

36. These settlement discussions ultimately led to a settlement agreement that required the Debtors to provide \$715 million in value to the Government for a victim restitution fund, conditioned on the Government conveying to ACC clear title to the Forfeited Managed Entities.

37. After many months of settlement negotiations, this agreement was memorialized in the DoJ/Adelphia Agreement and the SEC/Adelphia Agreement in April 2005. As a necessary element of the settlement, the Government required that the Debtors also settle their claims with the Rigas Family in order to facilitate the consensual forfeiture of the Forfeited Managed Entities to the Government as part of a contemporaneous Rigas/Government Settlement. The Debtors' settlement with the Rigas Family is embodied in the Rigas/Adelphia Agreement.

JURISDICTION

38. This Court has jurisdiction over this Motion pursuant to 28 U.S.C. §§ 157 and 1334. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409. The predicates for the relief requested herein are Rule 9019 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), and sections 105(a) and 363 of the Bankruptcy Code.

RELIEF REQUESTED

39. By this Motion, the Debtors seek the entry of an order, in the form annexed hereto as Exhibit A, (i) approving and authorizing the Debtors to enter into the Settlement Agreements, and (ii) authorizing the Debtors to take such steps, expend such sums of money, and do such other things as may be necessary to implement and effectuate the terms and requirements of the Settlement Agreements.

THE SETTLEMENT AGREEMENTS⁹

40. The Settlement Agreements are in three parts and are composed of three separate but interdependent agreements:

- (a) the DoJ/Adelphia Agreement;
- (b) The SEC/Adelphia Agreement; and
- (c) The Rigas/Adelphia.

Copies of these Settlement Agreements are annexed hereto as Exhibit B, C and D respectively.

In addition, a copy of the Rigas/Government Agreement is annexed hereto as Exhibit E.

41. The more salient terms of the Settlement Agreements include:

Forfeited Managed Entities and Real Estate

- The Rigas Family will forfeit to the Government their direct and indirect interests in all of the Forfeited Managed Entities, various real estate properties and all securities in ACC, and the Government will transfer to the Debtors, free and clear of all liens and encumbrances, the Forfeited Assets (other than certain forfeited real estate not related to the Debtors' cable operations).¹⁰
- To the extent that any property used in connection with Debtors' businesses (including the business of the Managed Entities) is owned directly or indirectly by a member of the Rigas Family, then the Rigas Family shall convey to the Debtors title to such property or otherwise cooperate with Adelphia in any reasonable arrangement to convey such property to the Debtors.
- All assets or interests in assets owned by any person or entity included in the Rigas Family and both (a) not a Forfeited Asset, and (b) the existence of which does not constitute a breach of a representation or warranty contained in the Rigas/Adelphia Agreement, shall be retained

⁹ The summary of the Settlement Agreements herein is for the Court's convenience only. In all circumstances, the actual terms of the Settlement Agreements shall control and be binding on the parties.

¹⁰ The Forfeited Managed Entities do not include Coudersport and Bucktail, which will continue to be owned by the Rigas Family, which have approximately 5,200 subscribers as of March 2005 with an aggregated ascribed value in the Sale Agreements (as defined below) of approximately \$23 million.

free and clear of any and all claims, liens, interests or encumbrances of Adelphia and any other person, entity or committee asserting claims through or on behalf of Adelphia. This provision does not apply to John Rigas, Timothy Rigas or Michael Rigas (the "Excluded Parties"); provided, that it will apply to Michael Rigas at such time as, and if, all currently pending criminal proceedings against him are resolved without a felony conviction involving fraud or false statements (other than false statements to the DoJ or the SEC).

- Subject to the limitations in the Rigas/Adelphia Agreement, the Debtors shall hold (a) Coudersport and Bucktail and (b) to the extent such claim would result in a lien on the equity of Coudersport or Bucktail, the Rigas Family (other than the Excluded Parties), harmless from any claims asserted by the Co-Borrowing Lenders with respect to the Co-Borrowing Debt. If the Co-Borrowing Lenders exercise a remedy against Coudersport or Bucktail, or against the equity in Coudersport or Bucktail, then Adelphia shall offer to the Co-Borrowing Lenders a payment equal to the lesser of (1) such lenders' claim or (2) Adelphia's maximum liability under this provision (the "Release Payment") in full and complete satisfaction of such lenders' claim. Adelphia shall not make the Release Payment to the Co-Borrowing Lenders unless the Co-Borrowing Lenders: (i) agree that the Release Payment shall be permanently in lieu of all remedies that the Co-Borrowing Lenders may have against Coudersport, Bucktail, and the owners of Coudersport and Bucktail with respect to the Co-Borrowing Debt, and (ii) grant Coudersport, Bucktail and the Rigas Family with respect to the equity in Coudersport and Bucktail a release from the underlying Co-Borrowing Debt. If such payment is rejected by the Co-Borrowing Lenders, then Adelphia shall promptly make the Release Payment to the owners of Coudersport and Bucktail. The aggregate liability of the Debtors shall not exceed the fair market value of Coudersport and Bucktail as determined by the Bankruptcy Court. Further, the indemnification may not be used by the Co-Borrowing Lenders as a basis for obtaining a greater recovery against the Debtors than would be obtained in the absence of the Settlement Agreements.
- Coudersport and Bucktail shall retain all Retained Cable Assets, free and clear of any claims, liens, interests or encumbrances of the Debtors or any other person, entity or committee asserting claims through or on behalf of Adelphia. Adelphia shall transfer to Coudersport and Bucktail: (a) promptly following the Forfeiture Date, the Coudersport headend, which shall be upgraded by Adelphia following such date to the extent necessary so that the headend is capable of receiving third party television programming feed and connecting to a third party high speed data gateway to provide the same video and data services as was provided as of April 1, 2005 to the subscribers of Coudersport and Bucktail (provided that Adelphia

shall not be required to spend more than \$100,000 on such upgrade); and (b) Adelphia shall convey to Coudersport or Bucktail, as the case may be, property owned by Adelphia, that as of April 1, 2005, was primarily used in the cable business of Coudersport or Bucktail other than assets used for centralized services provided by Adelphia to its cable systems generally.

- Coudersport and Bucktail shall pay all ordinary course operating expenses (but specifically excluding any interest, fees or charges relating to the Co-Borrowing Debt) as they come due including litigation expenses relating to Coudersport and Bucktail, call center expense allocation and media services expense allocation, and to the extent that Adelphia incurs expenses on behalf of Coudersport or Bucktail that Coudersport and Bucktail would have incurred directly were they not being managed by Adelphia, such as programming, insurance, or purchases of other goods or services, then Adelphia shall be reimbursed from the gross operating revenues of Coudersport and Bucktail for such expenses. Adelphia shall not be required to expend its own funds on behalf of Coudersport or Bucktail.
- Through and including December 31, 2005, the Debtors shall continue to provide management services to Coudersport and Bucktail for a management fee equal to five percent (5%) of gross operating revenues measured on an accrual basis each month, subject to certain limitations.

Victim Restitution Fund

- The Government shall establish a restitution fund for the purpose of providing restitution to persons or entities who held publicly traded securities of the Debtors that, in the sole determination of the Government, were victims of the conduct alleged in the Indictment.¹¹ Adelphia shall contribute \$715 million in value to the fund. This settlement payment is conditioned upon Adelphia receiving full and clear title to the Forfeited Managed Entities, various real estate properties and, at Adelphia's option, Adelphia securities owned by members of the Rigas Family, and will be comprised of the following:
 - (a) In the event of a standalone emergence of Adelphia from bankruptcy, Adelphia shall contribute (i) \$600 million of common stock of the reorganized Adelphia, and (ii) \$115 million of an interest in the Trust, which interest shall share a first priority with claims of unsatisfied senior creditors

¹¹ The Government has agreed to provide Adelphia with a reasonable opportunity to present any views concerning the fund before final distributions are made.

and shall enjoy a liquidation preference entitling the holder to receive 50% of the initial net recoveries until up to \$115 million has been distributed on account of such interest in the Trust. The common stock portion of this payment will be valued at the valuation fixed for such stock by this Court in connection with Adelphia's approved plan of reorganization.

- (b) In the event of a sale of Adelphia or substantially all of its assets, Adelphia shall contribute (i) up to \$400 million of common stock of Adelphia's purchaser, (ii) \$115 million of an interest in the Trust, which interest shall share a first priority with claims of unsatisfied senior creditors and shall enjoy a liquidation preference entitling the holder to receive 50% of the initial net recoveries until up to \$115 million has been distributed on account of such interest in the Trust, and (iii) the balance consisting of not less than \$200 million in cash. The cash portion of this payment is conditioned upon a sale of Adelphia or substantially all of its assets for an amount that includes at least \$10 billion in cash. The substitution of cash for common stock, as provided for above, shall be at Adelphia's sole option. The common stock portion of this payment will be valued at the valuation fixed for such stock by this Court in connection with Adelphia's approved plan of reorganization.
- (c) Unless extended on consent of the Government, which consent shall not be unreasonably withheld, Adelphia shall make the above-referenced payments on or before the earlier of: (a) October 15, 2006; (b) 120 days after confirmation of a standalone plan of reorganization; or (c) seven days after the first distribution of stock or cash, as the case may be, to creditors under any plan of reorganization.
- (d) Pursuant to the Rigas/Government Agreement, the Rigas Family shall have no right to assert a claim against or participate in the Restitution Fund. As a condition to receiving a distribution from the Restitution Fund, the Government shall require any recipient, other than Adelphia, to release and discharge the Rigas Family (except for John J. Rigas and Timothy J. Rigas) from any and all actions, claims or liabilities of any nature whatsoever and to dismiss any claim or litigation commenced by such recipient against the Rigas Family.

The SEC Final Judgment¹²

- ACC and the SEC have agreed to the entry of a final judgment resolving the SEC's claims against ACC in *Securities and Exchange Commission v. Adelpia Communications Corp., et al.*, 02 Civ. 5776 (PKC) (S.D.N.Y.).
- Pursuant to this final judgment, ACC will be permanently enjoined from violating various provisions of the federal securities laws.
- Also pursuant to this final judgment, the SEC has agreed that if ACC makes the aforementioned payment of \$715 million in value to the victim restitution fund, ACC will not be required to pay disgorgement or a civil money penalty to satisfy the SEC's claims.

