

T. Rigas Decl.

UNITED STATES DISTRICT COURT FOR THE
SOUTHERN DISTRICT OF NEW YORK

UNITED STATES OF AMERICA

v.

JOHN J. RIGAS, TIMOTHY J. RIGAS,
MICHAEL J. RIGAS, and MICHAEL C. MULCAHEY

02 Cr. 1236 (LBS)

DECLARATION OF TIMOTHY J. RIGAS

1. I am the former Chief Financial Officer of Adelphia Communication Corp. and was also a member of Adelphia's Board of Directors.

2. The events that led to Adelphia's downfall were triggered on March 27, 2002, when Adelphia made a number of disclosures, one of which related to borrowings by Rigas Family Entities under a co-borrowing arrangement with Adelphia. These disclosures were approved by, and not controversial to, Adelphia's Board of Directors, internal accounting personnel, outside auditors or outside counsel. In the days immediately following those disclosures, and with an already sluggish stock market, the price of Adelphia's stock dropped and government investigations began.

3. Buchanan Ingersoll, which had been the sole outside counsel for the Rigas family and Adelphia for nearly two decades, suggested that it would be best for the Rigas family to obtain separate representation with respect to these issues, while Buchanan continued to represent Adelphia.

4. Based upon Buchanan's advice, and having little knowledge of other law firms, I contacted our financial advisors (Salomon Smith Barney). Salomon expressed the view that the initial market reaction to the disclosure would be short-term, that much information about Adelphia's co-borrowing arrangement was already in the market and that confidence in the

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Company would be restored. I asked Salomon to recommend counsel who could represent us. Salomon suggested Stephen Fraidin at the Fried Frank law firm.

5. On Easter Sunday, 2002, members of my family and I met with Mr. Fraidin and Mark Stein with Fried Frank to discuss the possibility of Fried Frank representing the Rigas family in lieu of Buchanan Ingersoll.

6. Fried Frank agreed to undertake the representation. It was to be paid by Adelphia for this legal work. Mr. Fraidin stated that, based upon his review of the situation, he did not believe that there was a conflict of interest between the Rigases and Adelphia. He thought that Fried Frank could be more effective if it also represented Adelphia. He stated that, if a conflict arose, Fried Frank would continue to represent the Rigases and resign from representing Adelphia.

7. Thus, our understanding was that Fried Frank was representing both the Rigas family individually and Adelphia. Fried Frank never notified us that it believed a conflict existed or formally resigned from representing us.

8. Around April of 2002, an associate of mine suggested that we might want to bring in an attorney we knew, and who had a better understanding of Adelphia, to complement Fried Frank. Accordingly, my family and I hired Michael Snyder, a partner at Reed Smith who had formerly been with Buchanan Ingersoll, to represent us. Reed Smith agreed to take on the representation and stated that any conflicts of interest that might have existed with respect to the Adelphia situation had been waived. Mr. Snyder attended certain meetings on our behalf. However, approximately six weeks after undertaking the representation, Reed Smith advised us that it had determined that it *did* have a disqualifying conflict of interest, and would need to withdraw from representing us. Reed Smith did not elaborate as to what caused it to change its

mind as to the existence of an alleged conflict, but this withdrawal took place after the time that Adelphia started holding meetings with the government. Additionally, it became clear at some point that Fried Frank was representing Adelphia exclusively and ignoring the interests of the Rigas family.

9. Between March 27, 2002 and May 23, 2002, Adelphia's Board of Directors had multiple discussions, some of which occurred during formal board meetings, regarding whether it would be appropriate to indemnify and advance defense costs to Adelphia's officers and directors in regard to events arising out of a possible government investigation. These discussions included attorneys from Adelphia's long-time counsel Buchanan Ingersoll, along with lawyers from Fried Frank.

10. All persons present during these discussions agreed that indemnification was appropriate. In particular, directors Leslie Gelber and Dennis Coyle were very outspoken that Adelphia should post significant retainers with various law firms and place millions of dollars in escrow in order to ensure that, regardless of what ultimately happened, all of Adelphia's officers and directors, including the Rigases, had sufficient funds from the Company to pay defense costs..

