statement.

(c) In case any action shall be commenced involving any Person in respect of which indemnity may be sought pursuant to either paragraph (a) or (b) above, such Person (the "INDEMNIFIED PARTY") shall give notice as promptly as reasonably practicable to each Person against whom such indemnity may be sought (the "indemnifying party"), but failure to so notify an indemnifying party shall not relieve such indemnifying party from any liability hereunder to the extent it is not materially prejudiced as a result thereof and in any event shall not relieve it from any liability which it may have otherwise than on account of this indemnity agreement. An indemnifying party may participate at its own expense in the defense of such action; PROVIDED, HOWEVER, that counsel to the indemnifying party

shall not (except with the consent of the indemnified party) also be counsel to the indemnified party. In no event shall the indemnifying party or parties be liable for the fees and expenses of more than one counsel (in addition to any local counsel) separate from their own counsel for all indemnified parties in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances. No indemnifying party shall, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever in respect of which indemnification or contribution could be sought under this Section 5 (whether or not the indemnified parties are actual or potential parties thereof), unless such settlement, compromise or consent (i) includes an unconditional release of each indemnified party from all liability arising out of such litigation, investigation, proceeding or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any indemnified party.

(d) If at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel, such indemnifying party agrees that it shall be liable for any settlement of the nature contemplated by Section 5(a)(ii) hereof effected without its written consent if (i) such settlement is entered into more than 45 days after receipt by such indemnifying party of the aforesaid request, (ii) such indemnifying party shall have received notice of the terms of such settlement at least 30 days prior to such settlement being entered into and (iii) such indemnifying party shall not have reimbursed such indemnified party in accordance with such request prior to the date of such settlement.

(e) If the indemnification provided for in any of the indemnity provisions set forth in this Section 5 is for any reason unavailable to or insufficient to hold harmless an indemnified party in respect of any losses, liabilities, claims, damages or expenses referred to therein, then each indemnifying party shall contribute to the aggregate amount of such losses, liabilities, claims, damages and expenses incurred by such indemnified party, as incurred, in such proportion as is appropriate to reflect the relative fault of such indemnifying party or parties on the one hand, and such indemnified party or parties on the other hand, in connection with the statements or omissions which resulted in such losses, liabilities, claims, damages or expenses, as well as any other relevant equitable considerations. The relative fault of such indemnifying party or parties on the one hand, and such indemnified party or parties on the other hand shall be determined by reference to, among other things, whether any such untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by such indemnifying party or parties or such indemnified party or parties and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company, the Purchaser and the Holders of the Preference Registrable Securities

agree that it would not be just and equitable if contribution pursuant to this Section 5 were determined by pro rata allocation (even if the Selling Holders of Preference Registrable Securities were treated as one entity, and the Holders were treated as one entity, for such purpose) or by another method of allocation which does not take account of the equitable considerations referred to above in Section 5. The aggregate amount of losses, liabilities, claims, damages and expenses incurred by an indemnified party and referred to above in this Section 5 shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in investigating, preparing or defending against any litigation, or any investigation or proceeding by an governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue or alleged untrue statement or omission or alleged omission. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. For purposes of this Section 5, each Person, if any, who controls a Purchaser or Holder within the meaning of this Section 15 of the Securities Act or Section 20 of the Exchange Act shall have the same rights to contribution as such Purchaser or Holder, and each director of the Company, each officer of the Company who signed the Preference Registration Statement, and each Person, if any, who controls the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act shall have the same rights to contribution as the Company.

#### SECTION 6. MISCELLANEOUS.

(a) REMEDIES. In the event of a breach by the Company of any of its obligations under this Agreement, each Holder, in addition to being entitled to exercise all rights provided herein, in the Preference Purchase Agreement or granted by law, including recovery of damages, will be entitled to specific performance of its rights under this Agreement. The Company agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of any of the provisions of this Agreement.

(b) NO INCONSISTENT AGREEMENTS. The Company will not enter into any agreement which is inconsistent with the rights granted to the Holders of Preference Registrable Securities in this Agreement or otherwise conflicts with the provisions hereof. The rights granted to the Holders hereunder do not in any way conflict with and are not inconsistent with the rights granted to the holders of the Company's other issued and outstanding securities, if any, under any such agreements.

(c) [INTENTIONALLY OMITTED].

(d) AMENDMENTS AND WAIVERS. The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given, otherwise than with the prior written consent of the Holders of not less than a majority of the then outstanding Preference

Warrants and each class and series of Preference Registrable Securities; PROVIDED, HOWEVER, that, for the purposes of this Agreement, Preference Warrants and Preference Registrable Securities that are owned, directly or indirectly, by the Company or any of its affiliates (other than MGPE, the Chase Purchasers and their affiliates) are not deemed outstanding. Notwithstanding the foregoing, a waiver or consent to depart from the provisions hereof with respect to a matter that relates exclusively to the rights of one or more Holders and that does not directly or indirectly affect the rights of other Holders may be given by a majority of the Holders so affected; PROVIDED, HOWEVER, that the provisions of this sentence may not be amended, modified or supplemented except in accordance with the provisions of the immediately preceding sentence. Notwithstanding the foregoing, no amendment, modification, supplement, waiver or consent with respect to Section 5 shall be made or given otherwise than the prior written consent of each Person affected thereby.