Rigas Legal Defense Costs and Indemnities

- Within five business days of the Forfeiture Date Adelpia shall pay, by wire transfer, the sum of \$11,500,000 to Dilworth Paxson LLP to establish the Legal Defense Fund, which fund shall be used to pay the obligations to professionals retained by the Rigas Family. Adelpia intends to charge the Forfeited Managed Entities for this payment.
- None of the parties to the Rigas/Adelpia Agreement shall oppose payment by the insurers to any party of defense costs under a Directors and Officers Liability Insurance Policy.
- From and after the Forfeiture Date,¹³ the Rigas Family and Peter Venetis, on the one hand, and Adelpia, on the other hand (provided that Adelpia's agreement does not extend to the Excluded Parties), agree not to sue each other, or in any manner assert, bring or commence any claim, action or proceeding against the other, on account of any obligation or liability arising from or relating to (a) the matters pleaded or which could have been pleaded in the Civil Action, or relating to the facts, transactions or circumstances on which it was or is based, and (b) any other facts, transactions or occurrences,

¹² The Debtors have been informed by the SEC that purchasers of all or substantially all of Adelpia's assets in a transaction agreed to during the pendency of these cases will not be deemed a successor to Adelpia's obligations under this final judgment.

¹³ "Forfeiture Date" is defined under the Rigas/Adelpia Agreement to mean the date the stipulated forfeiture judgment is entered in accordance with the Rigas/Government Agreement.

whether known or unknown, suspected or contingent or claimed, existing as of the date of execution of this Agreement.¹⁴

- If, after the Forfeiture Date, Doris Rigas, Ellen Rigas Venetis, Mary Ann Rigas, M.D., Coudersport Theater, Rigas Entertainment, Ltd., Roumali, Inc, SAGIR, Inc., or Songcatcher Films, LLC (the "Claim Over Parties") prosecutes a claim against a third party and such third party asserts a claim against the Debtors for indemnity or contribution (or any similar type of "claim over"), the Claim Over Parties shall reduce and mark satisfied any judgment obtained by the Claim Over Party against the third party to the extent of Adelphia's *pro rata* share of liability for the claim over. If, after the Forfeiture Date, Adelphia prosecutes a claim against a third party and such third party asserts a claim over against a Claim Over Party, Adelphia shall reduce and mark satisfied any judgment obtained by Adelphia against the third party to the extent of the Claim Over Party's *pro rata* share of liability for the claim over.
- If Adelphia prosecutes a claim against a third party and such third party prevails on a claim against the Excluded Parties related to the underlying Adelphia claim, then, and only in such circumstance, shall Adelphia advance and reimburse for any defense costs incurred (but no other costs, expenses or liability) in defending a subsequent claim by such prevailing third party that the transfer of certain assets to other members of the Rigas Family prior to the settlement were fraudulent or otherwise should be voided.
- In the event that Century ML Cable Venture or any of the Telemedia Joint Ventures recovers on a claim against the Excluded Parties, then the Debtors shall pay over to the applicable Excluded Parties any recoveries of or by the Debtors received by virtue of their proportionate share (based on their ownership interest) in the relevant joint venture.
- The Debtors shall dismiss, with prejudice, as against the Rigas Family (other than the Excluded Parties) and Peter Venetis, the Civil Action and the Real Estate Action and, upon such dismissal, the TROs shall be dissolved. All proofs of claim or interests filed by the Rigas Family and Peter Venetis against Adelphia shall be deemed expunged. The Rigas Family and Peter Venetis shall not file any proofs of claim or interest against Adelphia.

¹⁴ This provision shall not release or impair any claim, suit or action against anyone other than the (a) Rigas Family (other than the Excluded Parties), (b) Peter Venetis and (c) Adelphia, or inure to the benefit of anyone not explicitly covered by the Rigas/Adelphia Agreement.

Non-Prosecution and Continued Cooperation

- The Government will not criminally prosecute: (1) ACC; (2) the subsidiaries listed in ACC's Form 10-K for fiscal year 2003; (3) the subsequently-formed or acquired subsidiaries listed on Exhibit S to the Settlement Agreements; and (4) any joint ventures in which the Debtors have or acquire a controlling interest for any crimes (except for criminal tax violations) related to Adelphia's participation in the conduct set forth in the Superseding Indictment and the SEC Complaint.
- It is understood that, in connection with any matter relating to the Debtors' operations, finances and corporate governance between 1997 and emergence from bankruptcy, the Debtors: (a) shall truthfully and completely disclose all information about all matters about which the Government inquires; (b) shall fully cooperate with the Government and use their best efforts to provide information and testimony as requested by the Government; and (c) shall bring to the Government's attention all criminal conduct by or criminal investigations of Adelphia or its senior managerial employees which comes to the attention of Adelphia's Board or senior management. Such obligations will continue until the later of (1) a period of two years from the date of the Settlement Agreements or (2) the date upon which all prosecutions arising out of the conduct described in the Superseding Indictment and the SEC Complaint are final.
- The protections of the non-prosecution agreement shall not apply to any successor entities, whether the successor's interest arises through a merger or plan of reorganization, unless and until such successor adopts the non-prosecution agreement. The protections afforded by the non-prosecution agreement are expected to apply to any purchaser of all or substantially all of the assets of Adelphia (such as the Buyers under the Sale Agreements) and to any entities included in such a purchase if such purchaser formally adopts in all material respects the Continuing Obligation To Cooperate provisions of the non-prosecution agreement, except for the obligations set forth in clause (c) of the immediately preceding paragraph.
- At the sentencing of John J. Rigas and Timothy J. Rigas, the Government shall advise the Court of the Settlement Agreements.

RELEVANT AUTHORITY

A. Legal Standards

42. Bankruptcy Rule 9019(a) provides that:

On motion by the Trustee, and after a hearing on notice to creditors, the Debtor . . . as provided in Rule 1002(a) and to such other entities as the court may designate, the Court may approve a compromise or settlement.

43. The legal standard for determining the propriety of a bankruptcy

settlement is whether the settlement is in the “best interests of the estate.” In re Purofied Down Prods. Corp., 150 B.R. 519, 523 (S.D.N.Y. 1993). To determine that a settlement is in the best interests of the estate, the Supreme Court held in Protective Committee for Independent Stockholders of TMT Trailer Ferry v. Anderson, 390 U.S. 414 (1968), that the settlement must be “fair and equitable.” Id. at 424. According to the Supreme Court, such a finding is to be based on:

[an] educated estimate of the complexity, expense, and likely duration of . . . litigation, the possible difficulties of collecting on any judgment which might be obtained, and all other factors relevant to a full and fair assessment of the wisdom of the proposed compromise. Basic to this process, in every instance of course, is the need to compare the terms of the compromise with the likely rewards of litigation.

Id. See also Purofied Down Prods. Corp., 150 B.R. at 523; In re International Distribution Centers, Inc., 103 B.R. 420, 422 (S.D.N.Y. 1989) (determination as to whether proposed compromise is fair and equitable requires exercise of informed, independent judgment by court). In addition, section 105(a) of the Bankruptcy Code authorizes the Court to “issue any order, process, or judgment that is necessary or appropriate to carry out the provisions” of title 11. See 11 U.S.C. § 105(a).

44. The settlement need not be the best that the debtor could have obtained. See In re Penn Central Transp. Co., 596 F.2d 1102, 1114 (3d Cir. 1979); accord International Distribution Centers, 103 B.R. at 423 (“Indeed, a court may approve a settlement even if it believes that the Trustee ultimately would be successful.”) (citations omitted). Rather, the settlement must fall “within the reasonable range of litigation possibilities.” Penn Central, 596 F.2d at 1121. “[T]here is a range of reasonableness with respect to a settlement—a range which recognizes the uncertainties of law and fact in any particular case and the concomitant risks and costs necessarily inherent in taking any litigation to completion—and the judge will not be reversed if the appellate court concludes that the settlement lies within that range.” Newman v. Stein, 464 F.2d 689, 693 (2d Cir.) cert. denied sub nom. Benson v. Newman, 409 U.S. 1039 (1972) (Friendly, J.) (construing TMT Trailer Ferry in context of settlement of derivative suit).

45. A bankruptcy court need not conduct an independent investigation into the reasonableness of the settlement but must only “canvass the issues and see whether the settlement falls below the lowest point in the range of reasonableness.” In re W.T. Grant Co., 699 F.2d 599, 608 (2d Cir. 1983) (internal quotation marks omitted).

46. In determining whether to approve a proposed compromise and settlement, a court should consider several factors, including:

- (a) The probabilities of success should the case go to trial versus the benefits of the settlement without the delay and expense of a trial and subsequent appeals;
- (b) The prospect of complex and protracted litigation if the settlement is not approved;
- (c) The competency and experience of counsel who support the settlement; and
- (d) The extent to which the settlement is a product of arms length negotiating.

In re Texaco, Inc., 84 B.R. 893, 902 (Bankr. S.D.N.Y. 1988).

47. The decision whether to accept or reject a compromise lies within the sound discretion of the court. See Purofied Down Prods. Corp., 150 B.R. at 523. (“A Bankruptcy Court’s decision to approve a settlement should not be overturned unless its decision is manifestly erroneous and a ‘clear abuse of discretion.’”) (citations omitted). In ruling on a compromise, however, a court should not substitute its own judgment for that of the debtor. See In re Neshaminy Office Bldg. Assocs., 62 B.R. 798, 803 (E.D. Pa. 1986).

48. It is not necessary for the court to conduct a “mini trial” of the facts or the merits underlying the dispute. Purofied Down Prods. Corp., 150 B.R. at 522; International Distribution Centers, 103 B.R. at 423. Rather, the court only need be apprised of those facts that are necessary to enable it to evaluate the settlement and to make a considered and independent judgment about the settlement. See Purofied Down Prods. Corp., 150 B.R. at 523; In re Energy Cooperative, Inc., 886 F.2d 921, 924-25 (7th Cir. 1989). In doing so, the court is permitted to rely upon “opinions of the trustee, the parties, and their attorneys.” International Distribution Centers, 103 B.R. at 423.