11. Mr. Gelber and Mr. Coyle contacted David Boies of the Boies Schiller law firm about teaming up with Fried Frank to represent the Company, as well as representing Gelber and Coyle individually. We met with Mr. Boies, who indicated that he had reviewed the situation and spoken with Messrs. Gelber and Coyle. Mr. Boies expressed his opinion that Adelphia's situation was not like that of Enron or some other companies then being investigated by the SEC, rather one that merely needed to be explained to the SEC. He further stated that, based upon his conversations with Mr. Gelber and Mr. Coyle, Adelphia's outside directors had been aware of

and approved all of the transactions and agreed they were proper. Based upon this, Mr. Boies stated that there was no conflict in his firm representing Adelpia, the Rigases and the outside directors. Subsequently, he advised that, although there was still no conflict, the Rigas family should retain Glenn Mitchell, an attorney with whom Mr. Boies had worked and was comfortable, so that we would have our own separate counsel for any possible court proceedings. Mr. Mitchell would support Mr. Boies' firm so that a coordinated strategy could be followed. Mr. Mitchell subsequently resigned as counsel after our relationship with Mr. Boies' clients became adversarial.

12. Additionally, Adelpia hired counsel for several members of its accounting department, as well as separate counsel for Adelpia Vice President of Finance, James Brown. My family retained Paul Grand at the Morvillo law firm, who was recommended by Boies, to represent us with respect to government investigations. It was agreed that Adelpia would pay all of these legal costs.

13. Carla Brown-Horn, an in-house attorney with Adelpia, was charged with coordinating among the law firms retained, obtaining retention letters and reviewing legal invoices. To the best of my recollection, prior to June 2002, I was never asked to pay for legal services rendered to me. I understand that those charges were to be paid by Adelpia.

14. In mid-May, 2002, we received word that some of Adelpia's directors had an urgent need to meet with us. A late night meeting with Adelpia directors Erland Kailbourne and Peter Metros was held at the Rigas family home in Coudersport, Pennsylvania.

15. During that meeting, Mr. Kailbourne asked my father, John Rigas, to resign as Chairman and CEO of Adelpia. Mr. Kailbourne and Mr. Metros stressed that my father would always be an important part of the Company and would maintain an office at Adelpia, have

access to Adelphia employees and serve as the Company's Chairman Emeritus. However, Mr. Kailbourne stated that Adelphia was facing significant pressure from the government and market forces, such that the Company's future required a new public face. He indicated that, once the issues confronting the Company had been resolved, my father would return to a more formal role with the Company. For the good of the Company, my father agreed to resign. At that time, it was discussed that other Rigas family members would continue in pivotal roles with the Company.

16. Later, David Boies suggested that I resign my position as Adelphia's Chief Financial Officer, but remain on Adelphia's Board of Directors and continue to serve Adelphia as a consultant. I was to receive a severance package. For the good of the Company, I also agreed to resign as CFO. I believed that once the issues confronting the Company had been resolved, I would return to a more formal role with Adelphia. Furthermore, I knew that Mr. Kailbourne and the other individuals who would assume leadership positions had no experience running a cable company and assumed that they would require the continued involvement of the Rigas family.

17. On or about May 14 or 15, 2002, a meeting/conference call occurred with various Adelphia directors and outside counsel. Some participants (including myself) attended the meeting in Adelphia's Executive Conference Room while others participated by telephone. During that meeting, Audrey Strauss, an attorney with Fried Frank, reported on discussions she had with the government. Ms. Strauss advised that the government was taking the position that Adelphia was not cooperating with the government's investigation. Ms. Strauss further conveyed the government's comment that a continued failure to cooperate (as the government viewed it) would be met with serious consequences, which might include an indictment of

Adelphia. I was stunned by this report, and asked Ms. Strauss what more we could have done. She could not articulate any lack of cooperation by anyone associated with Adelphia. During that meeting, nobody pointed to anything that could or should have been done differently. Prior to this report, Fried Frank had never indicated that it believed we had done anything wrong.

18. On May 18, 2002, a meeting of the Board of Directors was held. During that meeting, Mr. Kailbourne and various attorneys reported on meetings with the SEC and the U.S. Attorney's office. As indicated in the minutes of that meeting, Mr. Kailbourne discussed written agreements with my father and me. One of Adelphia's attorneys suggested that the government was monitoring the negotiations over an agreement with the Rigas family and might not permit certain arrangements.

