FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

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FILER

ADELPHIA COMMUNICATIONS CORP

CIK:**796486**| IRS No.: **232417713** | State of Incorp.:**DE** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **000-16014** | Film No.: **061216481**
SIC: **4841** Cable & other pay television services

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2006

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number: 0-16014

Adelphia Communications Corporation

(Exact name of registrant as specified in its charter)

Delaware	**23-2417713**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

5619 DTC Parkway
Greenwood Village, CO 80111
(Address of principal executive offices, including zip code)

(303) 268-6300
(Registrant' s telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):
Large accelerated filer ☐
Accelerated filer ☐
Non-accelerated filer ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ☐ No ☒

Number of shares of Class A common stock outstanding as of September 30, 2006: 228,692,414

Number of shares of Class B common stock outstanding as of September 30, 2006: 25,055,365

ADELPHIA COMMUNICATIONS CORPORATION AND SUBSIDIARIES
(Debtors-In-Possession)
Quarterly Report on Form 10-Q for the period ended September 30, 2006
Table of Contents

INTRODUCTORY NOTE

In this Quarterly Report, the “Company,” “we,” “us” and “our” refer to Adelphia Communications Corporation (“Adelphia”), its consolidated subsidiaries and other consolidated entities.

This Quarterly Report on Form 10-Q is for the quarterly period ended September 30, 2006. This Quarterly Report should be read in conjunction with our Annual Report on Form 10-K for the fiscal year ended December 31, 2005 (the “2005 Form 10-K”) and all of our other reports, including Current Reports on Form 8-K, filed with or furnished to the Securities and Exchange Commission (the “SEC”) through the date of this report. As disclosed in the 2005 Form 10-K, readers should not rely on Adelphia' s periodic and other reports filed with or furnished to the SEC prior to May 24, 2002.

As further described in Note 2 to the accompanying consolidated financial statements, on July 31, 2006 (the “Closing Date”), Adelphia completed the sale of assets, which in the aggregate comprise substantially all of its U.S. assets (the “Sale Transaction”), to Time

Warner NY Cable LLC ("TW NY"), a subsidiary of Time Warner Cable Inc. ("TWC"), the cable subsidiary of Time Warner Inc., and Comcast Corporation ("Comcast"). Proceeds from the Sale Transaction totaled approximately $17.4 billion, consisting of cash in the amount of approximately $12.5 billion (including approximately $503 million of cash held in escrow) and approximately 156 million shares of TWC Class A Common Stock (including approximately 6.1 million shares of such stock held in escrow) with an estimated fair value as of the Closing Date of approximately $4.9 billion. Such estimated fair value of the TWC Class A Common Stock as of July 31, 2006 was determined by the Company based on management' s review of projected discounted cash flows for TWC and market comparable data.

Effective July 21, 2006, Adelphia entered into the July 21, 2006 Second Amended and Restated Agreement Concerning Terms and Conditions of a Modified Chapter 11 Plan (the "Plan Agreement") with certain representatives of

the *ad hoc* committee of holders of ACC Senior Notes, the *ad hoc* committee of holders of ACC Senior Notes and Arahova Notes, the *ad hoc* committee of Arahova Noteholders, the *ad hoc* committee of holders of FrontierVision Opco Notes Claims and FrontierVision Holdco Notes Claims, W.R. Huff Asset Management Co., L.L.C., the *ad hoc* committee of ACC Trade Claimants, the *ad hoc* committee of Subsidiary Trade Claimants and the statutory committee of unsecured creditors (the "Creditors' Committee") (collectively, the "Settlement Parties"). Subsequently, on October 11, 2006, the Debtors (as defined in Note 1 to the accompanying consolidated financial statements) (other than the JV Debtors (as defined in Note 1 to the accompanying consolidated financial statements)), the Creditors' Committee, certain holders of ACC Senior Notes, certain holders of Arahova Notes, the Settlement Parties and other creditors (collectively, the "PSA Parties") entered into a Plan Support Agreement (the "Plan Support Agreement"). The Plan Support Agreement, among other things, sets forth the terms on which the PSA Parties have committed to support the Plan (as defined below). The Plan Support Agreement provides, among other things, that the PSA Parties will support a plan of reorganization that incorporates the terms of the Plan Agreement, as subsequently modified by the Plan Support Agreement, that provides for the transfer of value from certain unsecured creditors of various Adelphia subsidiaries to certain of Adelphia' s unsecured senior and trade creditors and is effective by December 22, 2006, unless extended in writing by the parties to the Plan Support Agreement.

On October 16, 2006, the Debtors and the Creditors' Committee filed a draft of the Fifth Amended Joint Chapter 11 Plan for Adelphia Communications Corporation and Certain of Its Affiliates (the "Plan") and the related Second Disclosure Statement Supplement (the "DSS") with the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"). The Plan is based on the terms of the Plan Agreement and the Plan Support Agreement and proposes a global compromise and settlement of all disputes among the creditors, not all of whom are parties to these agreements. By order dated October 17, 2006, the Bankruptcy Court approved the DSS as containing "adequate information" pursuant to Section 1125 of Chapter 11 of Title 11 ("Chapter 11") of the United States Code (the "Bankruptcy Code"). The voting deadline for beneficial holders holding securities through intermediaries is November 20, 2006. The voting deadline for all other parties in interest is November 27, 2006. A hearing to consider confirmation of the Plan is scheduled for December 7, 2006.

This Quarterly Report describes the financial results of the Company for the reported periods. As a result of the Sale Transaction, the Company disposed of substantially all of its operating assets and adopted a liquidation basis of accounting on August 1, 2006.

CAUTIONARY STATEMENTS

This Quarterly Report includes forward-looking statements. All statements regarding Adelphia and its consolidated subsidiaries' expected sources and uses of cash, income tax positions, indemnification obligations and any post-closing purchase price adjustments related to the Sale Transaction, settlements with the SEC and the United States Attorney' s Office for the Southern District of New York (the "U.S. Attorney") and future course of the Company' s pending bankruptcy proceeding are forward-looking statements. In some instances, you can identify these forward-looking statements by the presence of words such as "anticipate," "if," "believe," "plan," "estimate," "expect," "intend," "may," "could," "should," "will" and other similar expressions. Such forward-looking statements are inherently uncertain, and readers must recognize that actual results may differ materially from our expectations. We do not undertake a duty to update such forward-looking statements. You are advised, however, to consult any future disclosures we make on related subjects in our reports filed with or furnished to the SEC. Risks, uncertainties and other factors that may cause actual results to differ materially from those in the forward-looking statements include, but are not limited to, the following:

- whether and on what timetable a plan of reorganization under Chapter 11 of the Bankruptcy Code will be confirmed and consummated to mitigate the continued incurrence of costs and fees as a result of the Chapter 11 bankruptcy proceeding and our obligations under the Registration Rights and Sale Agreement between Adelphia and TWC (the "Registration Rights Agreement") dated as of July 31, 2006;

- actual costs incurred during liquidation may exceed our current estimates;

- potential dilutive impact to our stakeholders related to the substantial claims filed against us in the Chapter 11 bankruptcy proceeding;

- potential liability to TW NY or Comcast for certain post-closing purchase price adjustments;

- potential decrease in the fair value of the TWC Class A Common Stock we received in the Sale Transaction;

- the value of our short-term investments could decrease;

- increased employee attrition after the closing of the Sale Transaction;

- our income and franchise tax liabilities in connection with the Sale Transaction and consummation of a plan of reorganization could be materially more than estimated;

- the outcome of significant pending litigation;

- our settlement agreements with the U.S. Attorney and the SEC could be overturned or vacated;

- uncertainty regarding tax attributes and potential tax liabilities due to our re-evaluation of our historical tax positions; and

- potential tax consequences of certain advances by the Company to members of the John J. Rigas Family (the "Rigas Family") and the Rigas Family Entities (as defined in Note 1 to the accompanying consolidated financial statements), our settlements with the U.S. Attorney and the SEC, the acquisition of the Forfeited Entities (as defined in Note 1 to the accompanying consolidated financial statements) and the subsequent sale of the assets of such entities in the Sale Transaction.

Many of these risks, uncertainties and other factors are outside of the Company' s control. Readers should consider all of these factors carefully in evaluating the forward-looking statements contained in this Quarterly Report. We discuss these risks, uncertainties and other factors more fully in Part II, Item 1A, "Risk Factors," in this Quarterly Report and in other reports filed by us with, or furnished by us to, the SEC.

PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

ADELPHIA COMMUNICATIONS CORPORATION AND SUBSIDIARIES
(Debtors-In-Possession)

CONSOLIDATED STATEMENT OF NET LIABILITIES IN LIQUIDATION
(amounts in thousands)
(unaudited)

	September 30, 2006
ASSETS	
Cash and cash equivalents (Note 10)	$ 6,240,035
Restricted cash	33,414
Short-term investments (Note 10)	3,091,856
Proceeds from Sale Transaction held in escrow (Note 2)	732,481
TWC Class A Common Stock (Note 2)	5,475,208
Other assets	159,143
Total assets	15,732,137
LIABILITIES	
Accounts payable	8,116
Accrued income taxes	512,546
Accrued liquidation costs (Note 1)	201,264
Other liabilities	303,352
Liabilities subject to compromise (Note 2)	16,662,827
Total liabilities	17,688,105
Commitments and contingencies (Note 8)	
Net liabilities in liquidation	$ (1,955,968)

See accompanying notes to the consolidated financial statements.

ADELPHIA COMMUNICATIONS CORPORATION AND SUBSIDIARIES
(Debtors-In-Possession)
CONSOLIDATED STATEMENT OF CHANGES IN NET LIABILITIES IN LIQUIDATION
(amounts in thousands)
(unaudited)

	Two months ended September 30, 2006
Stockholders' deficit at July 31, 2006	$ (2,483,284)
Effects of adopting a liquidation basis of accounting:	
Accrual of liquidation costs (Notes 1 and 8)	(212,605)
Adjustment of assets to estimated realizable values	(13,441)
Net effect of adopting a liquidation basis of accounting	(226,046)
Net liabilities in liquidation at August 1, 2006	(2,709,330)

Changes in net liabilities in liquidation:	
Change in estimate of net realizable value of TWC Class A Common Stock	756,173
Change in estimate of net realizable value of other assets	(1,004)
Settlement of liabilities subject to compromise	(762)
Interest income	83,289
Interest expense (contractual interest was $219,997 during the two months ended September 30, 2006)	(84,334)
Net change in net liabilities in liquidation	753,362
Net liabilities in liquidation at September 30, 2006	$ (1,955,968)

See accompanying notes to the consolidated financial statements.

ADELPHIA COMMUNICATIONS CORPORATION AND SUBSIDIARIES
(Debtors-In-Possession)
CONDENSED CONSOLIDATED BALANCE SHEET (GOING CONCERN BASIS)
(amounts in thousands, except share data)

	December 31, 2005
ASSETS	
Current assets:	
Cash and cash equivalents	$ 389,839
Restricted cash	25,783
Accounts receivable, less allowance for doubtful accounts of $15,912	119,512
Receivable for securities	10,029
Other current assets	74,399
Total current assets	619,562
Noncurrent assets:	
Restricted cash	262,393
Property and equipment, net	4,334,651
Intangible assets, net (Note 10)	7,529,164
Other noncurrent assets, net	128,240
Total assets	$ 12,874,010
Current liabilities:	
Accounts payable	$ 130,157
Subscriber advance payments and deposits	34,543
Accrued liabilities (Note 10)	551,599
Deferred revenue	21,376
Parent and subsidiary debt (Note 5)	869,184
Total current liabilities	1,606,859

Noncurrent liabilities:	
Other liabilities	31,929
Deferred revenue	61,065
Deferred income taxes	833,535
Total noncurrent liabilities	926,529
Liabilities subject to compromise (Note 2)	18,415,158
Total liabilities	20,948,546
Commitments and contingencies (Note 8)	
Minority’ s interest in equity of subsidiary	71,307
Stockholders’ deficit:	
Series preferred stock	397
Class A Common Stock, $.01 par value, 1,200,000,000 shares authorized, 229,787,271 shares issued and 228,692,414 shares outstanding	2,297
Convertible Class B Common Stock, $.01 par value, 300,000,000 shares authorized, 25,055,365 shares issued and outstanding	251
Additional paid-in capital	12,071,165
Accumulated other comprehensive loss, net	(4,988)
Accumulated deficit	(20,187,028)
Treasury stock, at cost, 1,094,857 shares of Class A Common Stock	(27,937)
Total stockholders’ deficit	(8,145,843)
Total liabilities and stockholders’ deficit	$ 12,874,010

See accompanying notes to the consolidated financial statements.