(e) NOTICES. All notices and other communications provided for or permitted hereunder shall be made in writing by hand delivery, registered first-class mail, facsimile, or any courier guaranteeing delivery by a specific date (i) if to a Holder, at the most current address of such Holder as set forth in the register for the Preference Registrable Securities, which address initially is, with respect to each Purchaser, the address set forth with respect to such Purchaser in the relevant Preference Purchase Agreement and, in the case of Darland, to The Darland Trust, c/o Chase Enterprises, Inc., One Commercial Plaza, Hartford, Connecticut 06103-3585 Attention: John Redding with a copy to Rothschild Trust Guernsey Limited, P.O. Box 472, St. Peter's House, Le Bordage, St. Peter's Port, Guernsey, Channel Islands GY1 6AX, attention D.N. Allison; and (ii) if to the Company, initially to @Entertainment, Inc., c/o WIVJATV Sp. z.o.o./@Entertainment, Inc., ul. Pawinskiego 5A, blok D, 02-106 Warsaw, Poland, Attention: Przemyslaw Szmyt, facsimile no.: 011 48 22 668 7200, and thereafter at such other address, notice of which is given in accordance with the provisions of this Section 6(e), with a copy to Baker & McKenzie, 815 Connecticut, N.W., Washington, D.C. 20006-4078, Attention: Marc R. Paul, Esq., facsimile no.: (202) 452-7074, and thereafter at such other address notice of which is given in accordance with the provisions of this Section 6(e).

All such notices and communications shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; five Business Days after being deposited in the mail, postage prepaid, if mailed; when answered back, if telexed; when receipt is acknowledged, if telecopied; and on the Business Day scheduled for delivery, if timely delivered to an air courier guaranteeing delivery by a specific date.

(f) SUCCESSORS AND ASSIGNS. This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of each of the parties and shall inure to the benefit of each Holder. If any transferee of any Holder shall acquire Preference Registrable Securities, in any manner, whether by operation of law or otherwise, such Preference Registrable Securities shall be held subject to all of the terms of this

Agreement, and by taking and holding such Preference Registrable Securities such Person shall be conclusively deemed to have agreed to be bound by and to perform all of the terms and provisions of this Agreement and such Person shall be entitled to receive the benefits hereof. The Company may not assign any of its rights or obligations hereunder without the prior written consent of each Holder of Preference Registrable Securities. Notwithstanding the foregoing, no successor or assignee of the Company shall have any rights granted under the Agreement until such person shall acknowledge its rights and obligations hereunder by a signed written statement of such person's acceptance of such rights and obligations.

(g) COUNTERPARTS. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same Agreement.

(h) GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

(j) SEVERABILITY. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their best efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

(k) HEADINGS. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(l) ENTIRE AGREEMENT. This Agreement, together with the Purchase Agreements and the Preference Warrant Agreement and the Preference Registration Rights Agreement, is intended by the parties as a final expression of their agreement, and is intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein and therein. This Agreement, the Preference Purchase Agreement and the Preference Warrant Agreement supersede all prior agreements and understandings between the parties with respect to such subject matter.

(m) SECURITIES HELD BY THE COMPANY OR ITS AFFILIATES. Whenever the consent or approval of Holders of a specified percentage of Preference Registrable Securities is required hereunder, Preference Registrable Securities held by the Company or by any of its affiliates (as such term is defined in Rule 405 under the Securities Act) (other than MGPE, the Chase

Purchasers and their affiliates) shall not be counted (in either the numerator or the denominator) in determining whether such consent or approval was given by the Holders of such required percentage.

[Signature Page Follows]

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

@ ENTERTAINMENT, INC.

By: /s/ Robert E. Fowler III  
-----  
Name:  
Title:

By: /s/ Donald Miller-Jones  
-----  
Name:  
Title:

Confirmed and accepted as of the date first above written:

MORGAN GRENFELL PRIVATE EQUITY LIMITED

MORGAN GRENFELL PRIVATE EQUITY LIMITED

By: /s/ [Illegible]  
-----  
Name:  
Title:

/s/ Arnold Chase  
-----  
Arnold Chase

/s/ Cheryl Chase  
-----

Cheryl Chase

/s/ Rhoda Chase

-----  
Rhoda Chase

The Darland Trust

By: Rothschild Trust Guernsey Limited

By: /s/ C.P. Ward

-----  
Title Director

By: /s/ HJ Salter

-----  
Title  
Authorised Signatory



PREFERENCE REGISTRATION RIGHTS AGREEMENT

Dated January 27, 1999

among

©ENTERTAINMENT, INC.

and

MORGAN GRENFELL PRIVATE EQUITY LIMITED on behalf of  
MORGAN GRENFELL DEVELOPMENT CAPITAL SYNDICATION LIMITED,  
ARNOLD CHASE, CHERYL CHASE, RHODA CHASE  
and THE DARLAND TRUST

---

---

TABLE OF CONTENTS

PAGE

1.	DEFINITIONS . . . . .	1
2.	REGISTRATION UNDER THE 1933 ACT . . . . .	4
3.	REGISTRATION PROCEDURES . . . . .	6
4.	INDEMNIFICATION AND CONTRIBUTION. . . . .	12
5.	MISCELLANEOUS . . . . .	15

EXECUTION COPY

PREFERENCE REGISTRATION RIGHTS AGREEMENT

THIS PREFERENCE REGISTRATION RIGHTS AGREEMENT (the "Agreement") is made and entered into January 27, 1999, among @ENTERTAINMENT, INC., (the "Company") a Delaware corporation, The Darland Trust ("DARLAND"), Rhoda Chase ("RHODA CHASE"), Arnold Chase ("ARNOLD CHASE") and Cheryl Chase ("CHERYL CHASE", and together with Darland, Rhoda Chase and Arnold Chase, the "CHASE PURCHASERS") and MORGAN GRENFELL PRIVATE EQUITY LIMITED on behalf of MORGAN GRENFELL DEVELOPMENT CAPITAL SYNDICATION LIMITED ("MGPE", and together with the Chase Purchasers, the "PURCHASERS").