49. Indeed, as a general rule, courts will uphold a decision made by a debtor’s board of directors as long as it is “attributable to any rational business purpose.” In re Global Crossing Ltd., 295 B.R. 726, 743 (Bankr. S.D.N.Y. 2003). Further, courts are “loathe to interfere with corporate decisions absent a showing of bad faith, self interest or gross negligence.” Id. (citing Official Committee of Subordinated Bondholders v. Integrated Resources, Inc. (In re Integrated Resources, Inc.), 147 B.R. 650 (S.D.N.Y. 1992)). In measuring a proposed action by the business judgment rule, this Court has considered whether the action “(1) represents a business decision; (2) is made with disinterestedness; (3) due care; (4) good faith; and (5) does not constitute an abuse of discretion or waste of corporate assets.” In re

Adelphia Communications Corp., 2004 Bankr. LEXIS 971 at *6 (Bankr. S.D.N.Y. June 22, 2004); See also In re Adelphia Communications Corp., 2005 Bankr. LEXIS 449 at *114-116 (Bankr. S.D.N.Y. Mar. 25, 2005).

B. Analysis

(i) The Benefits of Settlement Versus the Likely Rewards of Litigation

1. General Benefits.

50. The Debtors face litigation risks of extraordinary magnitude. The Settlement Agreements provide the Debtors with certainty on issues that, if not resolved favorably, could have a devastating impact on the Debtors.

51. For example, in return for an agreement to provide the Government with \$715 million in value for the creation of a restitution fund, the Settlement Agreements:

- Eliminate a “real risk” of a criminal indictment of Adelphia that would have disastrous consequences to this reorganization.
- Resolve more than \$5 billion in disgorgement claims asserted by the SEC in a lawsuit against Adelphia arising from much of the same conduct for which John J. Rigas and Timothy J. Rigas already have been convicted.
- Ensure that the Debtors’ estates include hundreds of millions of dollars of Forfeited Managed Entities, title to which otherwise might only be obtainable by winning hard fought litigation against the Rigases and defeating competing claims to these assets by, for example, the Government and creditors of the Rigas Family.
- Prevent a forced sale of the Forfeited Managed Entities that would destroy hundreds of millions of dollars in value that the Debtors otherwise likely would have to make up themselves.

2. The Benefit of Eliminating the Risks Related to Indictment of Adelphia.

52. The Government has advised the Debtors’ professionals that there is a “real risk” of an indictment of Adelphia. By entering into the Settlement Agreements, the Debtors avoid this risk through a non-prosecution agreement with the United States Attorney’s

Office for the Southern District of New York. This non-prosecution agreement provides tremendous benefits to these assets.

53. Generally in criminal cases, the conduct of an employee or other agent within the scope of the agent's employment and for the benefit of the corporation, is imputed to the corporation.¹⁵ Thus, the Government could indict Adelphia for the imputed criminal conduct of Rigas Management, some of whom already have been convicted of substantial wrongdoing. Although Adelphia could assert certain defenses, courts differ on whether such defenses would be applicable. The collateral consequences of an indictment likely would be disastrous for the Debtors and their stakeholders. Among other things:

- (a) An indictment of the Debtors constitutes an "Event of Default" under their debtor in possession financing, providing the lenders with the right to require immediate repayment of the borrowings thereunder.¹⁶ Such acceleration would permit the lenders to terminate the agreement and declare all loans under the agreement immediately due and payable, which could force the Debtors either: (i) at best, to obtain a substitute facility, which likely would not be available given the indictment, or (ii) to liquidate their assets, destroying billions of dollars of value.
- (b) On April 20, 2005, ACC entered into definitive sale agreements (the "Sale Agreements") with Time Warner NY Cable LLC and Comcast Corporation (together, the "Buyers") pursuant to which the Buyers have agreed to purchase substantially all of the Debtors' assets for \$12.5 billion in cash and a 16% interest in Time Warner Cable Inc. Each of the Sale Agreements require, as a condition to the Buyers' obligations to close, a settlement, dismissal or other resolution of the Government's claims, pursuant to

¹⁵ For example, the DoJ recently indicted W.R. Grace & Co. and seven of the corporation's executives for engaging in a long-running conspiracy to "knowingly release" hazardous asbestos fibers that placed the entire town of Libby, Montana, "in imminent danger of death or serious bodily injury."

¹⁶ Section 7.01(t) of the Adelphia Communications Corporation Amended and Restated Credit and Guaranty Agreement, dated as of August 26, 2002.

which no portion of the assets or joint ventures transferred to the Buyers or any owner of such assets or joint ventures shall have any post-closing liability (including risk of criminal prosecution), including any obligation with respect to behavioral relief or similar action or limitation, other than obligations not greater than those set forth in the form of letter agreement delivered by representatives of the Buyers to representatives of Adelphia on April 17, 2005.

- (c) An indictment also could result in the loss of critical cable franchises and licenses, which materially would impact the value of the Debtors' business through a loss of ability to do business. For example, local franchising authorities ("LFAs") considering applications for new franchises, renewals of existing franchises or requests for franchise transfers are permitted to consider, among other things, the applicant's "character." If the Debtors were indicted, there are real risks that LFAs will determine that the Debtors lack the necessary "character" (or financial qualifications) to operate a cable system.¹⁷
- (d) An indictment inevitably would discourage potential future creditors and business partners, making it difficult, if not impossible, for the Debtors to enter into asset sales or to obtain surety bonding needed to support important corporate activities such as franchise agreements or construction undertakings.
- (e) Even in the absence of a sale, if the Debtors ultimately were able to emerge from bankruptcy on a standalone basis without resolving the Government's claims, which the Debtors believe to be highly unlikely, (i) the pendency of an active case by the SEC could impact negatively the Debtors' ability to issue new securities and, thus, impact negatively the timing of emergence,¹⁸ and (ii) the Debtors and their financial advisors believe that any securities issued in those circumstances would trade subject to a substantial discount for the risks arising from such uncertainties.

¹⁷ Based on historical experience in less extreme circumstances, criminal action potentially could lead to revocation proceedings, demands for onerous financial, operational concessions or other adverse action.

¹⁸ The SEC's Division of Corporation Finance has wide discretion in determining whether to declare effective registration statements and can be expected to consult with the SEC's Division of Enforcement on any filings by the Debtors.

- (f) Further, if the Debtors were convicted, they would face the prospect of governmental fines or restitution. Pursuant to section 3613(e) and (f) of title 18 of the United States Code (the "Criminal Code"), a bankruptcy discharge does not affect a debtor's liability for criminal fines and restitution obligations.¹⁹

54. Generally, statutory fines are up to \$500,000 per felony, but the alternate fine can be up to twice the amount of the defendant's gross gain, or twice the amount of the gross loss to others. See 18 U.S.C. § 3571(d). In this case, the gross gain to the Debtors could exceed \$5 billion, the approximate amount, as alleged by the SEC, that was raised from public offerings based on false financial information; twice the gross gain thus results in a possible fine of more than \$10 billion. The gross loss to shareholders could exceed \$4.3 billion, the approximate loss in the market value of the ACC's common stock; twice that amount results in a similarly enormous fine of more than \$8.6 billion. Moreover, the gross loss to debt holders and other victims could result in billions of dollars of additional fines.

55. An alternative remedy for the Government is restitution. See 18 U.S.C. § 3663. Restitution to victims is a mandatory component of a criminal sentence, unless determining the victims and amounts unduly would complicate the sentencing process. If the Debtors were held responsible for the approximate loss in the market value of ACC's common

¹⁹ Pursuant to Section 3613 of the Criminal Code.

(e) Discharge of Debt Inapplicable.— No discharge of debts in a proceeding pursuant to any chapter of title 11, United States Code, shall discharge liability to pay a fine pursuant to this section, and a lien filed as prescribed by this section shall not be voided in a bankruptcy proceeding.

(f) Applicability to Order of Restitution.— In accordance with section 3664 (m)(1)(A) of this title, all provisions of this section are available to the United States for the enforcement of an order of restitution.

stock, the Debtors could be ordered to pay restitution of \$4.3 billion, which does not include the additional restitution that may be ordered to non-shareholder victims of the fraud.

56. If the Debtors were indicted and convicted, the Government also could seek forfeiture of property that constitutes proceeds of a crime, or property traceable to the proceeds of a crime. See 18 U.S.C. § 981. If the proceeds cannot be located or if the property has been transferred or diminished in value, the Government can seek the forfeiture of “substitute assets” unrelated to the crime. See 21 U.S.C. § 853. The Government can exercise its forfeiture power by bringing a civil action against the property itself, or by seeking forfeiture through an action against a criminal defendant. See 18 U.S.C. §§ 981 and 982.

57. The Government could seek to forfeit other property of the Debtors that represented the proceeds of criminal conduct or was traceable to these proceeds. See 18 U.S.C. § 981. The Government could proceed against the Debtors either by seeking criminal forfeiture as part of an indictment of the Debtors, as it did with certain members of the Rigas Family, or in a civil proceeding against the property where its burden of proof is only a preponderance of the evidence. See 18 U.S.C. §§ 981 and 982.

3. The Benefit of Settling the SEC’s Asserted Multi-Billion Dollar Claims.

58. At the same time that Adelphia faces the real risk of indictment by the United States Attorney’s Office for the Southern District of New York, Adelphia also already is a defendant in a civil enforcement action brought by the SEC. The SEC also has filed a proof of claim in the bankruptcy based on this lawsuit. Although neither the complaint in the SEC Action nor the proof of claim specifies the magnitude of the SEC’s claims, under the federal securities laws, the SEC is entitled to seek disgorgement as well as civil monetary penalties. See, e.g., S.E.C. v. Manor Nursing Centers, Inc., 458 F.2d 1082, 1104 (2d Cir. 1972) (court has equitable

power to disgorge illicit profits in SEC enforcement action); 15 U.S.C. §§ 77t(d) and 78u(d)(3) (providing for civil monetary penalties).

59. Absent a settlement, the SEC staff has stated that, under a disgorgement theory, it intends to seek from the Debtors the approximately \$5 billion to \$6 billion in funds raised through public offerings during the period that the Debtors' financial statements contained material misrepresentations and omissions. By contrast, pursuant to the Settlement Agreements, the SEC has agreed to forego seeking any disgorgement or civil monetary penalties. The elimination of any risk of liability to the SEC is an extremely significant benefit to the estate.

60. First, absent a settlement, Adelphia has only a limited ability to defend against the SEC's liability case in the SEC Action. For example, Adelphia does not contest the wrongdoing of the Rigas Family that the SEC alleges as the predicate of Adelphia's own liability. Thus, Adelphia could only prevail in litigation if it could avoid liability as a corporate entity for the admitted acts of its top corporate officers.