ADELPHIA COMMUNICATIONS CORPORATION AND SUBSIDIARIES
(Debtors-In-Possession)
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (GOING CONCERN BASIS)
(amounts in thousands, except share and per share amounts)
(unaudited)

	Month ended July 31, 2006	Three months ended September 30, 2005	Seven months ended July 31, 2006	Nine months ended September 30, 2005
Revenue	$ 397,438	$ 1,088,568	$ 2,745,439	$ 3,260,793
Costs and expenses:				
Direct operating and programming	246,870	680,614	1,641,343	2,001,202
Selling, general and administrative	26,903	90,285	204,156	261,899
Investigation, re-audit and sale transaction costs	2,295	15,832	32,527	54,317
Depreciation	62,729	193,017	442,636	606,839

Amortization	10,639	32,795	77,170	106,827
Impairment of long-lived assets	16,560	23,063	16,560	23,063
Provision for uncollectible amounts due from the Rigas Family and Rigas Family Entities (Note 4)	–	–	–	13,338
Gain on disposition of long-lived assets	(339)	(331)	(1,697)	(6,102)
Total costs and expenses	365,657	1,035,275	2,412,695	3,061,383
Operating income	31,781	53,293	332,744	199,410
Other income (expense), net:				
Gain on Sale Transaction (Note 2)	6,129,718	–	6,129,718	–
Interest expense, net of amounts capitalized (contractual interest was $127,788 during the month ended July 31, 2006; $341,199 during the three months ended September 30, 2005; $859,640 during the seven months ended July 31, 2006 and $987,762 during the nine months ended September 30, 2005) (Note 2)	(60,877)	(138,329)	(438,172)	(441,064)
Other income (expense), net (Notes 4 and 8)	83	(2,998)	(107,983)	457,941
Total other income (expense), net	6,068,924	(141,327)	5,583,563	16,877
Income (loss) before reorganization income (expenses), income taxes, share of income (losses) of equity affiliates and minority' s interest	6,100,705	(88,034)	5,916,307	216,287
Reorganization income (expenses) due to bankruptcy, net (Note 2)	(9,535)	(21,230)	53,104	(52,804)
Income (loss) before income taxes, share of income (losses) of equity affiliates and minority' s interest	6,091,170	(109,264)	5,969,411	163,483
Income tax expense (Note 10)	(201,948)	(38,984)	(273,389)	(103,450)
Share of income (losses) of equity affiliates, net	(1,081)	393	(1,899)	(975)
Minority' s interest in loss of subsidiary	1,663	1,297	12,769	2,680
Net income (loss)	5,889,804	(146,558)	5,706,892	61,738
Dividend requirements applicable to preferred stock (contractual dividends were $10,010 during the month ended July 31, 2006; $30,031 during the three months ended September 30, 2005; $70,073 during the seven months ended July 31, 2006 and $90,094 during the nine months ended September 30, 2005)	–	–	–	–
Beneficial conversion feature	–	–	–	(583)
Net income (loss) applicable to common stockholders	$ 5,889,804	$ (146,558)	$ 5,706,892	$ 61,155

See accompanying notes to the consolidated financial statements.

ADELPHIA COMMUNICATIONS CORPORATION AND SUBSIDIARIES
(Debtors-In-Possession)
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (GOING CONCERN BASIS) − Continued
(amounts in thousands, except share and per share amounts)
(unaudited)

	Month ended July 31, 2006	Three months ended September 30, 2005	Seven months ended July 31, 2006	Nine months ended September 30, 2005
Amounts per weighted average share of common stock (Note 10):				
Basic net income (loss) applicable to Class A common stockholders	$ 23.32	$ (0.58)	$ 22.60	$ 0.24
Diluted net income (loss) applicable to Class A common stockholders	$ 17.39	$ (0.58)	$ 16.85	$ 0.18
Basic weighted average shares of Class A Common Stock outstanding	228,692,414	228,692,414	228,692,414	228,692,414
Diluted weighted average shares of Class A Common Stock outstanding	303,300,746	228,692,414	303,300,746	303,300,746
Basic net income (loss) applicable to Class B common stockholders	$ 22.21	$ (0.58)	$ 21.52	$ 0.23
Diluted net income (loss) applicable to Class B common stockholders	$ 16.56	$ (0.58)	$ 16.04	$ 0.17
Basic weighted average shares of Class B Common Stock outstanding	25,055,365	25,055,365	25,055,365	25,055,365
Diluted weighted average shares of Class B Common Stock outstanding	37,215,133	25,055,365	37,215,133	37,215,133

See accompanying notes to the consolidated financial statements.

ADELPHIA COMMUNICATIONS CORPORATION AND SUBSIDIARIES
(Debtors-In-Possession)
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (GOING CONCERN BASIS)
(amounts in thousands)
(unaudited)

	Seven months ended July 31, 2006	Nine months ended September 30, 2005
Operating activities:		
Net income	$ 5,706,892	$ 61,738
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	442,636	606,839
Amortization	77,170	106,827
Impairment of long-lived assets	16,560	23,063
Provision for uncollectible amounts due from the Rigas Family and Other Rigas Entities	−	13,338
Gain on disposition of long-lived assets	(1,697)	(6,102)
Gain on Sale Transaction	(6,129,718)	−
Settlement with the Rigas Family and Rigas Family Entities, net	−	(457,733)
Amortization/write-off of deferred financing costs	1,747	60,687
Provision for Verizon Media Ventures and other claims	44,915	−
Other noncash charges, net	5,227	8,104
Reorganization (income) expenses due to bankruptcy, net	(53,104)	52,804
Deferred income tax expense	(282,607)	101,900

Share of losses of equity affiliates, net	1,899	975
Minority' s interest in loss of subsidiary	(12,769)	(2,680)
Change in operating assets and liabilities	541,532	(92,135)
Net cash provided by operating activities before payment of reorganization expenses	358,683	477,625
Reorganization expenses paid during the period	(69,541)	(41,822)
Net cash provided by operating activities	289,142	435,803
Investing activities:		
Capital expenditures for property and equipment	(329,895)	(533,312)
Cash proceeds from Sale Transaction, net of amounts in escrow	11,753,166	–
Proceeds from the sale of long-lived assets and investments	1,586	38,243
Acquisition of minority interests	–	(21,650)
Change in restricted cash	197,131	(15,581)
Other	(5,208)	(8,789)
Net cash provided (used) in investing activities	11,616,780	(541,089)
Financing activities:		
Proceeds from debt	1,058,000	856,729
Repayments of debt	(3,167,837)	(712,899)
Payments of deferred financing costs	(900)	(49,440)
Net cash (used) provided by financing activities	(2,110,737)	94,390
Increase (decrease) in cash and cash equivalents	9,795,185	(10,896)
Cash and cash equivalents at beginning of period	389,839	338,909
Cash and cash equivalents at end of period	$ 10,185,024	$ 328,013

See accompanying notes to the consolidated financial statements.

ADELPHIA COMMUNICATIONS CORPORATION AND SUBSIDIARIES
(Debtors-In-Possession)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Note 1: Background and Basis of Presentation

Background

On July 31, 2006, Adelphia completed the sale of assets, which in the aggregate comprise substantially all of its U.S. assets, to TW NY and Comcast. As a result of the sale, the Company is no longer conducting any operations other than those necessary to liquidate its assets. For additional information, see Note 2.

On June 25, 2002 (the "Petition Date"), Adelphia and substantially all of its domestic subsidiaries filed voluntary petitions to reorganize (the "Chapter 11 Cases") under Chapter 11 of the Bankruptcy Code in the Bankruptcy Court. On June 10, 2002, Century Communications Corporation ("Century"), an indirect wholly owned subsidiary of Adelphia, filed a voluntary petition to reorganize under

Chapter 11. On October 6 and November 15, 2005, certain additional subsidiaries of Adelphia also filed voluntary petitions to reorganize under Chapter 11. On March 31, 2006, the Forfeited Entities (as defined below) and certain other entities filed voluntary petitions to reorganize under Chapter 11. The bankruptcy proceedings for Century and the subsequent filers are jointly administered with Adelphia and substantially all of its domestic subsidiaries (the "Debtors") and are included in the Chapter 11 Cases. On June 29, 2006, the Bankruptcy Court confirmed the Third Modified Fourth Amended Joint Plan of Reorganization (the "JV Plan") for the Century-TCI Debtors and Parnassos Debtors (collectively, the "JV Debtors"). On July 31, 2006, the JV Plan became effective by its terms. Accordingly, from and after July 31, 2006, the Debtors no longer include the JV Debtors. For additional information, see Note 2.

In May 2002, certain members of the Rigas Family resigned from their positions as directors and executive officers of the Company. In addition, although members of the Rigas Family owned Adelphia $0.01 par value Class A common stock ("Class A Common Stock") and Adelphia $0.01 par value Class B common stock ("Class B Common Stock") with a majority of the voting power in Adelphia, the Rigas Family was not able to exercise such voting power since the Debtors filed for protection under the Bankruptcy Code in June 2002. Prior to May 2002, the Company engaged in numerous transactions that directly or indirectly involved members of the Rigas Family and entities in which members of the Rigas Family directly or indirectly held controlling interests (collectively, the "Rigas Family Entities"). The Rigas Family Entities include certain cable television entities formerly owned by the Rigas Family that are subject to co-borrowing arrangements with the Company, including Coudersport Television Cable Co. ("Coudersport") and Bucktail Broadcasting Corp. ("Bucktail") (collectively, the "Rigas Co-Borrowing Entities"), as well as other Rigas Family entities (the "Other Rigas Entities").

On March 29, 2006, the United States District Court for the Southern District of New York (the "District Court") entered various orders of forfeiture (the "RME Forfeiture Orders") pursuant to which on March 29, 2006, all right, title and interest in the Rigas Co-Borrowing Entities (other than Coudersport and Bucktail) (the "Forfeited Entities") held by the Rigas Family and by the Rigas Family Entities prior to the District Court' s order dated June 8, 2005 (the "Forfeiture Order") were transferred to certain subsidiaries of the Company free and clear of all liens, claims, encumbrances and adverse interests in accordance with the RME Forfeiture Orders, subject to certain limitations set forth in the RME Forfeiture Orders. On July 28, 2006, the District Court entered various orders of forfeiture (the "Real Property Forfeiture Orders") pursuant to which all right, title and interest previously held by the Rigas Family and Rigas Family Entities in certain specified real estate and other property were transferred to certain subsidiaries of the Company free and clear of all liens, claims, encumbrances and adverse interests in accordance with the Real Property Forfeiture Orders, subject to certain limitations set forth in the Real Property Forfeiture Orders. The transfer in furtherance of the agreement between the Company and the U.S. Attorney dated April 25, 2005 (the "Non-Prosecution Agreement") of all right, title and interest previously held by the Rigas Family and by the Rigas Family Entities in certain other property and in any of the Company' s securities, as further discussed in Note 8, "SEC Civil Action and the United States Department of Justice Investigation," is expected to occur in accordance with separate, subsequent court documentation.