This Agreement is made pursuant to the Purchase Agreement dated January 22, 1999, between the Company and MGPE (the "MGPE Purchase Agreement") and (ii) the Purchase Agreement dated as of January 22, 1999 among the Company and Arnold Chase, Rhoda Chase and Cheryl Chase (the "Chase Purchase Agreement", and together with the MGPE Purchase Agreement, the "Purchase Agreements"), which provide for the sale by the Company of 45,000 shares of the Company's Series A 12% Cumulative Preference Shares par value \$0.01 per share (the "Series A Preference Shares") to MGPE, the sale of 5,000 shares of the Company's Series B 12% Cumulative Preference Shares, par vaue \$0.01 per share (the "Series B Preference Shares" and together with the Series A Preference Shares, the "Cumulative Preference Shares") to the Chase Purchasers and the sale to MGPE and the Chase Purchasers of warrants (the "Preference Warrants") to purchase 5,500,000 shares of the Company's Common Stock. In order to induce the Purchasers to enter into the Purchase Agreements, the Company has agreed to provide the Purchasers and their direct and indirect transferees the registration rights set forth in this Agreement. The execution of this Agreement is a condition to the closing under the Purchase Agreements.

In consideration of the foregoing, the parties hereto agree as follows:

1. DEFINITIONS.

As used in this Agreement, the following capitalized defined terms shall have the following meanings:

"1933 ACT" shall mean the Securities Act of 1933, as amended from time to time.

"1934 ACT" shall mean the Securities Exchange Act of 1934, as amended from time to time.

"BOARD OF DIRECTORS" shall mean the Board of Directors of the Company or any duly authorized committee of such Board of Directors.

"CERTIFICATE OF DESIGNATIONS" shall mean the certificate of designations, preferences and rights of the Cumulative Preference Shares filed with the Secretary of State of the State of Delaware.

"CLOSING DATE" shall mean the Closing Date as defined in the Purchase Agreement.

"COMPANY" shall have the meaning set forth in the preamble and shall also include the Company's successors.

"COMMON STOCK" shall mean the shares of common stock, par value \$0.01 per share, of the Company.

"CUMULATIVE PREFERENCE SHARES" shall have the meaning set forth in the preamble to this Agreement; in addition, it shall also mean any new preference share which is issued by the Company upon the sale or other disposition by MGPE of a Series A Preference Share.

"DIVIDEND PAYMENT DATE" shall mean March 31 and September 30 of each year.

"HOLDER" or "HOLDERS" shall mean the Purchasers, for so long as they own any Cumulative Preference Shares, and each of their successors, assigns and direct and indirect transferees who become registered owners of Cumulative Preference Shares.

"MAJORITY HOLDERS" shall mean the Holders of a majority of the outstanding shares of Cumulative Preference Shares; PROVIDED that whenever the consent or approval of Holders of a specified percentage of Cumulative Preference Shares is required hereunder, Cumulative Preference Shares held by the Company or any of its affiliates (as such term is defined in Rule 405 under the 1933 Act) (other than MGPE or subsequent holders of Preference Shares if such subsequent holders are deemed to be such affiliates solely by reason of their holding of such Cumulative Preference Shares, and other than the Chase Purchasers and their affiliates) shall not be counted in determining whether such consent or approval was given by the Holders of such required percentage or amount.

"MGPE" shall have the meaning set forth in the preamble to this Agreement.

"PERSON" shall mean an individual, partnership, corporation, trust or unincorporated organization, or a government or agency or political subdivision thereof.

"PREFERENCE OFFERING" shall mean the offering of 50,000 shares of the Company's 12% Cumulative Preference Shares and Preference Warrants initially entitling the Holders thereof to purchase an aggregate 5,500,000 shares of Common Stock of the Company at a par value of \$.01 per share.

"PREFERENCE REGISTRATION EXPENSES" shall mean any and all expenses incident to performance of or compliance by the Company with this Agreement, including without limitation: (i) all SEC, stock exchange or National Association of Securities Dealers, Inc. registration and filing fees, (ii) all fees and expenses incurred in connection with compliance with state securities or blue sky laws (including reasonable fees and disbursements of counsel for any Underwriters or Holders in connection with blue sky qualification of any of the Cumulative Preference Shares), (iii) all expenses of any Persons in preparing or assisting in preparing, word processing, printing and distributing any Shelf Registration Statement, any Prospectus, any amendments or supplements thereto, any underwriting agreements, securities sales agreements and other documents relating to the performance of and compliance with this Agreement, (iv) all rating agency fees, if any, (v) the fees and disbursements of the Transfer Agent and its counsel, (vi) the fees and disbursements of all counsel for the Company (including all foreign counsel) and of counsel for the Holders (including all foreign counsel) (which counsel shall be selected by the Majority Holders and which counsel may also be counsel for MGPE) and (vii) the fees and disbursements of the independent public accountants of the Company, including the expenses of any special audits or "cold comfort" letters required by or incident to such performance and compliance, but excluding fees and expenses of counsel to the Underwriters (other than fees and expenses set forth in clause (ii) above) or the Holders and underwriting discounts and commissions and transfer taxes, if any, relating to the sale or disposition of Cumulative Preference Shares by a Holder (it being understood that Preference Registration Expenses shall not include as to fees and expenses of counsel, the fees and expenses of more than one counsel for the Holders and one counsel for the Underwriters, and shall not include any underwriting discounts, commissions or transfer taxes).

"PREFERENCE REGISTRATION STATEMENT" shall include the Preference Warrant Shelf Registration Statement and the Preference Warrant Stock Shelf Registration Statement.

"PREFERENCE WARRANTS" shall have the meaning set forth in the preamble.

"PROSPECTUS" shall mean the prospectus included in a Shelf Registration Statement, including any preliminary prospectus, and any such

prospectus as amended or supplemented by any prospectus supplement, including a prospectus supplement with respect to the terms of the offering of any portion of the Cumulative Preference Shares covered by a Shelf Registration Statement, and by all other amendments and supplements to such prospectus, and in each case including all material incorporated by reference therein.

