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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re	:	
	:	Chapter 11
ADELPHIA COMMUNICATIONS CORP., <u>et al.</u> ,	:	
	:	Case No. 02-41729 (REG)
Debtors	:	Jointly Administered
	:	
	:	
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**NOTICE OF APPLICATION OF OFFICIAL COMMITTEE OF EQUITY SECURITY
HOLDERS FOR APPROVAL, ON A FINAL BASIS, OF THE TRANSACTION FEE OF
CHANIN CAPITAL PARTNERS LLC AS FINANCIAL ADVISOR TO THE OFFICIAL
COMMITTEE OF EQUITY SECURITY HOLDERS**

PLEASE TAKE NOTICE that on September 15, 2003, the Official Committee of Equity Security Holders (the "Equity Committee") filed an application (the "Application") requesting the entry of an order pursuant to sections 327(a), 328(a) and 1103(a) of chapter 11 of title 11, United States Code, and Rules 2014(a), 2016 and 5002 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), and Local Bankruptcy Rule 2014-1, authorizing the employment and retention of Chanin Capital Partners LLC ("Chanin") as its financial advisor in the chapter 11 cases of the above-captioned debtors ("Debtors") *nunc pro tunc* to August 22, 2003.

PLEASE TAKE FURTHER NOTICE that following a hearing held on October 24, 2003, the Honorable Robert E. Gerber, United States Bankruptcy Judge (the "Bankruptcy Court"), signed an Order Pursuant to 11 U.S.C. §§ 327(a), 328(a) and 1103 and Federal Rules of Bankruptcy Procedure 2014, 2016 and 5002 Authorizing The Employment And Retention Of Chanin Capital Partners LLC As Financial Advisors To The Official Committee Of Equity Security Holders, in which the Bankruptcy Court approved (i) the Equity Committee's employment and retention of Chanin, on a final basis, as its financial advisor in the Debtors' chapter 11 cases, *nunc pro tunc* to August 22, 2003, and (ii) the Transaction Fee component of Chanin's compensation, as described below, on an interim basis pending a final hearing on the Application with respect to the Transaction Fee.

PLEASE TAKE FURTHER NOTICE that the following is a summary of the salient terms of the agreement between Chanin and the Equity Committee:

1. Chanin is to provide the following services:

a. General Financial Advisory Services.

- (a) Reviewing and analyzing the business, management, operations, properties, financial condition and prospects of the Debtors;
- (b) Reviewing the assumptions underlying the business plans and cash flow projections for the assets involved in any potential transaction;
- (c) Determining the reasonableness of the projected performance of the Debtors;

AUS	_____
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- (d) Monitoring, evaluating and reporting to the Equity Committee with respect to the Debtors' near term liquidity needs, material operational changes and related financial and operational issues;
- (e) Reviewing and analyzing all material contracts and/or agreements;
- (f) Identifying contracts and/or agreements that may be disadvantageous to the interests of the equity security holders of the Debtors (the "Shareholders");
- (g) Assisting in procuring and assembling any necessary validations of asset values; and
- (h) Providing ongoing assistance to the Equity Committee and the Equity Committee's legal counsel.

b. Investment Banking/Restructuring Services.

- (a) Evaluating the Debtors' capital structure and making recommendations to the Equity Committee with respect to the Debtors' efforts to reorganize their business operations and confirm a Plan;
- (b) Advising and assisting the Equity Committee in analyzing alternative reorganization strategies;
- (c) Reviewing and analyzing any and all plans of reorganization and disclosure statements (collectively, a "Plan") submitted to the Court for approval;
- (d) Evaluating the proposed Plan structure for the Debtors to ascertain its impact on the recovery available to all shareholders;
- (e) In connection with the Plan, advise and assist the Equity Committee in connection with the structuring by the Debtors of any new securities to be issued to creditors and Shareholders in full or partial satisfaction of such creditors' or Shareholders' claims or interests;
- (f) Providing ongoing analysis of the Debtors' financial condition, business plans, capital spending budgets, operating forecasts, management and the prospects for their future performance;
- (g) Reviewing and providing analysis of any valuations of the Debtors, as a whole and by system or other business unit, on a going concern basis and on a liquidation basis;
- (h) Reviewing and providing analysis of any proposed disposition of any material assets of the Debtors or any offers to purchase some or substantially all of the assets of the Debtors;
- (i) Assisting, if necessary, in the formation of a financing team, including third party professionals;
- (j) Assisting and/or participating in negotiations on behalf of the Equity Committee and/or other constituents with the Debtors or any groups affected by a Plan;

- (k) Assisting the Equity Committee in preparing documentation required in connection with supporting or opposing a Plan; and
- (l) At the Equity Committee's request and in conjunction with the Debtors' advisors, identifying and pursuing (i) potential buyers for the Debtors and/or its systems and (ii) potential new money investors.