Basis of Presentation

As a result of the Sale Transaction, the Company no longer has any continuing operations. Following the Sale Transaction, the Company' s principal focus is to obtain confirmation of the Plan, complete all Bankruptcy Court proceedings, settle pre-petition liabilities and liquidate the Company. Therefore, as a result of the Sale Transaction, complete liquidation of the Company is imminent and on August 1, 2006 the Company adopted a liquidation basis of

accounting. Under the liquidation basis of accounting, assets are recorded at their estimated realizable amounts and liabilities that will be paid in full are recorded at the present value of amounts to be paid. Liabilities subject to compromise are recorded at their face amounts until they are settled, at which time they will be adjusted to their settlement amounts. In connection with the adoption of a liquidation basis of accounting, the Company wrote down certain assets (primarily prepaid insurance) by $13,441,000 to reflect such assets at their net realizable value and recorded an estimated accrual for costs during the liquidation period of $212,605,000. The net realizable value of the TWC Class A Common Stock is equal to its estimated fair value as the Company expects to distribute such shares to its creditors upon emergence from bankruptcy. Under the liquidation basis of accounting, the net present value of the estimated remaining costs to be incurred during liquidation (exclusive of interest expense) is accrued. The Company's estimate for liquidation costs as of September 30, 2006 includes professional fees associated with the Chapter 11 proceedings, litigation matters and other legal matters ($109,793,000), compensation and benefits for the remaining employees ($49,733,000), and other miscellaneous general and administrative costs. Such estimated costs are subject to change. The Company expects that changes will be made to its estimated costs of liquidation, and such changes in estimates will be recognized in future periods as a change in the Company's net liabilities in liquidation. The estimated costs as of September 30, 2006 are based in large part on assumptions regarding the timing of emergence from bankruptcy, the resolution of litigation matters and the post-emergence length of time required to settle all matters of the Company. If there are delays in these matters, actual costs incurred during liquidation could increase as a result of the need for additional internal and external resources. A hearing to consider confirmation of the Plan is currently scheduled for December 7, 2006. The Company anticipates that approximately $155 million of the liquidation costs as of September 30, 2006 will be paid in the next twelve months.

The accompanying consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial information and the rules and regulations of the SEC. Accordingly, certain information and footnote disclosures typically included in the Company's financial statements filed with its Annual Report on Form 10-K have been condensed or omitted for this Quarterly Report. In the opinion of management, the accompanying consolidated financial statements include all adjustments, which consist of only normal recurring adjustments, necessary for a fair presentation of the results for the periods presented. These financial statements should be read in conjunction with the Company's 2005 Form 10-K. However, financial statements for periods subsequent to the adoption of a liquidation basis of accounting are not comparable to the financial statements for periods prior to the adoption of a liquidation basis of accounting. Prior to August 1, 2006, the consolidated financial statements were prepared on a going concern basis, which assumed continuity of operations, realization of assets and satisfaction of liabilities in the ordinary course of business, and which did not purport to show, reflect or provide for the consequences of the Chapter 11 Cases or the Sale Transaction.

Although the Company is operating as a debtor-in-possession in the Chapter 11 Cases, the Company's ability to control the activities and operations of its subsidiaries that are also Debtors may be limited pursuant to the Bankruptcy Code. However, because the bankruptcy proceedings for the Debtors are consolidated for administrative purposes in the same Bankruptcy Court and will be overseen by the same judge, the financial statements of Adelphia and its subsidiaries have been presented on a combined basis, which is consistent with consolidated financial statements. All inter-entity transactions between Adelphia, its subsidiaries and the Rigas Co-Borrowing Entities have been eliminated in consolidation.

Note 2: Bankruptcy Proceedings and Sale of Assets of the Company

Overview

On July 11, 2002, the Creditors' Committee was appointed, and on July 31, 2002, a statutory committee of equity holders (the "Equity Committee" and, together with the Creditors' Committee, the "Committees") was appointed. The Committees have the right to, among other things, review and object to certain business transactions and may participate in the formulation of the Debtors' plan of reorganization. Under the Bankruptcy Code, the Debtors were provided with specified periods during which only the Debtors could propose and file a plan of reorganization (the "Exclusive Period") and solicit acceptances thereto (the "Solicitation Period"). The Debtors received several extensions of the Exclusive Period and the Solicitation Period from the Bankruptcy Court with the latest extension of the Exclusive Period and the Solicitation Period being through February 17, 2004 and April 20, 2004, respectively. In early 2004, the Debtors filed a motion requesting an additional extension of the Exclusive Period and the Solicitation Period. However, in 2004, the Equity Committee filed a motion to terminate the Exclusive Period and the Solicitation Period and other objections were filed regarding the Debtors' request. The Bankruptcy Court has extended the Exclusive Period and the Solicitation Period until the hearing on the motions is held and a determination by the Bankruptcy Court is made. No hearing has been scheduled. For additional information, see Note 8, "Arahova Motions." On August 17, 2006, certain holders of ACC Senior Notes filed a motion to terminate the Exclusive Period (the "Termination Motion"). On August 25, 2006, certain bank lenders filed a motion to terminate the Exclusive Period or, alternatively, convert the Chapter 11 Cases to Chapter 7 (the "Bank Motions"). A hearing on the motions was initiated on September 11 and 12, 2006. By decision dated September 19, 2006, the Bankruptcy Court denied the Termination Motion. A hearing on the Bank Motions has been adjourned by the parties.

Confirmation of Plan of Reorganization

For a plan of reorganization to be confirmed and become effective, the Debtors (other than the JV Debtors, for whom a plan has been confirmed) must, among other things:

- obtain an order of the Bankruptcy Court approving a disclosure statement as containing "adequate information";
- solicit acceptance of such plan of reorganization from the holders of claims and equity interests in each class that is impaired and not deemed by the Bankruptcy Court to have rejected such plan;
- obtain an order from the Bankruptcy Court confirming such plan; and
- consummate such plan.

Before it can issue an order confirming a plan of reorganization, the Bankruptcy Court must find that either (i) each class of impaired claims or equity interests has accepted such plan or (ii) the plan meets the requirements of the Bankruptcy Code to confirm such plan over the objections of dissenting classes. In addition, the Bankruptcy Court must find that such plan meets certain other requirements specified in the Bankruptcy Code.

On May 26, 2006, the Debtors filed a motion (the "363 Motion") with the Bankruptcy Court seeking, among other things, approval to proceed with the Sale Transaction without first confirming a Chapter 11 plan of reorganization (other than with respect to the JV Debtors). A hearing to consider certain amended bid protections proposed in the 363 Motion was held on June 16, 2006, and on that date the Bankruptcy Court entered an order approving new provisions for termination, for the payment of the breakup fee, a reduction in the purchase price under certain circumstances and reaffirming the effectiveness of the "no-shop provision" and overruling all objections thereto. On June 28, 2006, the Bankruptcy Court entered an order (the "363 Approval Order") approving the balance of the 363 Motion, including the approval of the sale of the Debtors' assets in connection with the Sale Transaction.

On June 22, 2006, the Debtors filed the JV Plan for the JV Debtors with the Bankruptcy Court with respect to the Company's partnerships with Comcast. In response to the Debtors' plan modification motion dated June 2, 2006 (the "Plan Modification Motion"), by order dated June 8, 2006, the Bankruptcy Court approved the information in the 363 Motion and the Plan Modification Motion as containing "adequate information" pursuant to Section 1125 of the

Bankruptcy Code. On June 29, 2006, the Bankruptcy Court entered an order (the "JV Confirmation Order") confirming the JV Plan. Together the JV Confirmation Order and the 363 Approval Order authorized, among other things, consummation of the Sale Transaction. On July 31, 2006, the JV Plan became effective by its terms. Accordingly, from and after July 31, 2006, the Debtors no longer include the JV Debtors. The Company paid $1,783,349,000 of claims and related interest in the third quarter of 2006 in accordance with the JV Plan, of which $1,608,567,000 relates to pre-petition debt obligations.

Effective July 21, 2006, Adelphia entered into the Plan Agreement with the Settlement Parties. Subsequently, on October 11, 2006, the PSA Parties entered into the Plan Support Agreement. The Plan Support Agreement, among other things, sets forth the terms on which the PSA Parties have committed to support the Plan. The Plan Support Agreement provides, among other things, that the PSA Parties will support a plan of reorganization that incorporates the terms of the Plan Agreement, as subsequently modified by the Plan Support Agreement, that provides for the transfer of value from certain unsecured creditors of various Adelphia subsidiaries to certain of Adelphia' s unsecured senior and trade creditors and is effective by December 22, 2006, unless extended in writing by the parties to the Plan Support Agreement.

On October 16, 2006, the Debtors and the Creditors' Committee filed the Plan and the DSS with the Bankruptcy Court. The Plan is based on the terms of the Plan Agreement and the Plan Support Agreement and proposes a global compromise and settlement of all disputes among the creditors, not all of whom are parties to these agreements. By order dated October 17, 2006, the Bankruptcy Court approved the DSS, as containing "adequate information" pursuant to Section 1125 of the Bankruptcy Code. The voting deadline for beneficial holders holding securities through intermediaries is November 20, 2006. The voting deadline for all other parties in interest is November 27, 2006. A hearing to consider confirmation of the Plan is scheduled for December 7, 2006.

Sale of Assets

On July 31, 2006, Adelphia completed the sale of assets, which in the aggregate comprise substantially all of its U.S. assets, to TW NY and Comcast. Proceeds from the Sale Transaction totaled approximately $17.4 billion, consisting of cash in the amount of approximately $12.5 billion (including approximately $503 million of cash held in escrow) and approximately 156 million shares of TWC Class A Common Stock (including approximately 6.1 million shares of such stock held in escrow) with an estimated fair value as of the Closing Date of approximately $4.9 billion. Such estimated fair value of the TWC Class A Common Stock as of July 31, 2006 was determined by the Company based on management' s review of projected discounted cash flows for TWC and market comparable data. The Company recognized a gain on the Sale Transaction of $6,129,718,000. The gain on the Sale Transaction is subject to adjustment and represents the difference between the sales proceeds and the net book value of the assets which were sold.

The aggregate purchase price is subject to certain post-closing adjustments. Upon consummation of the Sale Transaction, a portion of the aggregate purchase price, consisting of $503,279,000 of cash and 6,148,283 shares of TWC Class A Common Stock, was deposited in escrow accounts to secure Adelphia' s indemnification obligations and any post-closing purchase price adjustments that may be due to TW NY and Comcast from Adelphia pursuant to the asset purchase agreements with TW NY and Comcast dated April 20, 2005, as amended (the "Purchase Agreements"). Pursuant to the Purchase Agreements, the post-closing purchase price adjustments, if any, are likely to be finalized by no later than the end of the first quarter 2007. To the extent such post-closing adjustments are in favor of TW NY or Comcast, the amount of the escrow released to the Company will be reduced. To the extent such post-closing adjustments are in favor of the Company, TW NY or Comcast, as applicable, is required under the Purchase Agreement to contribute the amount of such post-closing adjustment into escrow. On October 27, 2006, TW NY and Comcast delivered to the Company their calculations of the purchase price adjustments pursuant to the Purchase Agreements. Based on TW NY' s and Comcast' s calculations, the net adjustment asserted would result in a payment of approximately $133 million to TW NY and Comcast. The Company believes that additional post-closing adjustments of approximately $23 million are due from TW NY and Comcast. While the Company is still reviewing TW NY' s and Comcast' s calculations, at this time it believes that it will be sending a formal objection to TW NY and Comcast at the beginning of next month that challenges at a minimum, substantially all of the amount claimed. As a result, the Company has not adjusted the gain on the Sale Transaction for these potential post-closing adjustments, and any such adjustments are not considered material to the gain that the Company recognized in the accompanying consolidated financial statements. Additionally, the Company has not been provided with notice of any claims being asserted pursuant to the indemnification provisions of the respective Purchase Agreements, nor is the Company aware of any basis for such claims. To the extent that

we determine additional amounts are owed to either TW NY or Comcast in the future under the Purchase Agreements, the amount of the gain recognized on the Sale Transaction will be adjusted.