19. During the May 18 Board meeting, it was suggested by some of Adelphia's directors that my brothers Michael Rigas and James Rigas resign their positions of employment with Adelphia, and that all members of the Rigas family resign from the Board. Mr. Kailbourne reported that the government was demanding the Rigases' resignation and said it would be the only way to save the Company. However, he expressed his personal support for the Rigas family and indicated his continued belief that we had not engaged in any wrongdoing.

20. In order to facilitate the survival of the Company that my father had formed approximately fifty years ago, and to which my brothers and I had devoted our entire adult lives, we agreed to resign as directors and began negotiating an appropriate agreement.

21. During these negotiations, there was a significant amount of back-and-forth with Adelphia's attorneys on various issues. Among other things, the Rigas family reaffirmed that certain assets (including stock in Adelphia and the Rigas family's private cable company holdings) were available to repay their debts and to reassure the marketplace. In these

negotiations, two issues were of particular concern to my family and me. First, and most importantly, we required that Adelphia acknowledge its continuing obligation to pay our future legal costs in connection with all matters related to Adelphia. Second, we wanted the ability to appoint two non-family members to Adelphia's Board, in order to ensure that our family had continued access to information regarding matters being addressed by the Board and that nothing of significance regarding the Company or the investigation would be permitted to happen without our knowledge.

22. The Board's lead attorney during these negotiations was David Boies. During these negotiations, various representatives of Adelphia (including Mr. Kailbourne) repeated that Adelphia was in frequent contact with the government regarding these negotiations. On some occasions, Adelphia representatives stated that certain provisions under consideration might be difficult for the government to accept. However, Mr. Kailbourne and Mr. Boies consistently assured us that Adelphia would not cut off funding for our defense costs.

23. I specifically recall that during one call, Mr. Fraidin, a lawyer with Fried Frank, identified certain requests that he said came from the government. I later conveyed these thoughts to Mr. Boies. Mr. Boies essentially waived off these concerns, stating that he believed the terms being discussed were appropriate, and that he (Mr. Boies) would take care of working through any concerns that the government might have after the agreement was entered.

24. On May 23, 2002, we executed an Agreement memorializing the terms of our discussions with Adelphia, including our continued right to advancement/indemnification from Adelphia. I understood the 5/23 Agreement to be a valid and binding contract as to all parties, which was based upon the terms that were needed to save Adelphia, as well as our need to ensure a source of payment for our legal costs.

25. A true and correct copy of the 5/23 Agreement is attached hereto as Exhibit 1.

26. The day after entering into the 5/23 Agreement, Adelphia filed a form 8-K with the SEC, which advised that a Special Committee of Adelphia's Board was investigating certain transactions involving the Rigas family, and that it should not be assumed that the transactions discussed were approved by the Board of Directors or were the subject of arms-length negotiations. My family and I viewed the 8-K as false, misleading and a surprise attack on us, in that it was inconsistent with the message that Adelphia had sent prior to that time, *i.e.* that the Company did not believe that we had engaged in any wrongdoing but that our resignations were necessary to satisfy outside sources (such as the government and the capital markets) and move the Company forward. We simply could not see how this misleading 8-K was appropriate or beneficial to the Company.

27. Between May 23 and June 1 (the date on which Adelphia apparently determined that it would not pay defense costs for the Rigas family), I was not asked to cooperate with the Special Committee in any regard. Similarly, I was not asked to respond to any allegation that I had breached my duties to the Company. Moreover, from the time that we hired Fried Frank we authorized Fried Frank to hire an accountant (PriceWaterhouse) to assist its investigation. At all times when we remained in charge of Adelphia, we gave Fried Frank access to any Company documents or personnel it requested.

28. During the time period from Adelphia's decision to cease advancing defense costs through the conclusion of the criminal trial, the substantial majority of my personal assets consisted of Adelphia securities or ownership in the Rigas Family Entities (private companies owned by the Rigas family). Thus, almost all of my assets (which were always available for repayment of Rigas debt) were placed in trust as part of the 5/23 Agreement. Accordingly, I

needed to rely upon our right of advancement from Adelpia in order to ensure payment of my legal costs. As a result of an April 2005 settlement agreement with the government, all of my ownership interests in any material assets were either forfeited to the government or have been transferred to, or for the benefit of, other members of the Rigas family as consideration for their consent to the forfeiture of their assets to the government. The legal fund established in our settlement agreement with Adelpia has already been exhausted.