"PURCHASE AGREEMENTS" shall have the meaning set forth in the preamble to this Agreement.

"REGISTRATION RIGHT" shall mean the right attached to each Cumulative Preference Share entitling the holder thereof to receive, under certain circumstances, an additional dividend payment of the amount specified pursuant to Section 2(c) hereof.

"SEC" shall mean the Securities and Exchange Commission.

"SHELF REGISTRATION STATEMENT" shall mean a "shelf" registration statement of the Company that covers the sale by the Holders of all of the Cumulative Preference Shares on an appropriate form under Rule 415 under the 1933 Act, or any similar rule that may be adopted by the SEC, and all amendments and supplements to such registration statement, including post-effective amendments, in each case including the Prospectus contained therein, all exhibits thereto and all material incorporated by reference therein.

"TRANSFER AGENT" shall mean Continental Stock Transfer & Trust Company or its successors provided that any such successor is a participant in The Depository Trust Company's full-FAST system.

"UNDERWRITERS" shall have the meaning set forth in Section 3 hereof.

"UNDERWRITTEN REGISTRATION" or "UNDERWRITTEN OFFERING" shall mean a registration in which Cumulative Preference Shares are sold to an Underwriter (as hereinafter defined) for reoffering to the public.

## 2. REGISTRATION UNDER THE 1933 ACT.

(a) To the extent not prohibited by any applicable law or applicable interpretation of the staff of the SEC, the Company shall cause a Shelf Registration Statement to be filed and shall:

(i) use its best efforts to have such Shelf Registration Statement declared effective on or before July 7, 1999 and

(ii) use reasonable efforts to keep such Shelf Registration Statement continuously effective until the expiration of the period referred to in Rule 144(k) of the 1933 Act with respect to all Holders.

The Company further agrees to supplement or amend such Shelf

Registration Statement if required by the rules, regulations or instructions applicable to the registration form used by the Company for such Shelf Registration Statement or by the 1933 Act or by any other rules and regulations thereunder for shelf registration or if reasonably requested by a Holder with respect to information relating to such Holder, and to use its best efforts to cause any such amendment to become effective and such Shelf Registration Statement to become usable as soon as thereafter practicable. The Company agrees to furnish to the Holders of Cumulative Preference Shares copies of any such supplement or amendment promptly after its being used or filed with the SEC, as well as all legal opinions, comfort letters, officers certificates and any other information and documents required to be delivered by the Company as stipulated in Section (3) hereof.

(b) The Company shall pay all Registration Expenses in connection with the registration pursuant to Section 2(a) hereof. Each Holder shall pay all underwriting discounts and commissions and transfer taxes, if any, relating to the sale or disposition of such Holder's Cumulative Preference Shares pursuant to the Shelf Registration Statement.

(c) A Shelf Registration Statement pursuant to Section 2(a) hereof will not be deemed to have become effective unless it has been declared effective by the SEC; PROVIDED, HOWEVER, that, if after it has been declared effective the offering of Cumulative Preference Shares pursuant to a Shelf Registration Statement is interfered with by any stop order, injunction or other order or requirement of the SEC or any other governmental agency or court, such Shelf Registration Statement will be deemed not to have become effective during the period of such interference until the offering of Cumulative Preference Shares pursuant to such Shelf Registration Statement may legally resume.

In the event a Shelf Registration Statement covering all Cumulative Preference Shares (i) is not declared effective on or before July 7, 1999 or (ii) is unavailable during any 360-day period for a period of more than 60 days or two periods of more than an aggregate of 90 days, (A) the dividend rate applicable to the Cumulative Preference Shares shall increase by 1% per annum (to a total of 13% per annum) from the date of the deficiency under (i) or (ii), as the case may be, until the date such Shelf Registration Statement is declared effective or is made available for use without any restrictions or that during such time period dividends shall accrue on the Cumulative Preference Shares at an annual rate of 13% of the Accreted Liquidation Preference per share.

(d) In any 360-day period, the Company shall be entitled to suspend the availability of a Shelf Registration Statement for no more than one period of up to 60 days or two periods of no more than an aggregate of 90 days if the Board of Directors determines that such suspension would be in the best interests of the Company.

(e) Without limiting the remedies available to the Purchasers and the Holders, the Company acknowledges that any failure by the Company

to comply with its obligations under Section 2(a) hereof may result in material irreparable injury to the Purchasers or the Holders for which there is no adequate remedy at law, that it will not be possible to measure damages for such injuries precisely and that, in the event of any such failure, the Purchasers or any Holder may obtain such relief as may be required to specifically enforce the Company's obligations under Section 2(a) hereof.

### 3. REGISTRATION PROCEDURES.

In connection with the obligations of the Company with respect to the Shelf Registration Statement pursuant to Section 2(a) hereof, the Company shall:

(a) prepare and file with the SEC a Shelf Registration Statement on the appropriate form under the 1933 Act, which form shall (i) be selected by the Company and (ii) be available for the sale of the Cumulative Preference Shares by the selling Holders thereof and (iii) comply as to form in all material respects with the requirements of the applicable form and include all financial statements required by the SEC to be filed therewith, and use its best efforts to cause such Shelf Registration Statement to become effective and remain effective in accordance with Section 2 hereof;

(b) prepare and file with the SEC such amendments and post-effective amendments to each Shelf Registration Statement as may be necessary to keep such Shelf Registration Statement effective for the applicable period and cause each Prospectus to be supplemented by any required prospectus supplement and, as so supplemented, to be filed pursuant to Rule 424 under the 1933 Act and keep each Prospectus current;