The TWC Class A Common Stock is expected to be listed on The New York Stock Exchange (the "NYSE") in connection with an initial registered public offering of the TWC Class A Common Stock or within two weeks following the consummation of a plan of reorganization to distribute the proceeds of the Sale Transaction to the Company' s creditors and stakeholders (other than those of the JV Debtors) or, if not listed on the NYSE within a reasonable period following the initial registered offering or distribution pursuant to a plan of reorganization, on The Nasdaq Stock Market (the "Nasdaq").

On the Closing Date, Adelphia entered into the Registration Rights Agreement with TWC pursuant to which Adelphia agreed to sell in a single firm-commitment underwritten public offering at least 33-1/3% of the TWC Class A Common Stock issued by TWC in the Sale Transaction (inclusive of the overallotment option, if any) within three months after a registration statement is declared effective (subject to delays under specified conditions). Pursuant to the Registration Rights Agreement, TWC is required to file and have a registration statement covering these shares declared effective as promptly as possible and in any event, no later than January 31, 2007, subject to certain extensions. Adelphia' s obligation to sell in such public offering terminates if Adelphia consummates a plan of reorganization pursuant to which (i) 75% of the TWC Class A Common Stock Adelphia received in the Sale Transaction (excluding TWC Class A Common Stock held in escrow pursuant to the Sale Transaction) is distributed to creditors pursuant to Section 1145 of the Bankruptcy Code and the TWC Class A Common Stock is listed on the NYSE or the Nasdaq within two weeks of the consummation of such plan, or (ii) 90% of the TWC Class A Common Stock Adelphia received in the Sale Transaction (excluding TWC Class A Common Stock held in escrow pursuant to the Sale Transaction) is distributed to creditors pursuant to Section 1145 of the Bankruptcy Code regardless of listing status. Unless Adelphia' s obligation to sell in such public offering is terminated as described above, Adelphia will have the right to a demand registration and, under the circumstance described in the next sentence, a final registration for a distribution of the remaining TWC Class A Common Stock to Adelphia' s creditors and stakeholders under a Chapter 11 plan of reorganization. Pursuant to the Registration Rights Agreement, TWC has the right to elect, in its sole discretion, to not rely on Section 1145 of the Bankruptcy Code and conduct a final registration for the distribution of the remaining TWC Class A Common Stock to the Company' s creditors and stakeholders. Pursuant to the Registration Rights Agreement, Adelphia' s ability to distribute the TWC Class A Common Stock may be subject to lock-up periods following public offerings of TWC Class A Common Stock. Pursuant to the Registration Rights Agreement, Adelphia is required to bear its legal and accounting fees (other than accounting fees that TWC has agreed to reimburse to Adelphia or pursuant to the Purchase Agreement with TW NY) and costs, underwriting discounts and selling commissions in connection with such offering. On October 18, 2006, TWC filed an initial registration statement on a Form S-1 Registration Statement in connection with the registration of at least 33-1/3% of the TWC Class A Common Stock issued to Adelphia in the Sale Transaction. This registration statement is not effective.

Pre-petition Obligations

Pre-petition and post-petition obligations of the Debtors are treated differently under the Bankruptcy Code. Due to the commencement of the Chapter 11 Cases and the Debtors' failure to comply with certain financial and other covenants, the Debtors are in default on substantially all of their pre-petition debt obligations. As a result of the Chapter 11 filing, all actions to collect the payment of pre-petition indebtedness are subject to compromise or other treatment under a plan of reorganization. Generally, actions to enforce or otherwise effect payment of pre-petition liabilities are stayed against the Debtors. The Bankruptcy Court has approved the Debtors' motions to pay certain pre-petition obligations including, but not limited to, employee wages, salaries, commissions, incentive compensation and other related benefits. The Debtors have been paying and intend to continue to pay undisputed post-petition claims in the ordinary course of business. In addition, the Debtors may assume or reject pre-petition executory contracts and unexpired leases with the approval of the Bankruptcy Court. Any damages resulting from the rejection of executory contracts and unexpired leases are treated as general unsecured claims and will be classified as liabilities subject to compromise. For additional information concerning liabilities subject to compromise, see below.

The ultimate amount of the Debtors' and JV Debtors' liabilities will be determined during the Debtors' and JV Debtors' claims resolution process. The Bankruptcy Court has established bar dates of January 9, 2004, November 14, 2005, December 20, 2005 and May 1, 2006 for filing proofs of claim against the Debtors' and the JV Debtors' estates. A bar date is the date by which proofs of claim must be filed if a claimant disagrees with how its claim appears on the

Debtors' and JV Debtors' Schedules of Liabilities. However, under certain limited circumstances, claimants may file proofs of claims after the bar date. As of January 9, 2004, approximately 17,000 proofs of claim asserting in excess of $3.20 trillion in claims were filed, and as of September 30, 2006, approximately 19,700 proofs of claim asserting approximately $3.98 trillion in claims were filed, in each case including duplicative claims, but excluding any estimated amounts for unliquidated claims. The aggregate amount of claims filed with the Bankruptcy Court far exceeds the Company' s estimate of ultimate liability. The Debtors and Adelphia, the plan administrator for the JV Debtors (the "Plan Administrator"), currently are in the process of reviewing, analyzing and reconciling the scheduled and filed claims. The Debtors and the Plan Administrator for the JV Debtors expect that the claims resolution process will take significant time to complete following the consummation of a plan of reorganization. As the amounts of the allowed claims are determined, adjustments will be recorded in liabilities subject to compromise.

The Debtors and the Plan Administrator for the JV Debtors have filed numerous omnibus objections that address $3.88 trillion of filed claims, consisting primarily of duplicative claims. Certain claims addressed in such objections were either: (i) reduced and allowed; (ii) disallowed and expunged; or (iii) subordinated by orders of the Bankruptcy Court. Hearings on certain claims objections are ongoing. Certain other objections have been adjourned to allow the parties to continue to reconcile such claims. With the exception of (i) claims against the Debtors arising pursuant to four of the six pre-petition creditor agreements and (ii) claims against the Debtors arising under 28 series of notes issued pursuant to certain indentures, both of which will be treated in accordance with the Plan, approximately 1,730 claims totaling approximately $592 million have not yet been expunged, withdrawn, adjourned or allowed by the Debtors. Additional omnibus objections may be filed as the claims resolution process continues. Additionally, as a result of settlements between certain claimants and the Debtors and the Plan Administrator for the JV Debtors, approximately $84 billion of filed claims have been expunged or withdrawn.

Presentation

Liabilities subject to compromise are reported at the amounts expected to be allowed, even if they may be settled for lesser amounts. For periods subsequent to the Petition Date, interest expense has been reported only to the extent that it is expected to be paid during the Chapter 11 proceedings. In addition, no preferred stock dividends have been accrued subsequent to the Petition Date.

Liabilities subject to compromise consist of the following (amounts in thousands):

	September 30, 2006(a)	December 31, 2005
Parent and subsidiary debt	$ 14,517,109	$ 16,136,960
Accounts payable	809,850	926,794
Accrued liabilities	1,187,074	1,202,610

Series B 13% Cumulative Exchangeable Preferred Stock due July 15, 2009	148,794	148,794
Liabilities subject to compromise	$16,662,827	$18,415,158

(a) Effective August 1, 2006, the Company adopted a liquidation basis of accounting.

ADELPHIA COMMUNICATIONS CORPORATION AND SUBSIDIARIES
(Debtors-In-Possession)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS − Continued
(unaudited)

Following is a reconciliation of the changes in liabilities subject to compromise for the period from December 31, 2005 through September 30, 2006 (amounts in thousands):

Balance at December 31, 2005	$18,415,158
Verizon Media Ventures claims (a)	87,013
Disallowed pre-petition accrued interest expense (b)	(127,244)
Chapter 11 filing by the Forfeited Entities	(1,701)
Debt obligations associated with the JV Plan (c)	9,958
Interest on the JV Plan’ s allowed claims (c)	50,952
Allowed claims under the JV Plan (d)	(1,797,782)
Estimated cost for rejected contracts	29,831
Settlements and other	(2,331)
Balance at July 31, 2006	16,663,854
Settlements and other	(1,027)
Balance at September 30, 2006	$16,662,827

(a) In connection with the acquisition of Verizon Media Ventures, Inc. (“Verizon Media Ventures”), Adelphia issued shares of Class A Common Stock valued at $46,470,000. Verizon Media Ventures had the option to require the Company to repurchase such shares, including related interest charges, in the event that the Company failed to register the shares within a specified period of time after the acquisition. As a result of the claims reconciliation process, the Company determined that, prior to the Petition Date, Verizon Media Ventures had asked the Company to repurchase the shares. Accordingly, the Company has revised the classification of the amount of the purchase price previously recorded through equity to liabilities subject to compromise. In addition, the Company recorded losses of $40,054,000 during the seven months ended July 31, 2006, associated with claims asserted by Verizon Media Ventures in connection with two separate asset purchase agreements which were not consummated. The losses recorded by the Company for these claims represent the impact of a settlement which has been reached by the parties and approved by the Bankruptcy Court on October 5, 2006.

(b) During the seven months ended July 31, 2006, the Company reversed $127,244,000 of pre-petition interest expense which had previously been accrued as a result of a May 2006 Bankruptcy Court order which disallowed this interest.

(c) During the second quarter of 2006 and the month ended July 31, 2006, the Company recorded $49,883,000 and $1,069,000, respectively, of additional interest expense for certain allowed claims under the JV Plan. Other than pre-petition debt obligations which accrue interest at their contractual rate, the JV Plan generally provides for interest on allowed claims at a rate of 8% from the Petition Date through July 31, 2006. In connection with the confirmation of the JV Plan, the Company also increased liabilities subject to compromise by $9,958,000 to reflect the allowed claims for the JV Debtors’ pre-petition debt obligations.

(d) During the quarter ended September 30, 2006, the Company paid $1,783,349,000 of allowed claims and interest under the JV Plan (includes $1,608,567,000 of debt obligations). Pre-petition debt obligations of $14,433,000 related to the JV Debtors yet to be disbursed under the JV Plan were reclassified to other liabilities in the accompanying unaudited consolidated statement of net liabilities in liquidation.

The amounts presented as liabilities subject to compromise may be subject to future adjustments depending on Bankruptcy Court actions, completion of the reconciliation process with respect to disputed claims, determinations of the secured status of certain claims, the value of any collateral securing such claims or other events. Such adjustments may be material to the amounts reported as liabilities subject to compromise.

Reorganization Income (Expenses) Due to Bankruptcy, net

Prior to the adoption of a liquidation basis of accounting, only those fees and other items directly related to the Chapter 11 filings were included in reorganization income (expenses) due to bankruptcy, net. These fees and other items were adjusted by interest earned during reorganization and income related to the settlement of certain liabilities subject to compromise. The following table sets forth certain components of reorganization income (expenses) due to bankruptcy, net under the going concern basis prior to August 1, 2006 for the indicated periods (amounts in thousands):

	Month ended July 31, 2006	Three months ended September 30, 2005	Seven months ended July 31, 2006	Nine months ended September 30, 2005
Professional fees	$ (12,436)	$ (22,239)	$ (82,269)	$ (63,291)
Disallowed pre-petition accrued interest expense	−	−	127,244	−
Debt obligations associated with the JV Plan	−	−	(9,958)	−
Interest earned during reorganization	2,270	2,790	12,963	7,338
Settlements and other	631	(1,781)	5,124	3,149
Reorganization income (expenses) due to bankruptcy, net	$ (9,535)	$ (21,230)	$ 53,104	$ (52,804)

In connection with the adoption of a liquidation basis of accounting, the Company recorded an estimated accrual for costs during the liquidation period of $212,605,000. Such accrual includes an estimate for fees directly related to the Chapter 11 filings.