2. Chanin is to be compensated as follows:

- a. Monthly Fee. A cash fee of One Hundred Fifty Thousand Dollars (\$150,000) per month payable on the 23rd day of each month (the "Monthly Advisory Fee") during the term of Chanin's engagement starting on September 23, 2003, with Chanin to be paid with respect to all Monthly Advisory Fees incurred from and after September 23, 2003; provided, however, that the Monthly Advisory Fee shall be reduced for any particular month by the amount of fees, if any, up to Fifty Thousand Dollars (\$50,000), to which Kroll Zolfo Cooper LLC is entitled for such particular month.
- b. Transaction Fee. A transaction fee (the "Transaction Fee") equal to the maximum of: (i) Three Million Dollars (\$3,000,000) upon the effective date of a Plan by which the Debtors emerge from chapter 11; or (ii) the sum of (a) Four Million Dollars (\$4,000,000) if each class, pursuant to the Plan, of preferred shareholders either (I) by affirmative class vote approves, or (II) is unimpaired under, such confirmed Plan, plus (b) Five Million Dollars (\$5,000,000) if either (I) the class of class A common shareholders by affirmative class vote approves, or (II) the class of class A common shareholders are not impaired by such Plan and at least four of the five largest holders of class A common shareholders do not; as of the date the Plan is confirmed, oppose confirmation of the Plan;¹ provided, however, that the Transaction Fee shall be reduced by Five Hundred and Fifty Thousand Dollars (\$550,000, the "Saybrook Reduction"); provided, further, that to the extent the Transaction Fee to be paid pursuant to this paragraph exceeds 3% of actual value, as of the Plan effective date, of recoveries pursuant to the Plan by equity holders (after taking into account the Saybrook Reduction), then the payment of such Transaction Fee shall be limited to 3% of the value distributed to equity holders (value of distributions for such purpose being determined in the same manner as distributions are valued pursuant to Exhibit B to that certain letter agreement dated July 16, 2002 between Greenhill & Co., LLC and the Official Committee of Unsecured Creditors in connection with the Debtors' chapter 11 cases); provided, however, that (a) the Transaction Fee hereunder shall never exceed 3% of the distribution to equity holders, and in the event that there is no distribution to such holders under a Plan, then the Transaction Fee shall be zero, and provided, further, for purposes of determining class votes, impairment, and Plan objections pursuant to this paragraph the votes, impairment and Plan objections of the Rigas family

¹ Saybrook Restructuring Advisors, LLC ("Saybrook"), rather than Chanin, would be entitled to the Transaction Fee if the Plan were confirmed on or before March 23, 2004, in accordance with the Equity Committee's engagement agreement with Saybrook that was previously approved by the Court.

members and entities affiliated with the Rigas family members shall be ignored.²

PLEASE TAKE FURTHER NOTICE that any objections to the Equity Committee's request for approval of the Transaction Fee on a final basis, must be in writing, shall conform to the Federal Rules of Bankruptcy Procedure and the Local Rules of the Bankruptcy Court, and shall be filed with the Bankruptcy Court electronically in accordance with General Order M-182 and shall be served upon (i) Bragar Wexler Egel & Morgenstern, LLP, Attorneys for the Equity Committee, 885 Third Avenue, Suite 3040, New York, New York 10019 (Attn: Peter D. Morgenstern, Esq.), (ii) Willkie Farr & Gallagher, Attorneys for the Debtors, 787 Seventh Avenue, New York, New York 10019 (Attn: Marc Abrams, Esq.), (iii) Kasowitz, Benson, Torres & Friedman LLP, Attorneys for the Official Committee of Unsecured Creditors, 1633 Broadway, New York, NY 10019 (Attn: Adam L. Shiff, Esq.), and (iv) the Office of the United States Trustee, 33 Whitehall Street, 21st Floor, New York, New York 10004 (Attn: Tracy Hope Davis, Esq.), so as to be actually received by all such parties no later than 4:00 p.m. (New York time) on December 30, 2003.

PLEASE TAKE FURTHER NOTICE that if no written objection to final approval of the Transaction Fee is timely filed and received by the parties set forth above, then an order approving the Transaction Fee to Chanin on a final basis will be submitted to the Court for approval without further notice or hearing or order of the Court.

PLEASE TAKE FURTHER NOTICE that if a written objection is timely filed and received by the parties set forth above, the Court will notify the moving and objecting parties of the date and time of the hearing and of the moving party's obligation to notify all other parties entitled to receive notice. The moving and objecting parties are required to attend the hearing, and failure to attend in person or by counsel may result in relief being granted or denied upon default.

Dated: New York, New York
November 6, 2003

BRAGAR WEXLER EAGEL &
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Equity Security Holders

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² For purposes of determining class votes, impairment, and Plan objections under the Transaction Fee, objections of the Rigas family members and all entities affiliated with, or related to, the Rigas family shall be ignored.