61. Second, absent a settlement, the SEC's claim that it could be entitled to billions of dollars from Adelphia is a credible threat. Once it has been established that federal securities laws have been violated, a court has discretion to apply the equitable remedy of disgorgement to strip the wrongdoer of all profits collected through their securities violations. S.E.C. v. Wang, 944 F.2d 80, 85 (2d Cir. 1991). Disgorgement is meant to deprive the wrongdoers of any unjust enrichment gained by their securities violations. S.E.C. v. Bocchino, 2002 WL 31528472, at *2 (S.D.N.Y. Nov. 8, 2002) (emphasizing that disgorgement serves purpose of "making [the wrongdoer's] violations unprofitable"). Although Adelphia could assert a variety of defenses to try to limit its liability, the SEC has a reasonable basis for its theory that the \$5 billion to \$6 billion of dollars raised by Adelphia in the public markets through fraud

constitutes unjust enrichment subject to disgorgement. Moreover, in addition to the disgorgement amount, the SEC could seek and be entitled to civil monetary penalties equal to the amount of Adelphia's gross pecuniary gain as a result of its securities law violations. See 15 U.S.C. § 21(d)(3)(B)(iii). In effect, this could double the SEC's possible recovery. See 15 U.S.C. §§ 77t, 78u. An award of "prejudgment interest" also would be within the discretion of the court in the SEC Action, S.E.C. v. First Jersey Sec., Inc., 101 F.3d 1450, 1476 (2d Cir. 1996), and could be quite substantial given the magnitude of the SEC's claims.

62. Finally, the success of the Creditors' Committee adversary proceeding against the SEC related to the SEC's proof of claim is highly uncertain. In seeking to subordinate the SEC claims while limiting them solely to ACC (and not any other Debtor), the Creditors' Committee relies on uncertain legal theories that vigorously will be disputed and likely will result in lengthy appeals, perhaps even to the Supreme Court.²⁰ As a consequence, the Debtors believe that there is still significant risk based on the SEC Action and the associated claims and the elimination of this risk through the Settlement Agreement is a very substantial benefit to the Debtors.

4. The Benefit of Including the Forfeited Managed Entities in the Debtors' Estates While Avoiding their Forced Sale.

63. The Forfeited Managed Entities are owned by the Rigas Family. Although these entities have been ascribed hundreds of millions of dollars in value under the Sale

²⁰ For example, in the bankruptcy court's order approving Worldcom's settlement with the SEC, Judge Gonzalez noted, among other things, that even if the correct legal interpretation were that the SEC's claim properly is subordinated under section 510(b) of the Bankruptcy Code, numerous legal issues remain to be addressed -- "including the identity of the claimant, the discretion afforded the SEC in its use of the penalty, and the overall impact of Sarbanes-Oxley, as well as other issues that may be raised in a litigation to subordinate the claim -- which issues, when combined with the unsettled nature of the law in this area, furnish sufficient doubt as to the outcome of any such litigation."

Agreements, this value presently is not part of the Debtors' estates because the Forfeited Managed Entities are not presently property of the estates.²¹ The Settlement Agreements benefit the Debtors by insuring that the estates include the full value of these assets.

64. The Debtors have brought claims against members and entities of the Rigas Family that, if successful, could result in the Debtors obtaining the right to all of the Managed Entities in litigation, either through a constructive trust, or by executing on these assets pursuant to a judgment. This litigation, however, has been hotly contested and the Rigas Family has asserted, and is expected to continue to assert, numerous legal and factual defenses against the Debtors claims. Thus, there is a material risk that the Debtors cannot obtain the right to 100% ownership of the Managed Entities through litigation. Moreover, even a successful outcome in such litigation likely would take substantial time. Also, any rights in the Managed Entities obtained by the Debtors through litigation likely would be contested by other claimants to Rigas Family assets who would be expected to argue that they had an equal, if not greater, stake as compared to the Debtors' claims.

65. The Settlement Agreements eliminate these risks to Adelphia.²² Pursuant to the Rigas/Government Agreement, the Government obtained the Rigas Family's agreement to

²¹ Pursuant to the Sale Agreements, if Adelphia's ownership of any of the Managed Entities (*i.e.*, the Forfeited Managed Entities, as well as Coudersport and Bucktail) is contested at the closing of the sale or such entity has not been "cleansed" through a bankruptcy discharge (or such other process having an equivalent effect and approved by the buyer(s)), the closing still will occur without such entities but the purchase price will be adjusted downward. Thereafter, for each disputed Managed Entity determined to be owned by Adelphia within 15 months from the closing, and cleansed as set forth above, and either (i) the buyer has entered into a management agreement with such Managed Entity for the interim period or (ii) the buyer did not enter into a management agreement with such Managed Entity but has elected to purchase the Managed Entity, the buyer will purchase such Managed Entity at a closing of all such entities for an aggregate price equal to the Time Warner Cable stock (or cash with respect to Comcast) withheld at the initial closing of the Sale Agreements that is allocable to each such Managed Entity. The Managed Entities are valued, on a subscriber basis under the Sale Agreements, at approximately \$990 million (approximately \$967 million relating to the Forfeited Managed Entities and the balance to Coudersport and Bucktail).

consensually forfeit the Forfeited Managed Entities to the Government. Further, pursuant to the Government/Adelphia Agreement, Adelphia's settlement payment is conditioned upon receiving full and clear title to the Forfeited Managed Entities from the Government.²³

66. The Settlement Agreements also preserve the full value of the Forfeited Managed Entities for the Debtors. Absent a settlement, the Government would have to pursue other steps to obtain the Forfeited Managed Entities from the Rigas Family or from the Debtors such as a civil forfeiture action or restitution. This likely would lead to a forced sale by the Government of the Forfeited Managed Entities that drastically would reduce their value. The Government has informed the Debtors it would then, in turn, demand at least the balance of what the Government believes it is owed from the Debtors. Effectively, the Debtors will lose the value of the Forfeited Managed Entities and be liable for the cost of settling with the Government.²⁴ The Debtors also would – absent a basis to disallow the claims of the Co-Borrowing Lenders – be liable to repay the portion of the co-borrowing debt utilized by the Managed Entities (i.e., approximately \$2.8 billion).

67. In the context of a forced sale of the Managed Entities, potential purchasers would recognize that the Government is not a possible long-term holder of the

²² In addition, if the Debtors were to continue their efforts to recover the Managed Entities from the Rigas Family and were unable to resolve their issues with the Government, the Debtors would continue to incur professional fees in these cases exceeding \$20 million per month.

²³ Any assertions of interests in the property being forfeited, including the Forfeited Managed Entities, is a claim that will be required to be brought in the District Court in connection with the ancillary forfeiture proceedings to be conducted pursuant to the Rigas/Government Agreement.

²⁴ For example, if the Government required a payment of \$700 million in order to resolve the pending governmental lawsuit and criminal investigation, and sold the Managed Entities for \$300 million, the Government might expect an additional payment of at least \$400 million from the Debtors. The cost, however, to the Debtors would be nearly \$1.4 billion (the loss of the \$990 million in assets (as valued in the Sale Agreements) and the \$400 million payment).

properties, but is instead a motivated seller. Potential purchasers therefore are likely to offer “fire sale” prices as a result. In addition, as set forth above in footnote 21, the Sale Agreements provide that if Adelphia cannot deliver the assets of the Managed Entities at the closing of those agreements, the purchase price will be reduced by an amount *greater than* the payment to be made by the Debtors pursuant to the Settlement Agreements.

68. Finally, separating the Managed Entities from the Debtors would impose significant additional costs on the Managed Entities for the multitude of services the Debtors provides, often, because of their size and bargaining power, at a much lower rate than the Managed Entities could obtain for themselves. In the Debtors’ estimate, these factors likely would reduce the recoverable value of the Managed Entities significantly and materially. The result, therefore, could be the destruction of hundreds of millions of dollars of value and, in all likelihood, a corresponding increase in the Government’s settlement demand from the Debtors. The Settlement Agreements ensure that this value is preserved.

5. Summary of Benefits.

69. Of course, the \$715 million in value that Adelphia has agreed to contribute to a victim restitution fund is a substantial financial obligation. But, given the tremendous advantages of settling, Adelphia respectfully submits that the benefits of the Settlement Agreements far outweigh the discounted probability of achieving a similar outcome through litigation.

70. By itself, the complete resolution of Adelphia’s issues with the Government provide enormous value to the estates that could justify a settlement payment by Adelphia of hundreds of millions of dollars pursuant to the standards of Bankruptcy Rule 9019. The settlements resolve the SEC’s claims against the estates of over \$5 billion, as well as eliminate the devastating risks of a criminal prosecution. It is far from certain that Adelphia ever

could achieve the same, or a remotely similar, result through litigation. For example, Adelphia admits much of the relevant misconduct by the Rigases that forms the basis of the SEC and DoJ claims. Indeed, even if Adelphia could ultimately defeat a criminal prosecution by the DoJ, the decision to indict alone would be devastating for the reasons explained above.

71. The Settlement Agreements, however, go beyond simply resolving Adelphia's issues with the Government and also are contingent upon a transfer of ownership of the Managed Entities to Adelphia. This ensures the Debtors' estates hundreds of millions of dollars in value that might never otherwise be achieved, even through protracted litigation. It also ensures Adelphia does not face the "double hit" of seeing the Managed Entities forfeited to the Government and then having to compensate the Government for the diminished value of these assets in a forced sale.

(ii) *The Prospect Of Complex And Protracted Litigations If The Settlement Is Not Approved*

72. Any litigation with the Government necessarily will be complex. Any criminal prosecution of Adelphia would entail a lengthy and complicated presentation of evidence; indeed, the criminal trial of Rigas family members took over four months. In the event of a conviction, the Government likely would pursue criminal forfeiture proceedings to extinguish Adelphia's claim to the Managed Entities, a proceeding with additional, complex issues of law and fact. The SEC's civil action likewise would entail complex legal and factual issues with potentially enormous adverse consequences to the Company. There is no assurance that Adelphia would prevail in any effort to defeat the Government's various claims.

73. Because any potential actions or claims taken by the Government against the Debtors could destroy billions of dollars of value, in an exercise of their fiduciary duties, the Debtors may be required to take all legal steps necessary to protect the value of the estates, adding to the length of any such litigation.

74. With respect to the Debtors' claims asserted in the Adelpia/Rigas Litigation, since August 2004, even after the conviction of John J. Rigas and Timothy J. Rigas, the Debtors have been in extensive and protracted litigation with the Rigas Family. Still the Debtors face significant risks relating to their ability to obtain title to the Managed Entities. For example, even if Adelpia fully and promptly prevailed in litigation against the Rigas Family, it likely still would have to litigate successfully competing claims of other Rigas Family creditors to these assets.