Note 3: Variable Interest Entities

Financial Accounting Standards Board (“FASB”) Interpretation No. 46, *Consolidation of Variable Interest Entities* (as subsequently revised in December 2003, “FIN 46-R”), requires variable interest entities, as defined by FIN 46-R, to be consolidated by the primary beneficiary if certain criteria are met. Effective January 1, 2004, the Company began consolidating the Rigas Co-Borrowing Entities under FIN 46-R. As described below, the Company ceased to consolidate Coudersport and Bucktail under FIN 46-R in the second quarter of 2005. Pursuant to the RME Forfeiture Orders, all right, title and interest in the Forfeited Entities held by the Rigas Family and Rigas Family Entities prior to the Forfeiture Order were transferred to the Company on March 29, 2006. The Forfeited Entities do not include Coudersport and Bucktail. See Note 8 for additional information. As a result, the Forfeited Entities became part of Adelphia and its consolidated subsidiaries on March 29, 2006 and the provisions of FIN 46-R are no longer applicable to the Forfeited Entities.

The April 2005 agreements approved by the District Court in the SEC civil enforcement action (the “SEC Civil Action”), including: (i) the Non-Prosecution Agreement; (ii) the Adelphia-Rigas Settlement Agreement (defined in Note 8, “Adelphia’ s Lawsuit Against the Rigas Family”); (iii) the Government-Rigas Settlement Agreement (also defined in Note 8, “Rigas Criminal Action”); and (iv) the final judgment as to Adelphia (collectively, the “Government Settlement Agreements”), provide for, among other things, the forfeiture of certain assets by the Rigas Family and Rigas Family Entities. As a result of the Forfeiture Order on June 8, 2005, the Company was no longer the primary beneficiary of Coudersport and Bucktail. Accordingly, the Company ceased to consolidate Coudersport and Bucktail under FIN 46-R in the second quarter of 2005.

ADELPHIA COMMUNICATIONS CORPORATION AND SUBSIDIARIES
(Debtors-In-Possession)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS − Continued
(unaudited)

The consolidation of the Rigas Co-Borrowing Entities under FIN 46-R resulted in the following impact to the Company' s consolidated financial statements for the indicated periods (amounts in thousands):

	Three months ended March 31, 2006 *	Nine months ended September 30, 2005
Revenue	$ 53,459	$ 152,278
Operating income	$ 8,339	$ 13,722
Other (expense) income, net	$ (644)	$ 433,732
Net income applicable to common stockholders	$ 7,695	$ 447,454

	December 31, 2005
Current assets	$ 3,383
Noncurrent assets	$ 612,065
Current liabilities	$ 15,602
Noncurrent liabilities	$ 5,660

* Effective March 29, 2006, the Forfeited Entities became part of Adelphia and the provisions of FIN 46-R are no longer applicable to the Forfeited Entities; thus, FIN 46-R had no impact to the Company' s consolidated financial statements for periods subsequent to March 31, 2006.

Note 4: Transactions with the Rigas Family and Other Rigas Entities

In connection with the Government Settlement Agreements, all amounts owed between Adelphia (including the Rigas Co-Borrowing Entities) and the Rigas Family and Other Rigas Entities will not be collected or paid. As a result, in June 2005, the Company derecognized through other income (expense) the $460,256,000 payable by the Rigas Co-Borrowing Entities to the Rigas Family and Other Rigas Entities.

On June 8, 2005, pursuant to the Forfeiture Order, equity ownership of the Rigas Co-Borrowing Entities (other than Coudersport and Bucktail), the debt and equity securities of the Company and certain real estate and other property were forfeited by the Rigas Family and the Rigas Family Entities to the United States. In conjunction with the Forfeiture Order on June 8, 2005, the Company recorded the settlement proceeds at their fair value. The Company determined that the equity interests in the Rigas Co-Borrowing Entities had nominal value as the liabilities of these entities significantly exceed the fair value of their assets. On March 29, 2006, all right, title and interest in the Forfeited Entities held by the Rigas Family and by the Rigas Family Entities prior to the Forfeiture Order were transferred to certain subsidiaries of the Company free and clear of all liens, claims, encumbrances and adverse interests in accordance with the RME Forfeiture Orders, subject to certain limitations set forth in the RME Forfeiture Orders.

On July 28, 2006, the District Court entered the Real Property Forfeiture Orders pursuant to which all right, title and interest previously held by the Rigas Family and the Rigas Family Entities in certain specified real estate and other property were transferred to certain subsidiaries of the Company free and clear of all liens, claims, encumbrances and adverse interests in accordance with the Real Property Forfeiture Orders, subject to certain limitations set forth in the Real Property Forfeiture Orders.

The transfer in furtherance of the Non-Prosecution Agreement of all right, title and interest previously held by the Rigas Family and by the Rigas Family Entities in certain other property and in any of the Company' s securities is expected to occur in accordance with separate, subsequent court documentation. As more fully described in Note 5, at September 30, 2006, $567,376,000 of the Company' s convertible subordinated notes which were held by the Rigas Family and Rigas Family Entities prior to the Forfeiture Order and, which have not yet been transferred to the Company, are included in liabilities subject to compromise in the accompanying unaudited consolidated statement of net liabilities in liquidation. Upon receipt of these securities, the Company will remove the related obligation from liabilities subject to compromise.

Also, in connection with the Government Settlement Agreements, the Company agreed to pay the Rigas Family an additional $11,500,000 for legal defense costs, which was paid by the Company in June 2005. The Government

Settlement Agreements release the Company from further obligation to provide funding for legal defense costs for the Rigas Family.

As of December 31, 2004, the Company had accrued $2,717,000 of severance for John J. Rigas pursuant to the terms of a May 23, 2002 agreement with John J. Rigas, Timothy J. Rigas, James P. Rigas and Michael J. Rigas. The Government Settlement Agreements release the Company from this severance obligation. Accordingly, the Company derecognized the severance accrual and recognized the benefit of $2,717,000 in June 2005.

The Company recognized a net benefit from the settlement with the Rigas Family and Other Rigas Entities in June 2005 and has included such net benefit in other income (expense), net in the condensed consolidated statements of operations, as follows (amounts in thousands):

Derecognition of amounts due to the Rigas Family and Other Rigas Entities from the Rigas Co-Borrowing Entities	$460,256
Derecognition of amounts due from the Rigas Family and Other Rigas Entities, net*	(15,405)
Estimated fair value of debt and equity securities and real estate to be conveyed to the Company	34,629
Deconsolidation of Coudersport and Bucktail, net (Note 3)	(12,964)
Legal defense costs for the Rigas Family	(11,500)
Derecognition of severance accrual for John J. Rigas	2,717
Settlement with the Rigas Family and Other Rigas Entities, net	$457,733

* Represents the December 31, 2004 amounts due from the Rigas Family and Other Rigas Entities of $28,743,000, less the provision for uncollectible amounts of $13,338,000 recognized by the Company for the period from January 1, 2005 through June 8, 2005 (date of the Forfeiture Order) due to a further decline in the fair value of the underlying securities.

Note 5: Debt

The carrying value of the Company' s debt is summarized below for the indicated periods (amounts in thousands):

	September 30, 2006	December 31, 2005
Parent and subsidiary debt:		
Secured:		
DIP Facilities (a)	$ −	$ 851,352
Capital lease obligations	−	17,546
Unsecured other subsidiary debt	−	286
Parent and subsidiary debt	$ −	$ 869,184
Liabilities subject to compromise:		
Parent debt − unsecured: (b)		
Senior notes	$ 4,767,565	$ 4,767,565
Convertible subordinated notes (c)	1,992,022	1,992,022
Senior debentures	129,247	129,247
Pay-in-kind notes	31,847	31,847
Total parent debt	6,920,681	6,920,681
Subsidiary debt:		
Secured		
Notes payable to banks (d)	617,313	2,240,313
Co-Borrowing Facilities (e)	4,576,375	4,576,375
Unsecured		
Senior notes	1,105,538	1,105,538
Senior discount notes	342,830	342,830
Zero coupon senior discount notes	755,031	755,031
Senior subordinated notes	208,976	208,976
Other subsidiary debt	121,424	121,424
Total subsidiary debt	7,727,487	9,350,487
Deferred financing fees(f)	(131,059)	(134,208)
Parent and subsidiary debt (Note 2)	$14,517,109	$16,136,960

(a) Debtor-in-Possession ("DIP") Facilities

In order to provide liquidity following the commencement of the Chapter 11 Cases, Adelphia and certain of its subsidiaries (the "Loan Parties") entered into a $1,500,000,000 debtor-in-possession credit facility (as amended, the "DIP Facility"). On May 10, 2004, the Loan Parties entered into a $1,000,000,000 extended debtor-in-possession credit facility (as amended, the "First Extended DIP Facility"), which amended and restated the DIP Facility in its entirety. On February 25, 2005, the Loan Parties entered into a $1,300,000,000 further extended debtor-in-possession credit facility (as amended, the "Second Extended DIP Facility"), which amended and restated the First Extended DIP Facility in its entirety. On March 17, 2006, the Loan Parties entered into a $1,300,000,000 further extended debtor-in-possession credit facility (the "Third Extended DIP Facility"), which amended and restated the Second Extended DIP Facility in its entirety.

The Third Extended DIP Facility generally was scheduled to mature upon the earlier of August 7, 2006 or the occurrence of certain other events, as described in the Third Extended DIP Facility. The Third Extended DIP Facility was comprised of an $800,000,000 revolving

Tranche A Loan (including a $500,000,000 letter of credit subfacility) and a $500,000,000 term Tranche B Loan. The Third Extended DIP Facility was secured with a first priority lien on all of the Loan Parties' unencumbered assets, a priming first priority lien on all assets of the Loan Parties securing their pre-petition bank debt and a junior lien on all other assets of the Loan Parties. The applicable margin on loans extended under the Third Extended DIP Facility was reduced (when compared to the Second Extended DIP Facility) to 1.00% per annum in the case of alternate base rate loans and 2.00% per annum in the case of adjusted London interbank offered rate

("LIBOR") loans, and the commitment fee with respect to the unused portion of the Tranche A Loan was 0.50% per annum (which is the same fee that was charged under the Second Extended DIP Facility).

In connection with the completion of the Sale Transaction, on the Closing Date, the Loan Parties terminated the Third Extended DIP Facility. In connection with the termination of the Third Extended DIP Facility, the Loan Parties repaid all loans outstanding under the Third Extended DIP Facility and all accrued and unpaid interest thereon, with such payments totaling approximately $986,000,000. In addition, in connection with the termination of the Third Extended DIP Facility the Loan Parties paid all accrued and unpaid fees of the lenders under the Third Extended DIP Facility. In connection with these payments, the collateral agent under the Third Extended DIP Facility released any and all liens and security interests on the assets that collateralized the obligations under the Third Extended DIP Facility.

(b) Parent Debt

All debt of Adelphia is structurally subordinated to the debt of its subsidiaries such that the assets of an indebted subsidiary are used to satisfy the applicable subsidiary debt before being applied to the payment of parent debt.

(c) Convertible Subordinated Notes

The convertible subordinated notes include $1,029,876,000 aggregate principal amount of 6% convertible subordinated notes and $975,000,000 aggregate principal amount of 3.25% convertible subordinated notes. Prior to the Forfeiture Order, the Other Rigas Entities purportedly held $167,376,000 aggregate principal amount of the 6% notes and $400,000,000 aggregate principal amount of the 3.25% notes. The terms of the 6% notes and 3.25% notes provide for the conversion of such notes into Class A Common Stock (Class B Common Stock in the case of notes held by the Other Rigas Entities) at the option of the holder any time prior to maturity at an initial conversion price of $55.49 per share and $43.76 per share, respectively.