(c) furnish to each Holder of Cumulative Preference Shares, counsel for the Holders and each Underwriter of an Underwritten Offering of Cumulative Preference Shares, if any, without charge, as many copies of each Prospectus, including each preliminary Prospectus, and any amendment or supplement thereto and such other documents as such Holder or Underwriter may reasonably request, in order to facilitate the public sale or other disposition of the Cumulative Preference Shares; and the Company consents to the use of such Prospectus and any amendment or supplement thereto in accordance with applicable law by each of the selling holders of Cumulative Preference Shares and any such Underwriters in connection with the offering and sale of the Cumulative Preference Shares covered by and in the manner described in such Prospectus or any amendment or supplement thereto in accordance with applicable law;

(d) use its best efforts (i) to register or qualify, by the time the Shelf Registration Statement is declared effective by the SEC, the Cumulative Preference Shares under all applicable state securities or "blue sky" laws and (ii) to cooperate with such Holder in connection

with any filings required to be made with the National Association of Securities Dealers, Inc. and do any and all other acts and things which may be reasonably necessary or advisable to enable such Holder to consummate the disposition in each such jurisdiction of such Cumulative Preference Shares owned by such Holder; PROVIDED, HOWEVER, that the Company shall not be required to (A) qualify as a foreign corporation or as a dealer in securities in any jurisdiction where it would not otherwise be required to qualify but for this Section 3(d), (B) file any general consent to service of process or (C) subject itself to taxation in any such jurisdiction if it is not otherwise so subject;

(e) notify each Holder of Cumulative Preference Shares and counsel for the Holders promptly and, if requested by any such Holder or counsel, confirm such advice in writing (i) when a Shelf Registration Statement has become effective and when any post-effective amendment thereto has been filed and becomes effective, (ii) of any request by the SEC or any state securities authority for amendments and supplements to a Shelf Registration Statement and Prospectus or for additional information after the Shelf Registration Statement has become effective, (iii) of the issuance by the SEC or any state securities authority of any stop order suspending the effectiveness of a Shelf Registration Statement or the initiation of any proceedings for that purpose, (iv) if, between the effective date of a Shelf Registration Statement and the closing of any sale of Cumulative Preference Shares covered thereby, the representations and warranties of the Company contained in any underwriting agreement, securities sales agreement or other similar agreement, if any, relating to the offering cease to be true and correct in all material respects or if the Company receives any notification with respect to the suspension of the qualification of the Cumulative Preference Shares for sale in any jurisdiction or the initiation of any proceeding for such purpose, (v) of the happening of any event during the period a Shelf Registration Statement is effective which makes any statement made in such Shelf Registration Statement or the related Prospectus untrue in any material respect or which requires the making of any changes in such Shelf Registration Statement or Prospectus in order to make the statements therein not misleading and (vi) of any determination by the Company that a post-effective amendment to a Shelf Registration Statement would be appropriate;

(f) make every reasonable effort to obtain the withdrawal of any order suspending the effectiveness of a Shelf Registration Statement at the earliest possible moment and provide immediate notice to each Holder of the withdrawal of any such order;

(g) furnish to each Holder of Cumulative Preference Shares, without charge, at least one conformed copy of the Shelf Registration Statement and any post-effective amendment thereto (without documents incorporated therein by reference or exhibits thereto, unless requested);



(h) cooperate with the selling Holders of Cumulative Preference Shares to facilitate the timely preparation and delivery of certificates representing Cumulative Preference Shares to be sold and not bearing any restrictive legends and enable such Cumulative Preference Shares to be in such denominations and registered in such names as the selling Holders may reasonably request at least two business days prior to the closing of any sale of Cumulative Preference Shares;

(i) upon the occurrence of any event contemplated by Section 3(e) (v) hereof, use its best efforts to prepare a supplement or post-effective amendment to a Shelf Registration Statement or the related Prospectus or any document incorporated therein by reference or file any other required document so that, as thereafter delivered to the purchasers of the Cumulative Preference Shares, such Prospectus will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The Company agrees to notify the Holders to suspend use of the Prospectus as promptly as practicable after the occurrence of such an event, and the Holders hereby agree to suspend use of the Prospectus until the Company has amended or supplemented the Prospectus to correct such misstatement or omission;

(j) within a reasonable time prior to the filing of any Shelf Registration Statement, any Prospectus, any amendment to a Shelf Registration Statement or amendment or supplement to a Prospectus or any document which is to be incorporated by reference into a Shelf Registration Statement or a Prospectus after the initial filing of a Shelf Registration Statement, provide copies of such document to the Purchasers and their counsel and the Holders and their counsel and make such of the representatives of the Company as shall be reasonably requested by the Purchasers or their counsel and the Holders or their counsel, available for discussion of such document, and shall not at any time file or make any amendment to the Shelf Registration Statement, any Prospectus or any amendment of or supplement to a Shelf Registration Statement or a Prospectus or any document which is to be incorporated by reference into a Shelf Registration Statement or a Prospectus, of which the Purchasers and their counsel and the Holders and their counsel, shall not have previously been advised and furnished a copy or to which the Purchasers or their counsel and the Holders or their counsel shall object;

(k) obtain a CUSIP number for all Cumulative Preference Shares not later than the effective date of a Shelf Registration Statement;

(l) make available for inspection by a representative of the Holders of the Cumulative Preference Shares, any Underwriter participating in any disposition pursuant to a Shelf Registration Statement, and attorneys and accountants designated by the Holders, at

reasonable times and in a reasonable manner, all financial and other records, pertinent documents and properties of the Company, and cause the respective officers, directors and employees of the Company to supply all information reasonably requested by any such representative, Underwriter, attorney or accountant in connection with a Shelf Registration Statement;

(m) if reasonably requested by any Holder of Cumulative Preference Shares covered by a Shelf Registration Statement, (i) promptly incorporate in a Prospectus supplement or post-effective amendment such information with respect to such Holder as such Holder reasonably requests to be included therein and (ii) make all required filings of such Prospectus supplement or such post-effective amendment as soon as the Company has received notification of the matters to be incorporated in such filing;