(iii) *The Competency And Experience Of Counsel Who Support The Settlement*

75. The Debtors have been advised by a group of outside counsel with preeminent experience in the relevant fields. Adelpia's principal outside white-collar defense counsel is Alan Vinegrad of Covington & Burling. Mr. Vinegrad served as the United States Attorney for the Eastern District of New York and the Chief Assistant U.S. Attorney, Chief of the Criminal Division, Deputy Chief of the Criminal Division, Chief of Civil Rights Litigation and Chief of General Crimes. Adelpia's principal counsel for SEC matters, Gregory S. Bruch of Foley & Lardner LLP, previously spent 12 years with the SEC Division of Enforcement, where he served as assistant director. Adelpia also was advised by Boies, Schiller & Flexner LLP regarding litigation matters and Willkie Farr & Gallagher LLP regarding bankruptcy and corporate matters. All four law firms were involved in negotiating the terms of the settlement and have supported the Debtors' efforts to enter into the Settlement Agreements. In addition, the work of all outside counsel was supervised by Adelpia's highly experienced general counsel, Brad Sonnenberg.

(iv) *The Extent To Which The Settlement Is A Product Of Arms Length Negotiating*

76. The Debtors and the Government have been engaged in protracted negotiations for nearly a year. During this period, the Debtors and the Government met more

than 10 times and have had countless additional discussions about a possible settlement. The Debtors repeatedly tried to negotiate a lower settlement number with the Government and agreed to pay \$715 million in value only after the Government rejected Adelphia's prior lower settlement offers and only in the context of a global settlement that ensured that the Forfeited Managed Entities would be transferred to the Debtors.

77. The Debtors also met on numerous occasions with counsel for the Rigas. Since prior to the inception of these cases, the Debtors have tried, through negotiation and litigation with the Rigas Family, to resolve the Managed Entities ownership issues. None of these efforts were successful prior to the entry into these agreements. The Settlement Agreements finally resolve these global issues.

78. The Government required that the Debtors settle certain of their claims with the Rigas Family in connection with the Debtors' settlement with the SEC and the United States Attorney's Office for the Southern District of New York. As part of the Government's requirement that Adelphia settle with the Rigas Family, the Rigas/Adelphia Settlement Agreement requires Adelphia to (a) fund \$11.5 million of Rigas Family defense costs, (b) transfer certain property to Coudersport and Bucktail and upgrade the Coudersport headend (such upgrade cost not to exceed \$100,000), and (c) indemnify members of the Rigas Family in certain limited circumstances. Adelphia does not view these provisions as economically material to the settlement as a whole.

79. Moreover, the Debtors believe that the benefit of facilitating a global settlement that includes a consensual forfeiture of the Forfeited Managed Entities to the Government (and their related transfer to the Debtors) justifies agreeing to the Government's demand (including the attendant costs and obligations under the Rigas/Adelphia Agreement).

Notably, in the Rigas/Adelphia Settlement, the Debtors do not release their claims against John J. Rigas, Timothy J. Rigas, and Michael Rigas (except in the case of Michael Rigas, under the limited circumstances set forth above). In addition, while the Debtors agree to forego claims against Rigas Family assets, in the context of the overall settlement, this incremental “cost” to the Debtors of the Settlement Agreements is relatively minor, particularly in light of the many risks and uncertainties that the Debtors would face in trying to obtain every last penny of the Rigas Family’s assets.

80. Adelphia believes it has very substantial bases for asserting liability against the Rigases for the claims asserted in the Amended Complaint. Adelphia also believes that the damages under those claims would be extremely high, and ultimately could exceed the \$3.2 billion that is the subject of the currently pending plaintiff’s summary judgment motion. Nonetheless, even if Adelphia were entirely successful on those claims and for those damages amounts, the ability to recognize any value to the estate from such claims will be limited by the Rigases’ limited assets. Moreover, because of the forfeitures the Rigas Family would face from the Government even in the absence of these Settlement Agreements, there would be a substantial depletion of the Rigas assets due to the Government’s likely superior forfeiture rights.

81. Given the current disclosed assets of the Rigases, Adelphia does not reasonably expect that any outcome through litigation could materially increase the amount of benefits received from the Rigases, directly or indirectly, beyond what Adelphia is able to obtain through the consensual resolutions embodied in the Settlement Agreements.

* * * * *

82. For all the reasons set forth above, the Debtors respectfully submit that the Settlement Agreements are in the best interests of the Debtors and these estates. In considering the Settlement Agreements, the Board acted with complete disinterestedness. No member of the

Rigas Family is any longer associated with the Debtors and the Board simply evaluated the benefits and burdens of the Settlement Agreements from the perspective of the Debtors and their estates. Regarding the requirements of due care and good faith, since discussions began with the Government, the Board played an active role in the settlement process, staying fully apprised of the status of settlement discussions and the issues involved, and providing (after discussions with management, the Debtors' General Counsel, and the Debtors' outside criminal, SEC, litigation and bankruptcy counsel) appropriate guidance and control. In light of the Board's participation and diligent monitoring, the decision to enter into the Settlement Agreements was made on a fully-informed basis. Indeed, all of the Board's material determinations relating to these matters were reached after (i) extensive input from counsel, (ii) informed deliberation of the relevant facts and options, and (iii) considering the views of stakeholders. As a result, while the Board's decision to approve the Settlement Agreements requires the payment of a substantial sum of money and other material obligations on the part of the Debtors, the Debtors respectfully submit that these costs clearly are outweighed by the multitude of benefits achieved and detriments avoided as a result of the Settlement Agreements (set forth in detail above) and certainly do not constitute corporate waste. Accordingly, the Debtors respectfully submit that (a) their decision to enter into the Settlement Agreements represents an exercise of sound business judgment and (b) the Settlement Agreements are in the best interests of these estates, and request that the Court approve the Settlement Agreements pursuant to Bankruptcy Rule 9019 and other applicable law.

NOTICE AND PROCEDURE

83. The Debtors are proceeding by a proposed order to show cause scheduling hearing, as opposed to a notice of hearing on motion, for the reasons set forth in the affidavit of Paul Shalhoub, Esq., prefixed hereto pursuant to Local Bankruptcy Rule 9077-1(a). In

satisfaction of the requirements of Bankruptcy Rules 2002 and 6004, the Debtors propose to provide notice of this Motion to (i) the Office of the United States Trustee for the Southern District of New York, (ii) counsel to the agents for the Debtors' prepetition and postpetition lenders, (iii) counsel to the Creditors' Committee, (iv) counsel to the Equity Committee, (v) the SEC, (vi) the DoJ, (vii) counsel to the Rigas Family, (viii) counsel to the various unofficial ad hoc committees formed in these cases, and (ix) all parties who have filed notices of appearance requesting service of pleadings in these cases in accordance with Bankruptcy Rule 2002, as of the day prior to the date of such service. The Debtors submit that no other or further notice is necessary or required.

84. No previous motion for the relief sought herein has been made to this or any other Court.

85. Bankruptcy Rule 6004(g) provides that "an order authorizing the use, sale, or lease of property other than cash collateral is stayed until the expiration of 10 days after the entry of the order, unless the court orders otherwise." Fed. R. Bankr. P. 6004(g). To facilitate the expeditious consummation of the Settlement Agreements, the Debtors request that any order approving this Motion be effective immediately upon its entry by providing that the ten-day stay shall not apply.

86. The Debtors have cited to the legal authorities upon which they rely within the body of the Motion. Accordingly, the Debtors respectfully submits that the Motion itself satisfies the requirement of Local Bankruptcy Rule 9013-1(b) that a memorandum of law be submitted herewith.

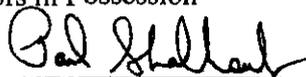
CONCLUSION

WHEREFORE, the Debtors respectfully request that the Court enter the proposed order, substantially in the form annexed as Exhibit A hereto, and grant such other and further relief as may be just or proper.

Dated: April 28, 2005

WILLKIE FARR & GALLAGHER LLP
Attorneys for Debtors and
Debtors in Possession

By:



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-and-

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EXHIBIT A

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

_____)	
In re)	Chapter 11 Cases
Adelphia Communications Corporation, <u>et al.</u> ,)	Case No. 02-41729 (REG)
Debtors.)	Jointly Administered
_____)	

**ORDER APPROVING THREE RELATED
AGREEMENTS BETWEEN THE DEBTORS AND THE
SECURITIES AND EXCHANGE COMMISSION, THE
DEBTORS AND THE DEPARTMENT OF JUSTICE,
AND THE DEBTORS AND THE RIGAS FAMILY**

Upon the motion dated April 28, 2005 (the "Motion") of the above captioned debtors and debtors in possession (collectively, the "Debtors") for entry of an order, pursuant to Bankruptcy Rule 9019 and sections 105 and 363 of the Bankruptcy Code, approving three related agreements between the Debtors and the Securities and Exchange Commission, the Debtors and the Department of Justice, and the Debtors and the Rigas Family (the "Motion"); and the relief requested in the Motion being in the best interests of the Debtors and their estates and creditors and supported by sound business reasons; and the Court having reviewed the Motion and having heard the statements in support of the relief requested therein at a hearing before the Court (the "Hearing"); and the Court having determined that the bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein; and upon all of the proceedings had before the Court in and the full record of these cases; and after due deliberation and sufficient cause appearing therefor, it is

FOUND AND DETERMINED THAT:¹

A. The Court has jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334 and the Standing Order of Referral of Cases to Bankruptcy Court Judges of the District Court for the Southern District of New York, dated July 19, 1984 (Ward, Acting C.J.). The relief requested in the Motion is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

B. Due and proper notice of the Motion was provided as set forth in the Motion, and no other or further notice need be provided.

C. The Settlement Agreements² are fair, reasonable and appropriate.

D. The Debtors have demonstrated sound business justification for this Court authorizing the Settlement Agreements.

E. The Settlement Agreements are fair and reasonable, provide a benefit to the Debtors' estates and parties in interest in these cases, and should be approved.

F. Payments to be made in connection with the Settlement Agreements are (a) an actual and necessary cost and expense of preserving the Debtors' estates, within the meaning of section 503(b) of the Bankruptcy Code, (b) of benefit to the Debtors' estates, and (c) reasonable and appropriate.