The transfer of all right, title and interest previously held by the Rigas Family and by the Rigas Family Entities in any of the Company' s securities, including the 6% notes and the 3.25% notes, in furtherance of the Non-Prosecution Agreement is expected to occur in accordance with separate, subsequent court documentation. The Company will recognize the benefits of such conveyance when it occurs. For additional information, see Note 8.

(d) Notes Payable to Banks

The Company paid $1,608,567,000 of pre-petition debt obligations to certain banks in the third quarter of 2006 in accordance with the JV Plan. At September 30, 2006, pre-petition debt obligations of $14,433,000 related to the JV Debtors had not yet been paid out under the JV Plan. Such amounts were reclassified to other liabilities in the accompanying unaudited consolidated statement of net liabilities in liquidation.

(e) Co-Borrowing Facilities

The co-borrowing facilities represent the aggregate amount outstanding pursuant to three separate co-borrowing facilities dated May 6, 1999, April 14, 2000 and September 28, 2001 (the "Co-Borrowing Facilities"). Each co-borrower is jointly and severally liable for the entire amount of the indebtedness under the applicable Co-Borrowing Facility regardless of whether that co-borrower actually borrowed that amount under such Co-Borrowing Facility. All amounts outstanding under Co-Borrowing Facilities represent pre-petition liabilities that have been classified as liabilities subject to compromise in the accompanying unaudited consolidated statement of net liabilities in liquidation at September 30, 2006 and the accompanying condensed consolidated balance sheet at December 31, 2005.

(f) Deferred Financing Fees

In connection with the confirmation of the JV Plan, deferred financing fees of $9,958,000 related to the JV Debtors were removed from liabilities subject to compromise.

Other Debt Matters

Due to the commencement of the Chapter 11 proceedings and the Company' s failure to comply with certain financial covenants, the Company is in default on substantially all of its pre-petition debt obligations. Except as otherwise may be determined by the Bankruptcy Court, the automatic stay protection afforded by the Chapter 11 proceedings prevents any action from being taken against any of the Debtors with regard to any of the defaults under the pre-petition debt obligations. For additional information, see Note 2.

On September 22, 2006, certain holders of ACC Senior Notes filed a motion seeking, among other things, authorization to have the Debtors immediately repay all of the Debtors' outstanding bank facilities, including the Co-Borrowing Facilities. The Bankruptcy Court held a conference on the motion on September 26, 2006. A hearing on the motion has not been scheduled yet.

Interest Rate Derivative Agreements

At the Petition Date, all of the Company' s derivative financial instruments had been settled or have since been settled except for one fixed rate swap, one variable rate swap and one interest rate collar. As the settlement of the remaining derivative financial instruments will be determined by the Bankruptcy Court, the $3,486,000 fair value of the liability associated with the derivative financial instruments at the Petition Date has been classified as a liability subject to compromise in the accompanying unaudited consolidated statement of net liabilities in liquidation and the condensed consolidated balance sheet.

Note 6: Segments

As a result of the Sale Transaction, the Company no longer has any continuing operations. Prior to the Sale Transaction, the Company identified reportable segments as those consolidated segments that represent 10% or more of the combined revenue, net earnings or loss, or total assets of all of the Company' s operating segments as of and for the period ended on the most recent balance sheet date presented. Operating segments that did not meet this threshold were aggregated for segment reporting purposes within the "corporate and other" column. Prior to the Sale Transaction, the Company' s only reportable operating segment was its "cable" segment. The cable segment included the Company' s cable system operations (including consolidated subsidiaries, equity method investments and variable interest entities) that provided the distribution of analog and digital video programming and high-speed Internet ("HSI") services to customers, for a monthly fee, through a network of fiber optic and coaxial cables. This segment also included the Company' s media services (advertising sales) business.

The reportable cable segment included five operating regions that have been combined as one reportable segment because all of such regions had similar economic characteristics.

Selected financial information concerning the Company' s operating segments under the going concern basis prior to August 1, 2006 is presented below for the indicated periods (amounts in thousands):

	Cable	Corporate and other	Eliminations	Total
Operating and Capital Expenditure Data:				
Month ended July 31, 2006				
Revenue	$ 396,532	$ 906	$ −	$ 397,438
Operating income (loss)	57,823	(26,042)	−	31,781
Capital expenditures for property and equipment	44,460	814	−	45,274
Three months ended September 30, 2005				
Revenue	$ 1,086,684	$ 1,884	$ −	$ 1,088,568
Operating income (loss)	67,635	(14,342)	−	53,293
Capital expenditures for property and equipment	183,747	11,374	−	195,121
Seven months ended July 31, 2006				
Revenue	$ 2,741,467	$ 3,972	$ −	$ 2,745,439
Operating income (loss)	383,392	(50,648)	−	332,744
Capital expenditures for property and equipment	324,728	5,167	−	329,895
Nine months ended September 30, 2005				
Revenue	$ 3,248,627	$ 12,166	$ −	$ 3,260,793
Operating income (loss)	251,078	(51,668)	−	199,410
Capital expenditures for property and equipment	510,538	22,774	−	533,312
Balance Sheet Information:				
Total assets as of December 31, 2005	$ 12,562,225	$ 3,309,331	$ (2,997,546)	$ 12,874,010

The Company did not derive more than 10% of its revenue from any one customer during the month and seven months ended July 31, 2006 or the three and nine months ended September 30, 2005. The Company' s long-lived assets related to its foreign operations were $6,517,000 as of December 31, 2005. The Company' s revenue related to its foreign operations was $1,772,000 during the month ended July 31, 2006; $4,706,000 during the three months ended September 30, 2005; $13,245,000 during the seven months ended July 31, 2006; and $13,362,000 during the nine months ended September 30, 2005. The Company' s assets and revenue related to its foreign operations were not significant to the Company' s financial position or results of operations, respectively, during any of the periods presented.

Note 7: Comprehensive Income (Loss)

The Company' s comprehensive income (loss), net of tax, under the going concern basis prior to August 1, 2006 is presented below for the indicated periods (amounts in thousands):

	Month ended July 31, 2006	Three months ended September 30, 2005	Seven months ended July 31, 2006	Nine months ended September 30, 2005
Net income (loss)	$ 5,889,804	$ (146,558)	$ 5,706,892	$ 61,738

Other comprehensive income (loss):				
Foreign currency translation adjustments	–	1,212	(2,155)	(6,421)
Unrealized gains on securities, net of tax	–	(14)	18	784
Other comprehensive loss, net of tax	–	1,198	(2,137)	(5,637)
Comprehensive income (loss), net	$ 5,889,804	$ (145,360)	$ 5,704,755	$ 56,101

Note 8: Contingencies

Letters of Credit

At September 30, 2006, the aggregate principal amount of letters of credit issued by the Company was $18,611,000 and these letters of credit are collateralized by cash of $20,532,000.

Litigation Matters

General. The Company follows Statement of Financial Accounting Standards ("SFAS") No. 5, *Accounting for Contingencies*, in determining its accruals and disclosures with respect to loss contingencies. Accordingly, estimated losses from loss contingencies have been reflected as a charge to income for periods prior to August 1, 2006 and as a change to net liabilities in liquidation for periods subsequent to July 31, 2006 when information available indicates that it is probable that an asset had been impaired or a liability had been incurred and the amount of the loss can be reasonably estimated. If a loss contingency is not probable or reasonably estimable, disclosure of the loss contingency is made in the financial statements when it is reasonably possible that a material loss may be incurred.

SEC Civil Action and the United States Department of Justice Investigation. On July 24, 2002, the SEC Civil Action was filed against Adelphia, certain members of the Rigas Family and others, alleging various securities fraud and improper books and records claims arising out of actions allegedly taken or directed by certain members of the Rigas Family who held all of the senior executive positions at Adelphia and constituted five of the nine members of Adelphia' s board of directors (none of whom remain with the Company).

On December 3, 2003, the SEC filed a proof of claim in the Chapter 11 Cases against Adelphia for, among other things, penalties, disgorgement and prejudgment interest in an unspecified amount. The staff of the SEC told the Company' s advisors that its asserted claims for disgorgement and civil penalties under various legal theories could amount to billions of dollars. On July 14, 2004, the Creditors' Committee initiated an adversary proceeding seeking, in effect, to subordinate the SEC' s claims based on the SEC Civil Action.

On April 25, 2005, after extensive negotiations with the SEC and the U.S. Attorney, the Company entered into the Non-Prosecution Agreement pursuant to which the Company agreed, among other things: (i) to contribute $715,000,000 in value to a fund to be established and administered by the United States Attorney General and the SEC for the benefit of investors harmed by the activities of prior management (the "Restitution Fund"); (ii) to continue to cooperate with the U.S. Attorney until the later of April 25, 2007, or the date upon which all prosecutions arising out of the conduct described in the Rigas Criminal Action (as described below) and SEC Civil Action are final; and (iii) not to assert claims against the Rigas Family except for John J. Rigas, Timothy J. Rigas and Michael J. Rigas (together, the "Excluded Parties"), provided that Michael J. Rigas will cease to be an Excluded Party if all currently pending criminal proceedings against him are resolved without a felony conviction on a charge involving fraud or false statements (other than false statements to the U.S. Attorney or the SEC). On November 23, 2005, Michael J. Rigas pled guilty to a violation of Title 47, U.S. Code, Section 220(e) for making a false entry in a Company record (a form required to be filed with the SEC), and on March 3, 2006, was sentenced to two years of probation, including ten months of home confinement.

As a result of the Sale Transaction, the Company' s contribution to the Restitution Fund will consist of $600,000,000 in cash and shares of TWC Class A Common Stock (with at least $200,000,000 in cash) and 50% of the first $230,000,000 of future proceeds, if any, from certain litigation against certain third parties. Unless extended on consent of the U.S. Attorney and the SEC, which consent may not be unreasonably withheld, and subject to the satisfaction of certain conditions not yet satisfied by the government, the Company must make these payments on or before the earlier of: (i) October 15, 2006; (ii) 120 days after confirmation of a stand-alone plan of reorganization; or (iii) seven days after the first distribution of stock or cash to creditors under any plan of reorganization (the SEC on behalf of itself and the U.S. Attorney has informed the Company that such distribution under the JV Plan does not create an obligation to make the restitution payment). The Company recorded charges of $425,000,000 and $175,000,000 during 2004 and 2002, respectively, related to the Non-Prosecution Agreement.

The U.S. Attorney agreed: (i) not to prosecute Adelphia or specified subsidiaries of Adelphia for any conduct (other than criminal tax violations) related to the Rigas Criminal Action (defined below) or the allegations contained in the SEC Civil Action; (ii) not to use information obtained through the Company' s cooperation with the U.S. Attorney to criminally prosecute the Company for tax violations; and (iii) to transfer to the Company all of the Forfeited Entities, certain specified real estate and other property forfeited by the Rigas Family and by the Rigas Family Entities and any securities of the Company that were directly or indirectly owned by the Rigas Family and by the Rigas Family Entities prior to forfeiture. The U.S. Attorney agreed with the Rigas Family not to require forfeiture of Coudersport and Bucktail (which together served approximately 5,000 subscribers (unaudited) as of the date of the Forfeiture Order). A condition precedent to the Company' s obligation to make the contribution to the Restitution Fund described in the preceding paragraph is the Company' s receipt of title to the Forfeited Entities, certain specified real estate and other property and any securities described above forfeited by the Rigas Family and by the Rigas Family Entities, free and clear of all liens, claims, encumbrances or adverse interests. The Forfeited Entities transferred to the Company pursuant to the RME Forfeiture Orders represent the overwhelming majority of the Rigas Co-Borrowing Entities' subscribers and value.

Also on April 25, 2005, the Company consented to the entry of a final judgment in the SEC Civil Action resolving the SEC' s claims against the Company. Pursuant to this agreement, the Company will be permanently enjoined from violating various provisions of the federal securities laws, and the SEC has agreed that if the Company makes the $715,000,000 contribution to the Restitution Fund, then the Company will not be required to pay disgorgement or a civil monetary penalty to satisfy the SEC' s claims.