29. Following Adelpia's refusal to pay our defense costs, and having already been denied the ability to use Fried Frank or Reed Smith as our counsel, we made extensive efforts to retain another law firm having sufficient resources and expertise to handle a case of this complexity, which would supplement the work of our criminal defense attorneys. For instance, due to the sophisticated nature of the transactions under investigation, my family engaged the Dewey Ballentine law firm to supplement criminal counsel in analyzing the sophisticated business transactions at issue and developing a cohesive strategy for defending against the multi-faceted attack against us. Retaining such co-counsel was essential to my family and me, but we were required to terminate Dewey Ballentine due to a lack of funds to pay it.

30. Thus, Adelpia's refusal to pay our defense costs interfered with my ability to retain counsel of my choosing. As another example, we interviewed Kirkpatrick & Lockhart ("Kirkpatrick"), a Pittsburgh-based law firm that had been highly recommended to us. However, Kirkpatrick estimated a litigation budget of approximately \$15-20 million and required a substantial retainer. Due to our inability to pay that retainer or ensure the payment of such substantial fees, we were unable to hire the Kirkpatrick firm. We interviewed various New York law firms that we were unable to retain due to their fee requirements.

31. Additionally, we were forced to terminate lawyers who had provided us with valuable counsel on certain strategic and supplemental matters, including Michael Mitchell.

32. Furthermore, we wished to utilize our civil counsel, Dilworth Paxson, to perform certain projects related to the criminal case, but were limited in our ability to do so, due to the lack of funds and the requirement that Dilworth devote most of its efforts towards trying to obtain funds to pay our lawyers.

33. I had many conversations with defense counsel about trying to find money for defense costs. Because of the expected length of trial (which ended up taking four-and-a-half months) and my inability to secure a consistent source of funds for defense costs, defense counsel advised me that they would limit each firm's participation at trial to a single attorney per defendant, if we could not find more funds.

34. From Adelpia's decision to deny advancement, and throughout the entire calendar year of 2003, much of our legal efforts were directed at developing and pursuing strategies to obtain funds to pay our lawyers. Most of the litigation surrounding this issue unfolded in the bankruptcy court, where we were represented by our civil counsel, Dilworth Paxson. Our efforts to obtain funding for our defense costs were vigorously resisted by Adelpia.

35. Ultimately, the defendants in the Southern District of New York case (including my father and me) were able to obtain approximately \$27.8 million from the Rigas Family Entities to put towards defense costs. However, those funds were authorized by the bankruptcy court separately and at different times. The first authorization totaled \$15 million and was not provided until approximately October 2003 (about two-and-a-half months prior to the original trial date and four months prior to the actual trial). Additionally, these funds were to cover all

four defendants in the criminal case. Because of the large backlog of unpaid legal bills – much of which were expended on efforts to obtain defense funds rather than substantive criminal defense work – such funds were quickly exhausted. Thus, a second authorization was requested but not granted until the trial was already in progress.

36. As a result of Adelphia's failure to advance defense costs, our attorneys were unable to defend the case in the same way they would have if Adelphia had been advancing defense costs.

37. For instance, the case involved millions of pages of documents produced on cds. This information was not produced in searchable format. Because we were unable to pay our attorneys to review the millions of documents that had been produced in the case, we had to do much of our own document review from home, utilizing unsophisticated coding systems. The review was made even more difficult because the documents were produced in a format requiring that each page be individually reviewed versus being able to skip all pages in a single document. Because the cds were riddled with irrelevant documents, such as telephone books, not being able to advance to the next document without reviewing every individual page made the review tedious and time consuming.

38. The Rigas family also reviewed thousands of hard copy documents in hundreds of boxes.

39. At the time the family reviewed the cds and boxes, we had no idea regarding the scope of the government charges, which greatly expanded just before trial.