G. The entry of this Order is in the best interests of the Debtors and their estates, creditors and interest holders and all other parties in interest herein; and it is therefore

¹ Findings of fact shall be construed as conclusions of law and conclusions of law shall be construed as findings of fact when appropriate. See Fed. R. Bankr. P. 7052.

² Terms not otherwise defined herein have the meaning ascribed to them in the Motion.

ORDERED, ADJUDGED AND DECREED THAT:

1. The Motion is granted.
2. The Settlement Agreements are approved.
3. The Debtors are authorized and empowered to take such steps, expend such sums of money, and do such other things as may be necessary to implement and effectuate the terms and provisions of this Order and the Settlement Agreements.
4. Notwithstanding Bankruptcy Rule 6004(g), this Order shall not be stayed for ten (10) days after the entry hereof and shall be effective and enforceable immediately upon signature hereof.
5. This Court shall retain jurisdiction over any matters related to or arising from the implementation of this Order and the Settlement Agreements.

Dated: May __, 2005

HONORABLE ROBERT E. GERBER
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT B

U.S. Department of Justice

*United States Attorney
Southern District of New York*

*The Silvio J. Mollo Building
One Saint Andrew's Plaza
New York, New York 10007*

April 25, 2005

Alan Vinegrad, Esq.
Covington & Burling
1330 Avenue of the Americas
New York, New York 10019

Philip C. Korologos, Esq.
Boies, Schiller & Flexner, LLP
333 Main Street
Armonk, NY 10504

Re: *Adelphia Communications Corporation*

Dear Messrs. Vinegrad and Korologos:

On the understandings specified below, the Office of the United States Attorney for the Southern District of New York ("this Office") will not criminally prosecute: (1) Adelphia Communications Corporation, ("ACC"); (2) the subsidiaries listed in ACC's Form 10-K for fiscal year 2003; (3) the subsequently-formed or acquired subsidiaries listed on Exhibit S; and (4) any joint ventures in which Adelphia has or acquires a controlling interest (collectively, "Adelphia") for any crimes (except for criminal tax violations as to which this Office cannot and does not make any agreement) related to Adelphia's participation in the conduct set forth in the Superseding Indictment filed in *United States v. John J. Rigas, et al.*, (S2) 02 Cr 1236 (LBS) ("the Superseding Indictment") and in the complaint filed in *SEC v. Adelphia Communications Corp., et al.*, 02 CV 5776 (PKC) ("the SEC Complaint").

Moreover, if Adelphia fully complies with the understandings specified in this Agreement, no information provided by or on behalf of Adelphia or any testimony given by any then-current employees at the request of this Office (or any other information directly or indirectly derived therefrom) will be used against Adelphia in any criminal tax prosecution. This Agreement does not provide any protection against prosecution for any crimes except as set forth above, and applies only to Adelphia and not to any other entities or any individuals except as set forth herein. Adelphia expressly understands that the protections provided to Adelphia by this Agreement shall not apply to any successor entities, whether the successor's interest arises through a merger or plan of reorganization, unless and until such successor formally adopts and executes this Agreement. The protections arising from this agreement will not apply to any

purchasers of all or substantially all of the assets of Adelphia, unless such purchaser enters into a written agreement, on terms acceptable to the Office, agreeing in substance to undertake all obligations set forth in the Continuing Obligation To Cooperate paragraph, except for the obligations set forth in clause (e).

Continuing Obligation To Cooperate

It is understood that, in connection with any matter relating to Adelphia's operations, finances and corporate governance between 1997 and Adelphia's emergence from bankruptcy, Adelphia: (a) shall truthfully and completely disclose all information with respect to the activities of Adelphia, its officers and employees, and others concerning all such matters about which this Office inquires, which information can be used for any purpose, except as limited by the second paragraph of this agreement; (b) shall cooperate fully with this Office, the United States Postal Inspection Service ("USPIS"), and the United States Securities and Exchange Commission ("SEC"); (c) shall, at the Office's request, use its best efforts to secure the attendance and truthful statements or testimony of any officer, agent or employee at any meeting or interview or before the grand jury or at any trial or other court proceeding; (d) shall provide to this Office upon request, any document, record, or other tangible evidence relating to matters about which this Office or any designated law enforcement agency inquires; and (e) shall bring to this Office's attention all criminal conduct by or criminal investigations of Adelphia or its senior managerial employees which comes to the attention of Adelphia's board of directors or senior management, as well as any administrative proceeding or civil action brought by any governmental authority which alleges fraud by or against Adelphia. It is further understood that Adelphia shall commit no crimes whatsoever. Moreover, any assistance Adelphia may provide to federal criminal investigators shall be pursuant to the specific instructions and control of this Office and designated investigators. Adelphia's obligations under this paragraph shall continue until the later of (1) a period of two years from the date of this Agreement or (2) the date upon which all prosecutions arising out of the conduct described in the Superseding Indictment and the SEC Complaint are final.

Restitution And Remedial Obligations

It is understood that Adelphia shall take the remedial actions and provide for restitution to the victims of the fraud schemes set forth in the Superseding Indictment and the SEC Complaint, as set forth more fully below.

- (1) The United States intends to take title, or otherwise to clear title, to certain cable systems owned directly or indirectly by the entities identified on the attached Exhibit C, pursuant to civil and/or criminal forfeiture orders, as appropriate. In the event the United States obtains or clears title pursuant to a forfeiture, a settlement, or other legal action, Adelphia shall continue to manage and operate the Forfeited Managed Entities listed on Exhibit C pursuant to the terms and conditions of the existing management agreements and understandings and shall not terminate those management agreements unless and until the earlier of such time as: (a) sixty days after this Office provides Adelphia with written notice of a

breach of this Agreement; (b) the Forfeited Managed Entities are conveyed by the United States to Adelphia or its designee, or such conveyance is otherwise effected, pursuant to a petition for remission of forfeiture or otherwise; (c) the Forfeited Managed Entities are sold by the United States; or (d) the passage of eighteen months' time from the signing of this agreement.

- (2) Adelphia shall provide restitution in the amount of \$715 million to ACC security-holders who were victims of the fraud schemes. Payment shall be made to the United States, which will disburse restitution to victims in such forms and amounts as determined by the Attorney General and the SEC, in their sole discretion, subject to any applicable court approval process. This Office and the SEC will provide Adelphia with a reasonable opportunity to present any views concerning the fund before final distribution decisions are made. Adelphia shall make such payment:
 - (a) In the event of a standalone emergence of Adelphia from bankruptcy, (i) \$600 million of common stock of the reorganized Adelphia, and (ii) \$115 million of an interest in a litigation trust ("the Trust") to be funded by recoveries obtained by Adelphia or its designee in certain adversary proceedings in bankruptcy and other claims, which interest shall share a first priority with claims of unsatisfied senior creditors and shall enjoy a liquidation preference entitling the holder to receive 50% of the initial net recoveries until up to \$115 million has been distributed on account of such interest in the Trust. The common stock portion of this payment will be valued at the valuation fixed for such stock by the bankruptcy court in connection with Adelphia's approved plan of reorganization.
 - (b) In the event of a sale of Adelphia or substantially all of its assets, (i) up to \$400 million of common stock of Adelphia's purchaser, (ii) \$115 million of an interest in the Trust, which interest shall share a first priority with claims of unsatisfied senior creditors and shall enjoy a liquidation preference entitling the holder to receive 50% of the initial net recoveries until up to \$115 million has been distributed on account of such interest in the Trust, and (iii) the balance consisting of not less than \$200 million in cash. The cash portion of this payment is conditioned upon a sale of Adelphia or substantially all of its assets for an amount that includes at least \$10 billion in cash. The substitution of cash for common stock, as provided for above, shall be at Adelphia's sole option. The common stock portion of this payment will be valued at the valuation fixed for such stock by the bankruptcy court in connection with Adelphia's approved plan of reorganization.
- (3) Adelphia's payment obligations under paragraph (2), above, shall be contingent upon the United States obtaining and then conveying, or otherwise effecting the conveyance, to Adelphia or its designee, through a petition for remission or

otherwise at the discretion of the Attorney General, of full and clear title, free and clear of all liens, claims, encumbrances or adverse interests, to: (a) all capital stock, partnership, and/or other direct or indirect ownership interests in the Forfeited Managed Entities; (b) the assets listed on Section B of Exhibit E to this Agreement; and (c) at Adelpia's option, the securities listed on Exhibit F or the capital stock, partnership and/or other ownership interests of the Other Forfeited Entities listed on Exhibit C that directly, or indirectly, own any of the securities listed on Exhibit F. Such transfer shall be effectuated as soon as reasonably practicable after the entry of a final order of forfeiture as to such properties, but in no event later than confirmation of a plan of reorganization.

- (4) Unless extended on consent of this Office and the SEC, which consent shall not be unreasonably withheld, Adelpia shall make the payments called for in paragraph (2), above, on or before the earlier of: (a) October 15, 2006; (b) 120 days after confirmation of a standalone plan of reorganization; or (c) seven days after the first distribution of stock or cash, as the case may be, to creditors under any plan of reorganization. In the event of cash recoveries by Adelpia of any claims that are or will be made part of the Trust, 50% of such recoveries shall be invested in government-issued securities, with an amount equal to the value of such securities, plus accrued interest, to be paid as described in paragraph (2) above at the time that a plan of reorganization of Adelpia is consummated.
- (5) In order to effectuate the forfeiture of other interests in, and conveyance of title to Adelpia of, the property listed in paragraph 3, above, Adelpia agrees to take such actions as are necessary to: (a) agree not to assert claims against the Rigas Family, as that term is described in Exhibit A, other than John J. Rigas, Timothy J. Rigas, and Michael Rigas, as set forth in the Adelpia/Rigas Agreement, and (b) provide for payment of counsel fees for the Forfeited Managed Entities (as set forth in Exhibit C) and the Rigas Family as required in the Adelpia/Rigas Agreement; and (c) give effect to the conveyance of the ownership interests in Bucktail Broadcasting Corp. currently held by Highland Video Associates, L.P., to members of the Rigas Family other than John J. Rigas, Timothy J. Rigas and Michael J. Rigas. This Office agrees to assist and cooperate with Adelpia in obtaining all necessary governmental consents and approvals (including, to the extent necessary, the consent of local franchise authorities) for the transfer of title to the entities listed on Exhibit C to Adelpia or its designee.