Pursuant to letter agreements with TW NY and Comcast, the U.S. Attorney has agreed, notwithstanding any failure by the Company to comply with the Non-Prosecution Agreement, that it will not criminally prosecute any of the joint venture entities or their subsidiaries purchased from the Company by TW NY or Comcast pursuant to the Purchase Agreements. Under such letter agreements, each of TW NY and Comcast have agreed that following the closing of the Sale Transaction they will cooperate with the relevant governmental authorities' requests for information about the Company' s operations, finances and corporate governance between 1997 and confirmation of the Debtors' plan of reorganization. The sole and exclusive remedy against TW NY or Comcast for breach of any obligation in the letter agreements is a civil action for breach of contract seeking specific performance of such obligations. In addition, TW NY and Comcast entered into letter agreements with the SEC agreeing that upon and after the closing of the Sale Transaction, TW NY, Comcast and their respective affiliates (including the joint venture entities transferred pursuant to the Purchase Agreements) will not be subject to, or have any obligation under, the final judgment consented to by the Company in the SEC Civil Action.

The Non-Prosecution Agreement was subject to the approval of, and has been approved by, the Bankruptcy Court. Adelphia' s consent to the final judgment in the SEC Civil Action was subject to the approval of, and has been approved by, both the Bankruptcy Court and the District Court. Various parties have challenged and sought appellate review or reconsideration of the order of the Bankruptcy Court approving these settlements. The District Court affirmed the Bankruptcy Court' s approval of the Non-Prosecution Agreement, Adelphia' s consent to the final judgment in the SEC Civil Action and the Adelphia-Rigas Settlement Agreement (defined below). On March 24, 2006, various parties appealed the District Court' s order affirming the Bankruptcy Court' s approval to the United States Court of Appeals for the Second Circuit (the "Second Circuit"). Adelphia has moved to dismiss that appeal on the grounds that it is moot, amounts to an impermissible collateral attack on the 363 Approval Order and is barred by res judicata. The appeal from the District Court' s order affirming the Bankruptcy Court' s approval and Adelphia' s motion to dismiss that appeal are pending before the Second Circuit. The order of the District Court approving Adelphia' s consent to the final judgment in the SEC Civil Action has not been appealed. The appeals of the District Court' s approval of the Government-Rigas Settlement Agreement (defined below) and the creation of the Restitution Fund have been denied by the Second Circuit.

Adelphia' s Lawsuit Against the Rigas Family. On July 24, 2002, Adelphia filed a complaint in the Bankruptcy Court against John J. Rigas, Michael J. Rigas, Timothy J. Rigas, James P. Rigas, James Brown, Michael C. Mulcahey, Peter L. Venetis, Doris Rigas, Ellen Rigas Venetis and the Rigas Family Entities (the "Rigas Civil Action"). This action generally alleged the defendants misappropriated billions of dollars from the Company in breach of their fiduciary duties to Adelphia. On November 15, 2002, Adelphia filed an amended complaint against the defendants that expanded upon the facts alleged in the original complaint and alleged violations of the Racketeering Influenced and Corrupt Organizations ("RICO") Act, breach of fiduciary duty, securities fraud, fraudulent concealment, fraudulent misrepresentation, conversion, waste of corporate assets, breach of contract, unjust enrichment, fraudulent conveyance, constructive trust, inducing breach of fiduciary duty, and a request for an accounting (the "Amended Complaint"). The

Amended Complaint sought relief in the form of, among other things, treble and punitive damages, disgorgement of monies and securities obtained as a consequence of the Rigas Family' s improper conduct and attorneys' fees.

On April 25, 2005, Adelphia and the Rigas Family entered into a settlement agreement with respect to the Rigas Civil Action (the "Adelphia-Rigas Settlement Agreement"), pursuant to which Adelphia agreed, among other things: (i) to pay $11,500,000 to a legal defense fund for the benefit of the Rigas Family; (ii) to provide management services to Coudersport and Bucktail for an interim period ending no later than December 31, 2005 ("Interim Management Services"); (iii) to indemnify Coudersport and Bucktail, and the Rigas Family' s (other than the Excluded Parties') interest therein, against claims asserted by the lenders under the Co-Borrowing Facilities with respect to such indebtedness up to the fair market value of those entities (without regard to their obligations with respect to such indebtedness); (iv) to provide certain members of the Rigas Family with certain indemnities, reimbursements or other protections in connection with certain third party claims arising out of Company litigation, and in connection with claims against certain members of the Rigas Family by any of the Tele-Media Joint Ventures or Century/ML Cable Venture ("Century/ML Cable"); and (v) within ten business days of the date on which the consent order of forfeiture is entered, dismiss the Rigas Civil Action, except for claims against the Excluded Parties. The Rigas Family agreed: (i) to make certain tax elections, under certain circumstances, with respect to the Forfeited Entities; (ii) to pay Adelphia five percent of the gross operating revenue of Coudersport and Bucktail for the Interim Management Services; and (iii) to offer employment to certain Coudersport and Bucktail employees on terms and conditions that, in the aggregate, are no less favorable to such employees (other than any employees who were expressly excluded by written notice to Adelphia received by July 1, 2005) than their terms of employment with the Company.

Pursuant to the Adelphia-Rigas Settlement Agreement, on June 21, 2005, the Company filed a dismissal with prejudice of all claims in this action except against the Excluded Parties.

This settlement was subject to the approval of, and has been approved by, the Bankruptcy Court. Various parties have challenged and sought appellate review or reconsideration of the order of the Bankruptcy Court approving this settlement. The appeals of the Bankruptcy Court' s approval remain pending.

Rigas Criminal Action. In connection with an investigation conducted by the U. S. Department of Justice (the "DoJ"), on July 24, 2002, certain members of the Rigas Family and certain alleged co-conspirators were arrested, and on September 23, 2002, were indicted by a grand jury on charges including fraud, securities fraud, bank fraud and conspiracy to commit fraud (the "Rigas Criminal Action"). On November 14, 2002, one of the Rigas Family' s alleged co-conspirators, James Brown, pleaded guilty to one count each of conspiracy, securities fraud and bank fraud. On January 10, 2003, another of the Rigas Family' s alleged co-conspirators, Timothy Werth, who had not been arrested with the others on July 24, 2002, pleaded guilty to one count each of securities fraud, conspiracy to commit securities fraud, wire fraud and bank fraud. The trial in the Rigas Criminal Action began on February 23, 2004 in the District Court. On July 8, 2004, the jury returned a partial verdict in the Rigas Criminal Action. John J. Rigas and Timothy J. Rigas were each found guilty of conspiracy (one count), bank fraud (two counts), and securities fraud (15 counts) and not guilty of wire fraud (five counts). Michael J. Mulcahey was acquitted of all 23 counts against him. The jury found Michael J. Rigas not guilty of conspiracy and wire fraud, but remained undecided on the securities fraud and bank fraud charges against him. On July 9, 2004, the court declared a mistrial on the remaining charges against Michael J. Rigas after the jurors were unable to reach a verdict as to those charges. The bank fraud charges against Michael J. Rigas have since been dismissed with prejudice. On March 17, 2005, the District Court denied the motion of John J. Rigas and Timothy J. Rigas for a new trial. On June 20, 2005, John J. Rigas and Timothy J. Rigas were convicted and sentenced to 15 years and 20 years in prison, respectively. John J. Rigas and Timothy J. Rigas have appealed their convictions and sentences and remain free on bail pending resolution of their appeals. On November 23, 2005, Michael J. Rigas pled guilty to a violation of Title 47, U.S. Code, Section 220(e) for making a false entry in a Company record (a form required to be filed with the SEC), and on March 3, 2006, was sentenced to two years of probation, including ten months of home confinement.

The indictment against the Rigas Family included a request for entry of a money judgment in an amount exceeding $2,500,000,000 and for entry of an order of forfeiture of all interests of the convicted Rigas defendants in the Rigas Family Entities. On December 10, 2004, the DoJ filed an application for a preliminary order of forfeiture finding John J. Rigas and Timothy J. Rigas jointly and severally liable for personal money judgments in the amount of $2,533,000,000.

On April 25, 2005, the Rigas Family and the U.S. Attorney entered into a settlement agreement (the "Government-Rigas Settlement Agreement"), pursuant to which the Rigas Family agreed to forfeit: (i) all of the Forfeited Entities; (ii) certain specified real estate and other property; and (iii) all securities in the Company directly or indirectly owned by the Rigas Family. The U.S. Attorney agreed: (i) not to seek additional monetary penalties from the Rigas Family, including the request for a money judgment as noted above; (ii) from the proceeds of certain assets forfeited by the Rigas Family, to establish the Restitution Fund for the purpose of providing restitution to holders of the Company' s publicly traded securities; and (iii) to inform the District Court of this agreement at the sentencing of John J. Rigas and Timothy J. Rigas.

Pursuant to the Forfeiture Order, all right, title and interest of the Rigas Family and Rigas Family Entities in the Forfeited Entities, certain specified real estate and other property and any securities of the Company were forfeited to the United States. On August 19, 2005, the Company filed a petition with the District Court seeking an order transferring title to these assets and securities to the Company. Since that time, petitions have been filed by three lending banks, each asserting an interest in the Forfeited Entities for the purpose, according to the petitions, of protecting against the contingency that the Bankruptcy Court approval of certain settlement agreements is overturned on appeal. In addition, petitions have been filed by two local franchising authorities with respect to two of the Forfeited Entities, by two mechanic' s lienholders with respect to two of the forfeited real properties and by a school district with respect to one of the forfeited real properties. The Company' s petition also asserted claims to the forfeited properties on behalf of several entities (Century/ML Cable, Super Cable ALK International, A.A. (Venezuela), Century-TCI California, L.P., Century-TCI California Communications, L.P., Century-TCI Holdings, LLC, Parnassos, L.P., Parnassos Communications, L.P., Parnassos Holdings, LLC, Western NY Cablevision, L.P., Adlink Cable Advertising, LLC, and South Florida Cable Advertising) in which the Company no longer holds an interest. Pursuant to the RME Forfeiture Orders, on March 29, 2006, all right, title and interest in the Forfeited Entities held by the Rigas Family and by the Rigas Family Entities prior to the Forfeiture Order were transferred to certain subsidiaries of the Company free and clear of all liens, claims, encumbrances and adverse interests in accordance with the RME Forfeiture Orders, subject to certain limitations set forth in the RME Forfeiture Orders. On July 28, 2006, the District Court entered the Real Property Forfeiture Orders pursuant to which all right, title and interest previously held by the Rigas Family and the Rigas Family Entities in certain specified real estate and other property were transferred to certain subsidiaries of the Company free and clear of all liens, claims, encumbrances and adverse interests in accordance with the Real Property Forfeiture Orders, subject to certain limitations set forth in the Real Property Forfeiture Orders. The transfer in furtherance of the Non-Prosecution Agreement of all right, title and interest previously held by the Rigas Family and by the Rigas Family Entities in certain other property and in any of the Company' s securities is expected to occur in accordance with separate, subsequent court documentation. The government has requested that its next status report to the District Court regarding the forfeiture proceedings be submitted on November 17, 2006.

The Company was not a defendant in the Rigas Criminal Action, but was under investigation by the DoJ regarding matters related to alleged wrongdoing by certain members of the Rigas Family. Upon approval of the Non-Prosecution Agreement, Adelphia and specified subsidiaries are no longer subject to criminal prosecution (other than for criminal tax violations) by the U.S. Attorney for any conduct related to the Rigas Criminal Action or the allegations contained in the SEC Civil Action, so long as the Company complies with its obligations under the Non-Prosecution Agreement.

Securities and Derivative Litigation. Certain of the Debtors and certain former officers, directors and advisors have been named as defendants in a number of lawsuits alleging violations of federal and state securities laws and related claims. These actions generally allege that the defendants made materially misleading statements understating the Company' s liabilities and exaggerating the Company' s financial results in violation of securities laws.