40. We also retained Navigant, a less expensive, non-attorney consultant to help organize our document review and focus on certain document issues. Thus, our attorneys were unable to conduct a detailed review of many of the documents in this case. Moreover, many of

the documents produced by Buchanan, which were not received until two to three months prior to trial, were never reviewed by anyone. Some of the CDs that we received from the government were corrupted and could not be reviewed, but we lacked the time or resources to follow-up.

41. The result of the ineffective document review was that documents that would have been crucial to the defense were missed and, therefore, unavailable at the time of trial.

42. For example, at trial, we did not locate before trial a 1999 memorandum from James Brown to the Adelphia Board regarding co-borrowing. Contrary to the government's arguments and contrary to Brown's trial testimony, the memorandum explicitly disclosed to the Board that the Rigases were using co-borrowed funds for their purchases of Adelphia stock. The memorandum was attached to letters from a dozen banks indicating that they knew and approved of the use of the funds for stock purchases.

43. Another crucial document that was turned over to the defense but never uncovered during the subpar document review was a 1998 correspondence between Carl Rothenberger and Bruce Booken (two of Adelphia's lawyers at Buchanan Ingersoll) that was part of the Buchanan production. This document reflects a conversation with Dean Marshall about how the Rigases could use Adelphia credit availability to fund purchases of stock.

44. Buchanan Ingersoll represented the Rigas family even before Adelphia became a public company and, was therefore, an important source of information regarding, among other things, Adelphia's historical practices relating to the transactions at issue in the criminal case.

45. Buchanan had hundreds of boxes of hard copy documents from the commencement of its representation of the Rigases through the mid-1990s in a warehouse in Western Pennsylvania. Because of funding issues, such documents were only briefly scanned over a day or two by a small team consisting of me, a former Adelphia employee and a junior

associate from our civil counsel. With such a limited review, we were unable to locate documents that I know would have assisted our defense.

46. Similarly, I do not believe that any meaningful review of Adelphia's public filings from 1986 through the mid-1990s occurred prior to trial. This information was critical to place the subsequent transactions at issue in the criminal trial into the proper context.

47. Additionally, it is my understanding that lack of resources – together with the prohibition against current Adelphia employees communicating with the Rigases or their representatives – limited my lawyers' ability to interview many potentially important third party witnesses.

48. Financial constraints also impaired their ability to prepare witnesses or retain appropriate experts. For instance, while I understand that James Brown (the prosecution's chief witness in the case at trial) spent approximately 400-500 hours preparing with the government, our limited financial resources did not allow a similar amount of time to be spent preparing for my potential testimony, which ultimately played a critical role in my decision not to testify.

49. Although each of the defendants was represented by separate counsel, Adelphia's failure to advance defense costs made it cost-prohibitive for each defendant to pay his respective attorneys to thoroughly understand all of the complex transactions and issues involved in the case. Accordingly, it was necessary for counsel to divide the various issues and transactions among them. Thus, although I was personally involved in many of the transactions and issues that were central to the government's case, I had to rely upon other counsel for the other defendants to rebut the government's argument on those issues.

50. Adelphia's decision to cut off defense costs also impacted other targets of the government's investigation. For instance, James Brown approached me in a panic when

Adelphia advised that it would no longer pay his legal costs. He asked the Rigas family for a loan to pay his legal costs and to contact our “wealthy friends” to attempt to get additional resources to pay defense costs. We agreed to lend him \$400,000 to partially cover a \$800,000-900,000 retainer request from his attorney. Mr. Brown indicated at the time that he did not think that anybody at the Company had done anything wrong. He believed the charges against him were defensible, but he was worried about how he would defend against charges arising out of such complex transactions without a source of funding for his defense attorneys. Confronted with these pressures, he eventually entered a guilty plea and became the government’s chief cooperating witness.

51. At the criminal trial, Adelphia’s counsel was in the courtroom and consulted with the government’s lawyers throughout the proceedings.

52. In early July, 2002, my criminal counsel was in talks with the government regarding the possibility that the government would bring criminal charges against me. I was told by my counsel that the government had advised that no charges would be brought until after Labor Day because the investigation was still progressing.

53. Within a week after the first meeting of the new Corporate Fraud Task Force on July 12, 2002, the media began reporting that we would soon be indicted.