Additional Obligations

It is understood that, should Adelpia commit any crimes subsequent to the date of signing of this Agreement, or should it be determined that Adelpia has given false, incomplete, or misleading testimony or information, or should Adelpia otherwise violate any provision of this Agreement, Adelpia shall thereafter be subject to prosecution for any federal criminal violation of which this Office has knowledge, including perjury and obstruction of justice. The running of the statute of limitations with respect to any such prosecution that is not time-barred

Alan Vinegrad, Esq.
Philip Korologos, Esq.
April 25, 2005
Page 5

by the applicable statute of limitations on the date of the signing of this Agreement shall be tolled from the date hereof until the aforementioned period of cooperation has expired, subject to the further tolling provision set forth below in the event the bankruptcy court denies approval of this agreement. It is the intent of this Agreement to waive all defenses based on the statute of limitations with respect to any such prosecution that is not time-barred on the date that this Agreement is signed, to the extent set forth above.

It is understood that if it is determined that Adelphia has committed any crime after signing this Agreement or has given false, incomplete, or misleading testimony or information, or has otherwise violated any provision of this Agreement, (a) all statements made by Adelphia to this Office, the SEC, or other designated law enforcement agents, and any testimony given by any then current officer, agent or employee of Adelphia before a grand jury or other tribunal, whether prior to or subsequent to the signing of this Agreement, and any leads from such statements or testimony shall be admissible in evidence in any criminal proceeding brought against Adelphia; and (b) Adelphia shall assert no claim under the United States Constitution, any statute, Rule 11(e)(6) of the Federal Rules of Criminal Procedure, Rule 410 of the Federal Rules of Evidence, or any other federal rule that such statements or any leads therefrom should be suppressed. It is the intent of this Agreement to waive all rights in the foregoing respects.

It is understood that Adelphia must obtain court approval of this settlement pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure. Within ten business days of the execution of this agreement by all parties, and execution of a consent judgment between Adelphia and the SEC, Adelphia shall move the bankruptcy court for such approval. If such approval is not granted by May 30, 2005 or such other date as may be set for the sentencing of John J. Rigas and Timothy J. Rigas by the Hon. Leonard B. Sand, U.S.D.J., neither this Office nor Adelphia will be bound by any of the provisions of this Agreement, except that, until December 31, 2005: (a) Adelphia shall remain bound by the provisions of this agreement tolling the statute of limitations; and (b) Adelphia shall continue to operate and manage the Forfeited Managed Entities pursuant to the terms of the existing management agreements and understandings.

It is further understood that this Agreement does not bind any federal, state or local prosecuting authority other than this Office. This Office will, however, bring the cooperation and remedial actions of Adelphia to the attention of other prosecuting offices, if requested by Adelphia.

Alan Vinegrad, Esq.
Philip C. Korologos, Esq.
April 25, 2005
Page 6

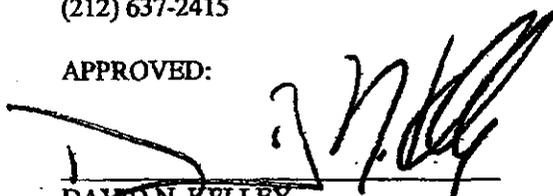
With respect to this matter, this Agreement supersedes all prior, if any, understandings, promises and/or conditions between this Office and Adelpia. No additional promises, agreements, and conditions have been entered into other than those set forth in this letter and none will be entered into unless in writing and signed by all parties.

Very truly yours,

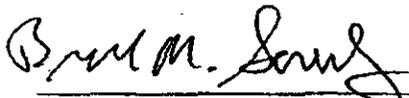
DAVID N. KELLEY
United States Attorney

By: 
Richard D. Owens
Assistant United States Attorney
(212) 637-2415

APPROVED:


DAVID N. KELLEY
United States Attorney

AGREED AND CONSENTED TO:



4/25/05

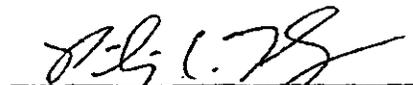
Pursuant to Authority Conveyed
By Resolution of the Board of
Directors of Adelpia
Brad Sunnen - Executive Vice President

DATE

APPROVED:

Alan Vinegrad, Esq.
Attorney for Adelpia

DATE


Philip C. Korologos, Esq.
Attorney for Adelpia

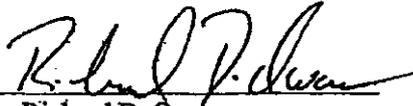
4/25/05
DATE

Alan Vinegrad, Esq.
Philip C. Korologos, Esq.
April 25, 2005
Page 6

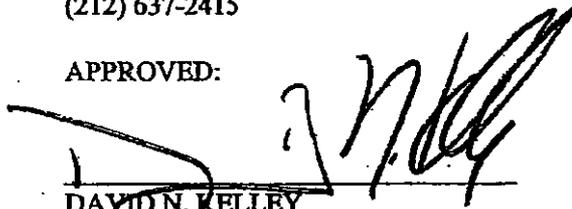
With respect to this matter, this Agreement supersedes all prior, if any, understandings, promises and/or conditions between this Office and Adelpia. No additional promises, agreements, and conditions have been entered into other than those set forth in this letter and none will be entered into unless in writing and signed by all parties.

Very truly yours,

DAVID N. KELLEY
United States Attorney

By: 
Richard D. Owens
Assistant United States Attorney
(212) 637-2415

APPROVED:

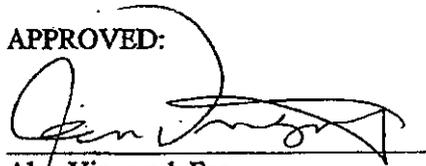

DAVID N. KELLEY
United States Attorney

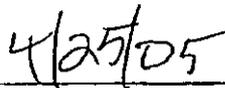
AGREED AND CONSENTED TO:

Pursuant to Authority Conveyed
By Resolution of the Board of
Directors of Adelpia

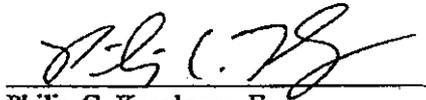
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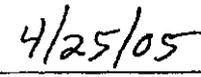
APPROVED:


Alan Vinegrad, Esq.
Attorney for Adelpia


4/25/05

DATE


Philip C. Korologos, Esq.
Attorney for Adelpia


4/25/05

DATE

EXHIBIT A
INDIVIDUALS AND ENTITIES INCLUDED IN THE "RIGAS FAMILY"

John J. Rigas
Doris Rigas
Michael J. Rigas
Timothy J. Rigas
James P. Rigas
Mary Ann Rigas, M.D.
Ellen Rigas Venetis
The entities listed on Exhibit C
Bucktail Broadcasting Corp.
Coudersport Television Cable Co.
Coudersport Theatre
Demetrios, Inc.
Dobaire Designs
Dorellenic
Dorellenic Cable Partners
Doris Holdings, L.P.
Eleni Acquisition, Inc.
Eleni Interiors, Inc.
Ergoarts, Inc.
Gristmill Properties, Inc.
Highland 2000, LLC
Highland 2000, L.P.
Highland Communications, LLC
Highland Holdings
Highland Holdings II, G.P.
Highland Holdings Puerto Rico, LLC
Highland Preferred Communications, LLC
Highland Preferred Communications 2001, LLC
Iliad Holdings, Inc.
Island Partners, Inc.
Kostas LLC
NCAA Holdings, Inc.
Niagara Frontier Hockey, L.P.
Patmos, Inc.
Persephone Enterprises, Ltd.
Preston Motors, Inc.
RFP Cable Holdings, Inc.
Rigas Entertainment, Ltd.
Rigas Investments, LLC
Rigas Investments L.P.
Roumali, Inc.
SAGIR, Inc.
Songcatcher Films, LLC
Syracuse Hilton Head Holdings, L.P.
Wending Creek 3656, LLC
Wending Creek Farms, Inc.
Zito Corporation
Zito L.P.

EXHIBIT C

FORFEITED MANAGED ENTITIES

Adelphia Cablevision Associates of Radnor, L.P.
Adelphia Cablevision of West Palm Beach, LLC
Adelphia Cablevision of West Palm Beach II, LLC
Cablevision Business Services, Inc.
Desert Hot Springs Cablevision, Inc.
Henderson Community Antenna Television, Inc.
Highland Carlsbad Cablevision, Inc.
Highland Carlsbad Operating Subsidiary, Inc. (f/k/a Daniels Cablevision, Inc.)
Highland Prestige Georgia, Inc.
Highland Video Associates, L.P.¹
Hilton Head Communications, L.P.
Ionian Communications, L.P.
Montgomery Cablevision Associates, L.P.
Prestige Communications, Inc.

OTHER FORFEITED ENTITIES

Dorellenic
Dorellenic Cable Partners
Doris Holdings, L.P.
Eleni Acquisition, Inc.
Highland Holdings
Highland Holdings II, G.P.
Highland 2000 L.P.
Highland 2000 LLC
Illiad Holdings, Inc.
NCAA Holdings, Inc.

¹ Highland Video Associates, L.P., a Forfeited Management Entity, owns part of Bucktail Broadcasting Corp., and that ownership interest is not forfeited, but rather transferred to an entity for the benefit of the Rigas Family other than John J. Rigas and Timothy J. Rigas, immediately prior to forfeiture.