(n) enter into such customary agreements and take all such other actions in connection therewith (including those requested by the Holders of a majority of the Cumulative Preference Shares being sold) in order to expedite or facilitate the disposition of such Cumulative Preference Shares including, but not limited to, an Underwritten Offering;

(o) to the extent possible, make such representations and warranties to any Holder or Underwriters of such Cumulative Preference Shares with respect to the business of the Company and its subsidiaries, the Shelf Registration Statement, Prospectus and documents incorporated by reference or deemed incorporated by reference, if any, in each case, in form, substance and scope as are customarily made by issuers to underwriters in underwritten offerings and confirm the same if and when requested,

(p) obtain opinions of counsel to the Company, including foreign counsel, (which counsel and opinions, in form, scope and substance, shall be reasonably satisfactory to such Underwriters and their respective counsel) addressed to the Holders and each Underwriter of Cumulative Preference Shares, covering the matters customarily covered in opinions requested in underwritten offerings,

(q) use reasonable efforts to obtain "cold comfort" letters from the independent certified public accountants of the Company (and, if necessary, any other certified public accountant of any subsidiary of the Company, or of any business acquired by the Company for which financial statements and financial data are or are required to be included in the Shelf Registration Statement) addressed to each Underwriter of Cumulative Preference Shares, such letters to be in customary form and covering matters of the type customarily covered in "cold comfort" letters in connection with underwritten offerings, and

(r) to evidence the continued validity of the representations and warranties of the Company made pursuant to clause (i) above and to

evidence compliance with any customary conditions contained in an underwriting agreement (a) deliver such documents, opinions and certificates as may be reasonably requested by the Holders of a majority of the Cumulative Preference Shares being sold and (b) deliver such documents, opinions and certificates as may be reasonably requested by the Underwriters and which are customarily delivered in underwritten offerings.

The Company may require each Holder of Cumulative Preference Shares to furnish to the Company such information regarding the Holder and the proposed distribution by such Holder of such Cumulative Preference Shares as the Company may from time to time reasonably request in writing.

Each Holder agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 3(e) (v) hereof, such Holder will forthwith discontinue disposition of Cumulative Preference Shares pursuant to a Shelf Registration Statement until such Holder's receipt of the copies of the supplemented or amended Prospectus contemplated by Section 3(i) hereof, and, if so directed by the Company, such Holder will deliver to the Company (at its expense) all copies in its possession, other than permanent file copies then in such Holder's possession, of the Prospectus covering such Cumulative Preference Shares current at the time of receipt of such notice. If the Company shall give any such notice to suspend the disposition of Cumulative Preference Shares pursuant to a Shelf Registration Statement, the Company shall extend the period during which the Shelf Registration Statement shall be maintained effective pursuant to this Agreement by the number of days during the period from and including the date of the giving of such notice to and including the date when the Holders shall have received copies of the supplemented or amended Prospectus necessary to resume such dispositions.

At any time after the Shelf Registration Statement is declared effective, by issuance of a written notice to the Company of a request to undertake an Underwritten Offering, the Holders of Cumulative Preference Shares covered by a Shelf Registration Statement who desire to do so may sell such Cumulative Preference Shares in an Underwritten Offering. In any such Underwritten Offering, the investment banker or investment bankers and manager or managers (the "Underwriters") that will administer the offering will be selected by the Majority Holders of the Cumulative Preference Shares included in such offering. To assist such Holders of the Cumulative Preference Shares to complete an Underwritten Offering, the Company shall enter into such customary agreements and take all such other actions in connection therewith in order to expedite or facilitate the disposition of such Cumulative Preference Shares including, but not limited to,

(i) to the extent possible, make such representations and warranties to any Underwriters of such Cumulative Preference Shares with respect to the business of the Company and its subsidiaries, the Shelf Registration Statement, Prospectus and documents incorporated by reference or deemed incorporated by reference, if any, in each case,

in form, substance and scope as are customarily made by issuers to underwriters in underwritten offerings and confirm the same if and when requested,

(ii) obtain opinions of counsel to the Company, including foreign counsel, (which counsel and opinions, in form, scope and substance, shall be reasonably satisfactory to such Underwriters and their respective counsel) addressed to each Underwriter of Cumulative Preference Shares, covering the matters customarily covered in opinions requested in underwritten offerings,

(iii) obtain "cold comfort" letters from the independent certified public accountants of the Company (and, if necessary, any other certified public accountant of any subsidiary of the Company, or of any business acquired by the Company for which financial statements and financial data are or are required to be included in the Shelf Registration Statement) addressed to each Underwriter of Cumulative Preference Shares, such letters to be in customary form and covering matters of the type customarily covered in "cold comfort" letters in connection with underwritten offerings,

(iv) make available for inspection by a representative of the Holders of the Cumulative Preference Shares, any Underwriter participating in any disposition pursuant to a Shelf Registration Statement, and attorneys and accountants designated by the Holders, at reasonable times and in a reasonable manner, all financial and other records, pertinent documents and properties of the Company, and cause the respective officers, directors and employees of the Company to supply all information reasonably requested by any such representative, Underwriter, attorney or accountant in connection with a Shelf Registration Statement, and

(v) to evidence the continued validity of the representations and warranties of the Company made pursuant to clause (i) above and to evidence compliance with any customary conditions contained in an underwriting agreement (a) deliver such documents, opinions and certificates as may be reasonably requested by the Holders of a majority of the Cumulative Preference Shares being sold and (b) deliver such documents, opinions and certificates as may be reasonably requested by the Underwriters and which are customarily delivered in underwritten offerings.