54. My counsel, along with my father’s counsel, repeatedly requested over the course of the ensuing week that we be permitted to voluntarily surrender (something routinely permitted) but those requests were rejected.

55. Instead, the government arrested us on July 24, 2002 in a public “perp walk” in handcuffs in front of the media, which had clearly been tipped off to the arrests. Indeed, when we were first taken into custody the press and photographers had not yet arrived, so we were kept

in a room in a government building for approximately two hours and then escorted outside once the press had gathered so the press could see us and take our pictures in handcuffs."

56. Buchanan Ingersoll ("Buchanan") was first retained to represent the Rigas family in the early 1980's. When the decision was made to consolidated the majority of the cable companies owned by the Rigas family into a new public company under the name Adelphia Communications Corp., Buchanan represented the family and Adelphia in the initial public offering.

57. From that point until the Summer of 2002, Buchanan continued to represent both the Rigas family and Adelphia, essentially acted as outside general counsel.

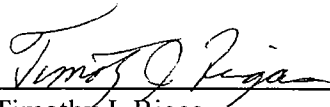
58. Buchanan partner, Carl Rothenberger, a securities and corporate governance attorney, led the team of Buchanan of attorneys representing the Rigas family and Adelphia. Mr. Rothenberger was involved in virtually all of the transactions and disclosures regarding the Rigas family and Adelphia during this period.

59. Following the Rigases' resignations from Adelphia, and notwithstanding the long attorney-client relationship between the Rigas family and Buchanan, neither Mr. Rothenberger nor any other Buchanan attorney would speak with our counsel regarding Buchanan's involvement in the over 15 years of transactions and disclosures regarding Adelphia and the Rigas family. The refusal of Buchanan to speak to our counsel had a devastating effect on our defense.

60. Doug Malone was Adelphia's Director of External Reporting. In that capacity, he had full and direct access to all of Adelphia's books and records, including those maintained on computer systems such as Adelphia's general ledger.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information and belief under 28 U.S.C. § 1746.

Executed on: October 2, 2011



Timothy J. Rigas

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AGREEMENT

This agreement, dated May 23, 2002, sets forth the essential terms of an agreement between Adelphia Communications Corporation ("Adelphia" or the "Company") and the Rigas Family, as defined herein.

1. The Rigas Family members (John Rigas, Tim Rigas, James Rigas and Michael Rigas, collectively with the entities directly or indirectly owned or controlled thereby, the "Rigas Family") will resign immediately from the Board of Directors of Adelphia. The Rigas Family members may designate two non-family members to be appointed to the Board until the earlier of December 31, 2006, the sale of the Family Cable Operations, or the repayment of the Rigas Family's obligations.

2. All Rigas Family members resign as officers of Adelphia effective immediately.

3. All stock owned by the Rigas Family will be placed in a voting trust until all obligations of the Rigas Family to the Company for loans, advances, or borrowings under the co-borrowing agreements or otherwise are satisfied. The voting trust will vote such shares as directed by the Special Committee through the Company's 2004 annual meeting and thereafter in proportion to the votes cast by all other shares.

4. The Rigas Family's Managed Entities (the "Family Cable Operations") will use all of their free cash flow to pay down the co-borrowing debt that is the primary liability of the Family. The Rigas Family will pledge their equity in all the Family Cable Operations to the Company until all obligations of the Rigas Family to the Company for loans, advances or borrowings under the co-borrowing agreements or otherwise are satisfied.

5. The Rigas Family agrees to transfer, and to do everything in their power to facilitate the transfer, of the stock or assets of the Family Cable Operations to the Company or a person or entity designated by the Company as requested by the Company in exchange for (a) an amount equal to the taxes incurred by the Rigas Family as a direct and necessary result of the transfer and (b) a reduction in the amount of the Family's primary obligation under the co-borrowing agreements equal to the difference between the appraised value of the stock and assets transferred and the amount of such taxes incurred. In requesting the transfer of stock or assets, the Company will make a reasonable effort to maximize the economic benefit to the Company. Interest shall accrue on the remaining balance under the co-borrowing agreements at a rate of 6% per annum, with such interest to be paid on December 31, 2006 or at such earlier time that the Rigas Family elects to repay the balance, which it is explicitly permitted to do.