EXHIBIT E

FORFEITED REAL ESTATE

A. Section A: Property to be Forfeited and Retained by USA

1. Real property (30.0 acres - Tennessee Road) located in Hebron Township, Pennsylvania, designated as Plot Parcel 120-001-060-2 in Book 272, Page 580 of Potter County, purchase dated July 27, 1998;
2. Real property (2.260 acres - Lot 1 & Lot 49) Allegheny Township, Coudersport, Pennsylvania, designated as Plot/Parcel 020-003-016-1 in Book 0287, Page 0297 of Potter County, purchase dated August 16, 2000;
3. Real property (4.4 acres) Allegheny Township, Coudersport, Pennsylvania, designated as Plot/Parcel 020-002-006 in Book 0280, Page 0912 of Potter County, purchase dated June 26, 2000;
4. Real property (17.040 acres Lot 47) Hebron Township, Coudersport, Pennsylvania, designated as Plot/Parcel 120-001A-009B in Book 0282, Page 0539 of Potter County, purchase dated September 25, 2000;
5. Real property (20.000 acres - Rt. 343) located in Coudersport, Pennsylvania, designated as Plot/Parcel 120-001-063A in Book 0284, Page 0378 of Potter County, purchase dated January 15, 2001;
6. Real property (210.50 acres - Lot 72) Allegheny Township, Coudersport, Pennsylvania, designated as Plot/Parcel 020-004-011A in Book 0278, Page 0243 of Potter County, purchase dated December 20, 1999;
7. Real property (8.660 acres - Lot 30, Rt. 52037) Hebron Township, Coudersport, Pennsylvania, designated as Plot/Parcel 120-001A-052 in Book 0276, Page 0599 of Potter County, purchase dated September 14, 1999;

8. Real property (150.000 acres - Lot 112) Allegheny Township, Coudersport, Pennsylvania, designated as Plot/Parcel 020-003-019 in Book 0278, Page 0170 of Potter County, purchase dated December 14, 1999;
9. Real property (2.600 acres Rt. 49) Eulalia Township, Coudersport, Pennsylvania, designated as Plot/Parcel 080-005-005 in Book 0278, Page 0929 of Potter County, purchase dated February 15, 2000;
10. Real property (52.430 acres Rt. 49) Allegheny Township, Coudersport, Pennsylvania, designated as Plot/Parcel 020-002-021-2 in Book 0274, Page 0675 of Potter County, purchase dated June 10, 1999;
11. Real property (1.090 acres) Allegheny Township, Coudersport, Pennsylvania, designated as Plot/Parcel 020-004-006-2 in Book 0271, Page 0104 of Potter County, purchase dated October 16, 1998;
12. Real property (420.190 acres - Lot 170) Hebron Township, Coudersport, Pennsylvania, designated as Plot/Parcel 120-001-014-1 in Book 0270, Page 0428 of Potter County, purchase dated August 6, 1998;
13. Real property (53.000 acres - Lot 99) Allegheny Township, Coudersport, Pennsylvania, designated as Plot/Parcel 020-003-017-1 in Book 0268, Page 0785 of Potter County, purchase dated May 18, 1998;
14. Real property (5.730 acres - Lot 3, Rt. 52037) Allegheny Township, Coudersport, Pennsylvania, designated in Book 0268, Page 0402 of Potter County, purchase dated April 17, 1998;
15. Real property (41.700 acres - Lot 86) Hebron Township, Coudersport, Pennsylvania, designated as Plot / Parcel 120-002-051 in Book 0267, Page 0797 of Potter county purchase dated March 24, 1998;

16. Real property (117.200 acres - Lot 86) Hebron township, Coudersport, Pennsylvania, designated as Plot/Parcel 120-002-022 in book 0267, Page 0797 of Potter County, purchase dated March 24, 1998;
17. Real property (24.100 acres Rt. 49 & 352) Hebron Township, Coudersport, Pennsylvania, designated as Plot/Parcel 020-001-002-1 in Book 0267, Page 0518 of Potter County, purchase dated January 23, 1998;
18. Real property (121.690 acres - Cobb Hill Rd.) Allegheny Township, Coudersport, Pennsylvania, designated as Plot/Parcel 020-003-016-7 in Book 278, Page 891 and Book 278, Page 884 and Book 276, Page 367 of Potter County, purchase dated January 24, 2000;
19. Real property (9.990 acres - Lot 2, Rt. 49) Allegheny Township, Coudersport, Pennsylvania, designated as Plot/Parcel 020-003-016-4 in Book 0288, Page 0490 of Potter County, purchase dated October 26, 2001;
20. Real property (85.000 acres - Lot 144) Allegheny Township, Coudersport, Pennsylvania, designated as Plot/Parcel 020-003-017A in Book 0284, Page 0048 of Potter County, purchase dated November 28, 2000;
21. Real property (41.620 acres) Allegheny Township, Coudersport, Pennsylvania, designated as Plot/Parcel 020-003-021-1 in Book 0285, Page 0509 of Potter County, purchase dated April 4, 2001;
22. Real property (2.380 acres - Lot 63, Rt. 52037) Allegheny Township, Coudersport, Pennsylvania, designated as Plot / Parcel 020-004-006-3 in Book 274, Page 0096 of Potter County, purchase dated May 10, 1999;

23. Real property (5.000 acres Rt. 343) Hebron Township, Coudersport, Pennsylvania, designated as Plot/Parcel 020-001-063-1 in Book 0284, Page 0373 of Potter County, purchase dated January 15, 2001;
24. Real property (0.73 acres) Ulysses Township, Coudersport, Pennsylvania, designated as Plot/Parcel 290-012A-025 in Book 0287, Page 0537 of Potter County, purchase dated August 30, 2001;
25. Real property (42.500 acres - Lot 90) Allegheny Township, Coudersport, Pennsylvania, designated as Plot/Parcel 020-003-022-1 in Book 0287, Page 0991 of Potter County, purchase dated October 1, 2001;
26. Real property (29.958 acres) Hebron Township, Coudersport, Pennsylvania, designated as Plot/Parcel 120-001-006A in Book 0275, Page 0823 of Potter County, purchase dated August 5, 1999;
27. Real property (28.220 acres - 1607 Rt. 49) Allegheny Township, Coudersport, Pennsylvania, designated as Plot/Parcel 020-002-014 in Book 0289, Page 0051 of Potter County, purchase dated December 5, 2001;
28. Real property (100.00 acres - Colesburg Rd.) located in Coudersport, Pennsylvania, designated as Plot/Parcel 080-005-002A in Book 0289, Page 0446, of Potter County, purchase dated August 15, 2001;
29. Real property (5.453 acres - Lot 4, Rt. 49) Allegheny Township, Coudersport, Pennsylvania, designated as Plot/Parcel 020-003-016-2 in Book 0287, Page 0750 of Potter County, purchase dated September 14, 2001;
30. Real property (2.103 acres - Rt. 449) Ulysses Township, Coudersport, Pennsylvania, designated as Plot/Parcel 290-012A-024 in Book 0287, Page 0117 of Potter County, purchase dated August 6, 2001;

31. The spousal entireties interest of John J. Rigas in real property (Condominium B Greystone, Unit 18 B Lot 1), Eagle County, Colorado, recorded in Book 550, Page 348 of Eagle County;

32. Real property (Condominium B One Beaver Creek, Unit R-62), Eagle County, Colorado, designated as Plot/Parcel 210524138015 in Book 0744, Page 0979 of Eagle County;

33. Real property (Condominium -- The Saratoga, Unit 23C), East 75th Street, New York, New York;

B. Section B: Other Property to be Forfeited

34. Real property (21,526 sq. ft. B Lots 10, 11 & 12) Borough of Punxsutawney, Pennsylvania, recorded in the Office of the Recorder of Deeds of Jefferson County, Pennsylvania in Deed Book Volume 460, Page 935, purchase dated October 1, 1979;

35. Two parcels of real property cumulatively totaling approximately 1.034 acres constituting an office building at Pope Avenue and College Center Blvd. in the Town of Hilton Head Island, Beaufort County, South Carolina identified as Tax Map # s 55-15-75 and 55-15-361;

36. Real property located at 102 Main Street, Coudersport, Pennsylvania;

37. Real property (Adelphia Data Center) located at 510 and 512 Bank Street, Coudersport, Pennsylvania;

38. Approximately 2 acres on Blair Drive in Blairsville, Indiana County, PA utilized by Highland Video Associates, LP (former Serwinski property) (parcel no. 06-006-100.3F);

39. Approximately 37,000 square feet on Freeport Road, Harrison Township, Allegheny Co., PA held in the name of Highland Holdings (former Clear Channel property) (parcel no. 2835-5-00065);

40. Property in Orchard Park, Erie Co., NY, held in the name of Adelpia Dorellenic, GP (parcel Nos. 146001 555.00-99-1; 146001 555.00-90-4.1; 146001 555.00-90-4.2; 146001 555.00-90-4.3);

41. Office Building in Niagara Falls, Erie Co., NY held in the name of Dorellenic (parcel No. 2911001444.4 2-2-16) (former Electric Refrigeration Co.);

42. 7 Water St., Coudersport, PA; and

43. Any and all right, title and interest in any and all time share properties in Cancun, Mexico owned by any of the Rigas Parties or any entity owned or controlled by the Rigas Parties.

EXHIBIT F
FORFEITED SECURITIES

All securities issued by Adelphia (including its subsidiaries) owned directly or indirectly by the Rigas Family, including without limitation:

<u>DATE</u>	<u>SECURITY</u>	<u>SHARES/FACE</u>
05/14/1992	ADLAC Class A common	750,000
01/14/1994	ADLAC Class A common	5,832,604
07/03/1997	ADLAC Class C preferred	9,433,962
08/18/1998	ADLAC Class A common	3,166,311
01/14/1999	ADLAC Class A common	3,000,000
05/31/1999	ADLAC Class B common	97,932
01/21/2000	ADLAC Class B common	5,901,522
04/30/2000	ADLAC Class A common	637,878
07/03/2000	ADLAC Class B common	2,500,000
02/01/2001	ADLAC Class A common	100,000
10/20/2001	ADLAC Class B common	5,819,364
10/20/2001	6% Conv Sub Notes (\$55.49)	167,376,000
01/22/2002	3.25% Conv Sub Notes (\$43.758)	400,000,000
08/02/2002	ADLAC Class B common	7,500,000
08/12/2002	7.5% Series E Pfd (\$25.75)	2,000,000
	[Series A Preferred Stock in U.S. Telemedia Investment Company]	

EXHIBIT S

NON-DEBTOR SUBSIDIARIES

Non-Debtor Subsidiary
ACC Properties Holdings, LLC (DE)
ACC Properties (JB), LLC (DE)
ACC Properties 1, LLC (DE)
ACC Properties 4, LLC (DE)
ACC Properties 6, LLC (DE)
ACC Properties 103, LLC (DE)
ACC Properties 105, LLC (DE)
ACC Properties 106, LLC (DE)
ACC Properties 109, LLC (DE)
ACC Properties 121, LLC (DE)
ACC Properties 122, LLC (DE)
ACC Properties 123, LLC (DE)
ACC Properties 124, LLC (DE)
ACC Properties 130, LLC (DE)
ACC Properties 146, LLC (DE)
ACC Properties 148, LLC (DE)
ACC Properties 149, LLC (DE)
ACC Properties 150, LLC (DE)
ACC Properties 151, LLC (DE)
ACC Properties 152, LLC (DE)
ACC Properties 154, LLC (DE)
ACC Properties 156, LLC (DE)