#### 4. INDEMNIFICATION AND CONTRIBUTION.

(a) The Company agrees to indemnify and hold harmless each Purchaser, each Holder and each person, if any, who controls any Purchaser or any Holder within the meaning of either Section 15 of the 1933 Act or Section 20 of the 1934 Act, or is under common control with, or is controlled by, any Purchaser or any Holder, from and against all losses, claims, damages and liabilities (including, without limitation, any legal or other expenses reasonably incurred by any Purchaser, any Holder or any such controlling or

affiliated person in connection with defending or investigating any such action or claim) caused by any untrue statement or alleged untrue statement of a material fact contained in any Shelf Registration Statement (or any amendment thereto) pursuant to which Cumulative Preference Shares were registered under the 1933 Act, including all documents incorporated therein by reference, or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, or caused by any untrue statement or alleged untrue statement of a material fact contained in any Prospectus (as amended or supplemented if the Company shall have furnished any amendments or supplements thereto), or caused by any omission or alleged omission to state therein a material fact necessary to make the statements therein in light of the circumstances under which they were made not misleading, except insofar as such losses, claims, damages or liabilities are caused by any such untrue statement or omission or alleged untrue statement or omission based upon information relating to any Purchaser or any Holder furnished to the Company in writing by any Purchaser or any selling Holder expressly for use therein. In connection with any Underwritten Offering permitted by Section 3, the Company will also indemnify the Underwriters, if any, selling brokers, dealers and similar securities industry professionals participating in the distribution, their officers and directors and each Person who controls such Persons (within the meaning of the 1933 Act and the 1934 Act) to the same extent as provided above with respect to the indemnification of the Holders, if requested in connection with any Shelf Registration Statement.

(b) Each Holder agrees, severally and not jointly, to indemnify and hold harmless the Company, the Purchasers and the other selling Holders, and each of their respective directors, officers who sign the Shelf Registration Statement and each Person, if any, who controls the Company, the Purchasers and any other selling Holder within the meaning of either Section 15 of the 1933 Act or Section 20 of the 1934 Act to the same extent as the foregoing indemnity from the Company to the Purchasers and the Holders, but only with reference to information relating to such Holder furnished to the Company in writing by such Holder expressly for use in any Shelf Registration Statement (or any amendment thereto) or any Prospectus (or any amendment or supplement thereto).

(c) In case any proceeding (including any governmental investigation) shall be instituted involving any person in respect of which indemnity may be sought pursuant to either paragraph (a) or paragraph (b) above, such person (the "indemnified party") shall promptly notify the person against whom such indemnity may be sought (the "indemnifying party") in writing and the indemnifying party, upon request of the indemnified party, shall retain counsel reasonably satisfactory to the indemnified party to represent the indemnified party and any others the indemnifying party may designate in such proceeding and shall pay the fees and disbursements of such counsel related to such proceeding. In any such proceeding, any indemnified party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such indemnified party unless (i) the indemnifying party and the indemnified party shall have mutually

agreed to the retention of such counsel or (ii) the named parties to any such proceeding (including any impleaded parties) include both the indemnifying party and the indemnified party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood that the indemnifying party shall not, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for (a) the fees and expenses of more than one separate firm (in addition to any local counsel) for the Purchasers and all persons, if any, who control the Purchasers within the meaning of either Section 15 of the 1933 Act or Section 20 of the 1934 Act, (b) the fees and expenses of more than one separate firm (in addition to any local counsel) for the Company, its directors, its officers who sign the Shelf Registration Statement and each person, if any, who controls the Company within the meaning of either such Section and (c) the fees and expenses of more than one separate firm (in addition to any local counsel) for all Holders and all persons, if any, who control any Holders within the meaning of either such Section, and that all such fees and expenses shall be reimbursed as they are incurred. In such case involving the Purchasers and persons who control the Purchasers, such firm shall be designated in writing by the Purchasers. In such case involving the Holders and such persons who control Holders, such firm shall be designated in writing by the Majority Holders. In all other cases, such firm shall be designated by the Company. The indemnifying party shall not be liable for any settlement of any proceeding effected without its written consent but, if settled with such consent or if there be a final judgment for the plaintiff, the indemnifying party agrees to indemnify the indemnified party from and against any loss or liability by reason of such settlement or judgment. Notwithstanding the foregoing sentence, if at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel as contemplated by the second and third sentences of this paragraph, the indemnifying party agrees that it shall be liable for any settlement of any proceeding effected without its written consent if (i) such settlement is entered into more than 30 days after receipt by such indemnifying party of the aforesaid request and (ii) such indemnifying party shall not have reimbursed the indemnified party for such fees and expenses of counsel in accordance with such request prior to the date of such settlement. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened proceeding in respect of which such indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party, unless such settlement includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such proceeding.

(d) If the indemnification provided for in paragraph (a) or paragraph (b) of this Section 4 is unavailable to an indemnified party or insufficient in respect of any losses, claims, damages or liabilities, then each indemnifying party under such paragraph, in lieu of indemnifying such indemnified party thereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities in such proportion as is appropriate to reflect the

relative fault of the indemnifying party or parties on the one hand and of the indemnified party or parties on the other hand in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative fault of the Company and the Holders shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or by the Holders and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Holders' respective obligations to contribute pursuant to this Section 4(d) are several in proportion to the respective number of shares of Cumulative Preference Shares of such Holder that were registered pursuant to a Shelf Registration Statement.

(e) The Company and each Holder agree that it would not be just or equitable if contribution pursuant to this Section 4 were determined by PRO RATA allocation or by any other method of allocation that does not take account of the equitable considerations referred to in paragraph (d) above. The amount paid or payable by an indemnified party as a result of the losses, claims, damages and liabilities referred to in paragraph (d) above shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 4, no Holder shall be required to indemnify or contribute any amount in excess of the amount by which the total price at which the Cumulative Preference Shares were sold by such Holder exceeds the amount of any damages that such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The remedies provided for in this Section 4 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any indemnified party at law or in equity.