The value of the assets transferred pursuant to this paragraph shall be established by independent appraisers selected by the Company and by the Rigas Family. (For this purpose, the Rigas Family may retain and/or may utilize the recent appraisal prepared for the Company by Dugan Financial, Inc., and the Company hereby consents to such use.) The respective appraisers will consult with each other and seek to reach agreement on such appraised values. If the difference between the appraisals is less than 15% of the higher appraisal, then the value of the systems will be deemed to be the average of the two appraisals; if the difference between the appraisals is more than 15% of the higher appraisal, then the two appraisers shall retain a third appraiser who shall appraise

such systems in consultation with the first two appraisers, and such third appraisal shall be binding.

6. The Company agrees that the Family Cable Operations that the Company reasonably concludes are not strategic (e.g., Coudersport, Dubois, Blairville, Hilton Head) or otherwise needed in connection with planned dispositions of assets shall, at the request of the Rigas Family, be appraised pursuant to the provisions in paragraph 5 above. If the Rigas Family or a third party pays the appraised amount to the Company to reduce the outstanding co-borrowing obligations, such assets will be released from the restrictions in paragraph 4 above.

7. All Company debt held directly or indirectly by the Rigas Family (approximately \$567 million) will be transferred to the Company in exchange for satisfaction of the \$202 million due under existing stock purchase agreements and a reduction of \$365 million in the amount of the Rigas Family's primary co-borrowing obligations.

8. All Adelpia shares owned directly or indirectly by the Rigas Family will be pledged to secure: (a) the repayment of co-borrowing facilities, and (b) to secure the undertaking to repay Adelpia for indemnification payments discussed in paragraph 11 below. To the extent permitted by Delaware law, the Company agrees not to seek any transfer or collection of such shares in connection with any effort to collect such balance prior to December 31, 2006; provided, however, that if prior to December 31, 2006, the lenders commence judicial or arbitration proceedings to collect the co-borrowing balance owed by the Rigas Family, the Company will be entitled to access pledged shares to satisfy that obligation.

9. The land in the Timber Deal will be transferred to the Company in exchange for a \$464,930 reduction in the amount of the Rigas Family's primary co-borrowing obligations.

10. The Company will honor its commitment to make the following severance arrangements for John Rigas: (a) cash compensation of \$1.4 million per year for three years, (b) healthcare coverage for him and his wife for the remainder of their lives, (c) the use of an office, computer and telephone equipment and secretary, (d) vested stock options exercisable for their term, and (e) the use of the Company planes for emergency reasons as available and as authorized by the Company (the "Severance Arrangements"). The Severance Arrangements will terminate if John Rigas is convicted of a felony.

11. The Company will provide indemnification to family members (according to the Bylaws and Delaware law) as long as Rigas Family members undertake to repay Adelpia per the Bylaws. This undertaking will be collateralized as per paragraph 8 above.

12. Adelpia reserves all of its rights to take action against the Rigas Family in the future. The Rigas Family reserves all of its rights to take action against the Company in the future. All statute of limitations are tolled.

13. The parties agree, intending to be legally bound, to the foregoing. The parties acknowledge that the implementation of this agreement will require the preparation and execution of definitive documentation and the approval, consent or other action of third parties. The parties will act in good faith and use their commercially reasonable efforts, separately and in cooperation with each other, to implement this agreement. To the extent the parties are not able to agree on definitive

documentation of this agreement, the parties agree to submit to binding arbitration pursuant to the rules of the American Arbitration Association to resolve the terms of the definitive documentation of this agreement.

14. In order to permit the Rigas Family to prepare financial statements for themselves and their affiliates and associates, including their tax returns, the Company will permit the Rigas Family and their representatives to have reasonable access to the books and records of the Company, its subsidiaries and the entities which are contributed.

15. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without regard to conflict of laws principles.

ADELPHIA COMMUNICATIONS CORPORATION

BY /s/ Erland E. Kailbourne

Chairman and Interim Chief Executive Officer
(with the authority of the Special Committee)

NAME:
TITLE:
DATE:

/s/ John J. Rigas

John J. Rigas

/s/ Michael J. Rigas

Michael J. Rigas

/s/ Timothy J. Rigas

Timothy J. Rigas

/s/ James J. Rigas

James J. Rigas