The indemnity and contribution provisions contained in this Section 4 shall remain operative and in full force and effect regardless of (i) any termination of this Agreement, (ii) any investigation made by or on behalf of the Purchasers, any Holder or any person controlling the Purchasers or any Holder, or by or on behalf of the Company, its officers or directors or any person controlling the Company, (iii) acceptance of any of the Cumulative Preference Shares and (iv) any sale of Cumulative Preference Shares pursuant to a Shelf Registration Statement.

## 5. MISCELLANEOUS.

(a) NO INCONSISTENT AGREEMENTS. The Company has not entered into, and on or after the date of this Agreement will not enter into, any agreement which is inconsistent with the rights granted to the Holders of

Cumulative Preference Shares in this Agreement or otherwise conflicts with the provisions hereof. The rights granted to the Holders hereunder do not in any way conflict with and are not inconsistent with the rights granted to the holders of the Company's other issued and outstanding securities under any such agreements. The Preference Registration Statements may also include securities issued in the Units Offering and securities issuable upon conversion of such securities.

(b) AMENDMENTS AND WAIVERS. The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given unless the Company has obtained the written consent of Holders of at least a majority of the outstanding shares of Cumulative Preference Shares affected by such amendment, modification, supplement, waiver or consent; PROVIDED, HOWEVER, that no amendment, modification, supplement, waiver or consents to any departure from the provisions of Section 5 hereof shall be effective as against any Holder of Cumulative Preference Shares unless consented to in writing by such Holder.

(c) NOTICES. All notices and other communications provided for or permitted hereunder shall be made in writing by hand-delivery, registered first-class mail, telex, telecopier, or any courier guaranteeing delivery by a specific date (i) if to a Holder, at the most current address given by such Holder to the Company by means of a notice given in accordance with the provisions of this Section 5(c), which address initially is, with respect to Morgan Grenfell Private Equity Limited, 20 Finsbury Circus, London, EC2M 1N8, Attention: Scott Lanphere; in the case of Arnold Chase, Cheryl Chase or Rhoda Chase to such person c/o Chase Enterprises, Inc., One Commercial Plaza, Hartford, Connecticut 06103-3585 Attn: John Redding; and, in the case of Darland, to The Darland Trust, c/o Chase Enterprises, Inc., One Commercial Plaza, Hartford, Connecticut 06103-3585 Attention: John Redding with a copy to Rothschild Trust Guernsey Limited, P.O. Box 472, St. Peter's House, Le Bordage, St. Peter's Port, Guernsey, Channel Islands GY1 6AX, attention D.N. Allison; and (ii) if to the Company, initially at One Commercial Plaza, Hartford, Connecticut, 06103-3585, Attention: Robert E. Folwer III, with a copy to Baker & McKenzie, 815 Connecticut Avenue, N.W., Suite 900, Washington D.C. 2006, Attention: Marc R. Paul, and thereafter at such other address, notice of which is given in accordance with the provisions of this Section 5(c).

All such notices and communications shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; five business days after being deposited in the mail, postage prepaid, if mailed; when answered back, if telexed; when receipt is acknowledged, if telecopied; and on the business day scheduled for delivery if timely delivered to an air courier guaranteeing delivery on a specific date.

Copies of all such notices, demands, or other communications shall be concurrently delivered by the person giving the same to the Transfer Agent, at Continental Stock Transfer & Trust Company, 2 Broadway, New York, New York 10004, Attention: Steve G. Nelson.



(d) SUCCESSORS AND ASSIGNS. This Agreement shall inure to the benefit of and be binding upon the successors, assigns and transferees of each of the parties, including, without limitation and without the need for an express assignment, subsequent Holders; PROVIDED that nothing herein shall be deemed to permit any assignment, transfer or other disposition of outstanding shares of Cumulative Preference Shares in violation of the terms of the Purchase Agreement. If any transferee of any Holder shall acquire outstanding shares of Cumulative Preference Shares, in any manner, whether by operation of law or otherwise, such then outstanding shares of Cumulative Preference Shares shall be held subject to all of the terms of this Agreement, and by taking and holding such outstanding shares of Cumulative Preference Shares, such person shall be conclusively deemed to have agreed to be bound by and to perform all of the terms and provisions of this Agreement and such person shall be entitled to receive the benefits hereof. The Purchasers shall have no liability or obligation to the Company with respect to any failure by a Holder to comply with, or any breach by any Holder of, any of the obligations of such Holder under this Agreement.

(e) PURCHASES AND SALES. The Company shall not, and shall use its best efforts to cause its affiliates (as defined in Rule 405 under the 1933 Act) not to, purchase and then resell or otherwise transfer any Cumulative Preference Shares.

(f) THIRD PARTY BENEFICIARY. The Holders shall be third party beneficiaries to the agreements made hereunder between the Company, on the one hand, and the Purchasers, on the other hand, and shall have the right to enforce such agreements directly to the extent it deems such enforcement necessary or advisable to protect its rights or the rights of Holders hereunder.

(g) COUNTERPARTS. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

(h) HEADINGS. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(i) GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York.

(j) SEVERABILITY. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be affected or impaired thereby.

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

@ENTERTAINMENT, INC.

By /s/ Robert E. Fowler III

-----

By /s/ Donald Miller-Jones

-----

Confirmed and accepted as of  
the date first above written:

MORGAN GRENFELL PRIVATE EQUITY LIMITED

MORGAN GRENFELL PRIVATE EQUITY LIMITED

By /s/ [Illegible]

-----

Name:

Title:

/s/Arnold Chase

-----

Arnold Chase

/s/Cheryl Chase

-----

Cheryl Chase

/s/Rhoda Chase

-----

Rhoda Chase

The Darland Trust

By: Rothschild Trust Guernsey Limited

By: /s/ C.P. Ward

-----

Title Director

By: /s/ HJ Salter

-----

Title

Authorised Signatory