In particular, beginning on April 2, 2002, various groups of plaintiffs filed more than 30 class action complaints, purportedly on behalf of certain of the Company' s shareholders and bondholders or classes thereof in federal court in Pennsylvania. Several non-class action lawsuits were brought on behalf of individuals or small groups of security holders in federal courts in Pennsylvania, New York, South Carolina and New Jersey, and in state courts in New York, Pennsylvania, California and Texas. Seven derivative suits were also filed in federal and state courts in Pennsylvania, and four derivative suits were filed in state court in Delaware. On May 6, 2002, a notice and proposed order of dismissal without prejudice was filed by the plaintiff in one of these four Delaware derivative actions. The remaining three Delaware derivative actions were consolidated on May 22, 2002. On February 10, 2004, the parties stipulated and agreed to the dismissal of these consolidated actions with prejudice.

The complaints, which named as defendants the Company, certain former officers and directors of the Company and, in some cases, the Company' s former auditors, lawyers, as well as financial institutions who worked with the Company, generally allege that, among other improper statements and omissions, defendants misled investors regarding the Company' s liabilities and earnings in the Company' s public filings. The majority of these actions assert claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and SEC Rule 10b-5. Certain bondholder actions assert claims for violation of Section 11 and/or Section 12(a) (2) of the Securities Act of 1933. Certain of the state court actions allege various state law claims.

On July 23, 2003, the Judicial Panel on Multidistrict Litigation issued an order transferring numerous civil actions to the District Court for consolidated or coordinated pre-trial proceedings (the "MDL Proceedings").

On September 15, 2003, proposed lead plaintiffs and proposed co-lead counsel in the consolidated class action were appointed in the MDL Proceedings. On December 22, 2003, lead plaintiffs filed a consolidated class action complaint. Motions to dismiss have been filed by various defendants. Beginning in the spring of 2005, the court in the MDL Proceedings granted in part various motions to dismiss relating to many of the actions, while granting leave to replead some claims. As a result of the filing of the Chapter 11 Cases and the protections of the automatic stay, the Company is not named as a defendant in the amended complaint, but is a non-party. The parties have continued to brief pleading motions, and no answer to the consolidated class action complaint, or the other actions, has been filed. On August 22, 2006, the District Court granted summary judgment on some issues in favor of plaintiff Los Angeles County Employees Retirement Association and against John J. Rigas and Timothy J. Rigas based upon their criminal convictions.

The consolidated class action complaint seeks monetary damages of an unspecified amount, rescission and reasonable costs and expenses and such other relief as the court may deem just and proper. The individual actions against the Company also seek damages of an unspecified amount.

On May 23, 2006, the lead plaintiffs, the named plaintiffs and the class reached a settlement with Deloitte & Touche LLP ("Deloitte"). On June 7, 2006, the lead plaintiffs, the named plaintiffs and the class reached a settlement with the financial institutions. The District Court entered an order preliminarily approving the settlements and set a hearing date of November 10, 2006 to consider final approval of the settlements. At the hearing, the District Court approved the class settlement with Deloitte and the financial institutions.

Pursuant to Section 362 of the Bankruptcy Code, all of the securities and derivative claims that were filed against the Company before the bankruptcy filings are automatically stayed and not proceeding as to the Company.

The Company cannot predict the outcome of these proceedings or estimate the possible effects on the Company' s net liabilities in liquidation.

Acquisition Actions. After the alleged misconduct of certain members of the Rigas Family was publicly disclosed, three actions were filed in May and June 2002 against the Company by former shareholders of companies that the Company acquired, in whole or in part, through stock transactions. These actions allege that the Company improperly induced these former shareholders to enter into these stock transactions through misrepresentations and omissions, and the plaintiffs seek monetary damages and equitable relief through rescission of the underlying acquisition transactions.

Two of these proceedings have been filed with the American Arbitration Association alleging violations of federal and state securities laws, breaches of representations and warranties and fraud in the inducement. One of these proceedings seeks rescission, compensatory damages and pre-judgment relief, and the other seeks specific performance. The third action alleges fraud and seeks rescission, damages and attorneys' fees. This action was originally filed in a Colorado State Court, and subsequently was removed by the Company to the United States District Court for the District of Colorado. The Colorado State Court action was closed administratively on July 16, 2004, subject to reopening if and when the automatic bankruptcy stay is lifted or for other good cause shown. These actions have been stayed pursuant to the automatic stay provisions of Section 362 of the Bankruptcy Code.

The Company cannot predict the outcome of these proceedings or estimate the possible effects on the Company' s net liabilities in liquidation.

Dibbern Adversary Proceeding. On or about August 30, 2002, Gerald Dibbern, individually and purportedly on behalf of a class of similarly situated subscribers nationwide, commenced an adversary proceeding in the Bankruptcy Court against Adelphia asserting claims for violation of the Pennsylvania Consumer Protection Law, breach of contract, fraud, unjust enrichment, constructive trust, and an accounting. This complaint alleges that Adelphia charged, and continues to charge, subscribers for cable set-top box equipment, including set-top boxes and remote controls, that is unnecessary for subscribers that receive only basic cable service and have cable-ready televisions. The complaint further alleges that Adelphia failed to adequately notify affected subscribers that they no longer needed to rent this equipment. The complaint seeks a number of remedies including treble money damages under the Pennsylvania Consumer Protection Law, declaratory and injunctive relief, imposition of a constructive trust on Adelphia' s assets, and punitive damages, together with costs and attorneys' fees.

On or about December 13, 2002, Adelphia moved to dismiss the adversary proceeding on several bases, including that the complaint fails to state a claim for which relief can be granted and that the matters alleged therein should be resolved in the claims process. The Bankruptcy Court granted Adelphia' s motion to dismiss and dismissed the adversary proceeding on May 3, 2005. In the Bankruptcy Court, Mr. Dibbern has also objected to the provisional disallowance of his proofs of claim, which comprised a portion of the Bankruptcy Court' s May 3, 2005 order. Mr. Dibbern appealed the May 3, 2005 order dismissing his adversary proceeding to the District Court. In an August 30, 2005 decision, the District Court affirmed the dismissal of Mr. Dibbern' s claims for violation of the Pennsylvania Consumer Protection Law, a constructive trust and an accounting, but reversed the dismissal of Mr. Dibbern' s breach of contract, fraud and unjust enrichment claims. These three claims will proceed in the Bankruptcy Court. Adelphia filed its answer on October 14, 2005 and discovery commenced. On March 15, 2006, the Debtors moved the Bankruptcy Court for an order staying discovery in several adversary proceedings, including the Dibbern adversary proceeding. On March 16, 2006, the Bankruptcy Court granted the order staying discovery in the Dibbern adversary proceeding.

On January 9, 2006, the Debtors filed a Notice of Estimation of Disputed Claims seeking to place a maximum allowed amount of $500,000 on the claims filed by Dibbern. On January 17, 2006, the Debtors filed their tenth omnibus claims objection to certain claims, including claims filed by Dibbern totaling more than $7.9 billion (including duplicative claims). Through the objections, the Debtors sought to disallow and expunge each of the Dibbern claims. On February 7, 2006, Dibbern filed an objection to the Notice of Estimation of Disputed Claims. On February 23, 2006, Dibbern responded to the Debtors' objections and requested that the Bankruptcy Court require the Debtors to establish additional reserves for Dibbern' s claims or to reclassify the claims as claims against the operating companies. On April 21, 2006, the Debtors filed a motion establishing supplemental procedures for estimating certain disputed claims, including Dibbern' s claims. Dibbern objected to the Debtors' motion on April 27, 2006. On May 4, 2006, the Bankruptcy Court entered an order granting the motion establishing supplemental procedures for estimating certain disputed claims, and on May 9, 2006, the Debtors filed an estimation notice seeking to estimate the claims filed by Dibbern for purposes of plan feasibility and reserves only. The Debtors and Dibbern then entered into a stipulation and agreed order on May 25, 2006 to cap Dibbern' s claims at $15,000,000 for purposes of plan feasibility and reserves only. The Company has not recorded any loss contingencies associated with Dibbern' s claims. The Bankruptcy Court signed the stipulation and agreed order on July 19, 2006.

The Company cannot predict the outcome of these proceedings or estimate the possible effects on the Company' s net liabilities in liquidation.

Creditors' Committee Lawsuit Against Pre-Petition Banks. Pursuant to the Bankruptcy Court order approving the DIP Facility (the "Final DIP Order"), the Company made certain acknowledgments (the "Acknowledgments") with respect to the extent of its indebtedness under the pre-petition credit facilities, as well as the validity and extent of the liens and claims of the lenders under such facilities. However, given the circumstances surrounding the filing of the Chapter 11 Cases, the Final DIP Order preserved the Debtors' right to prosecute, among other things, avoidance actions and claims against the pre-petition lenders and to bring litigation against the pre-petition lenders based on any wrongful conduct. The Final DIP Order also provided that any official committee appointed in the Chapter 11 Cases would have the right to request that it be granted standing by the Bankruptcy Court to challenge the Acknowledgments and to bring claims belonging to the Company and its estates against the pre-petition lenders.

Pursuant to a stipulation dated July 2, 2003, among the Debtors, the Creditors' Committee and the Equity Committee, the parties agreed, subject to approval by the Bankruptcy Court, that the Creditors' Committee would have derivative standing to file and prosecute claims against the pre-petition lenders, on behalf of the Debtors, and granted the Equity Committee leave to seek to intervene in any such action. This stipulation also preserves the Company' s ability to compromise and settle the claims against the pre-petition lenders. By motion dated July 6, 2003, the Creditors' Committee moved for Bankruptcy Court approval of this stipulation and simultaneously filed a complaint (the "Bank Complaint") against the agents and lenders under certain pre-petition credit facilities, and related entities, asserting, among other things, that these entities knew of, and participated in, the alleged improper actions by certain members of the Rigas Family and Rigas Family Entities (the "Pre-petition Lender Litigation"). The Debtors are nominal plaintiffs in this action.

The Bank Complaint contains 52 claims for relief to redress the claimed wrongs and abuses committed by the agents, lenders and other entities. The Bank Complaint seeks to, among other things: (i) recover as fraudulent transfers the principal and interest paid by the Company to the defendants; (ii) avoid as fraudulent obligations the Company' s obligations, if any, to repay the defendants; (iii) recover damages for breaches of fiduciary duties to the Company and for aiding and abetting fraud and breaches of fiduciary duties by the Rigas Family; (iv) equitably disallow, subordinate or recharacterize each of the defendants' claims in the Chapter 11 Cases; (v) avoid and recover certain allegedly preferential transfers made to certain defendants; and (vi) recover damages for violations of the Bank Holding Company Act. Numerous motions seeking to defeat the Pre-petition Lender Litigation were filed by the defendants and the Bankruptcy Court held a hearing on such issues. The Equity Committee filed a motion seeking authority to bring an intervenor complaint (the "Intervenor Complaint") against the defendants seeking to, among other things, assert additional contract claims against the investment banking affiliates of the agent banks and claims under the RICO Act against various defendants (the "Additional Claims").

On October 3 and November 7, 2003, certain of the defendants filed both objections to approval of the stipulation and motions to dismiss the bulk of the claims for relief contained in the Bank Complaint and the Intervenor Complaint. The Bankruptcy Court heard oral argument on these objections and motions on December 20 and 21, 2004. In a memorandum decision dated August 30, 2005, the Bankruptcy Court granted the motion of the Creditors' Committee for standing to prosecute the claims asserted by the Creditors' Committee. The Bankruptcy Court also granted a separate motion of the Equity Committee to file and prosecute the Additional Claims on behalf of the Debtors. The motions to dismiss are still pending. Subsequent to issuance of this decision, several defendants filed, among other things, motions to transfer the Pre-petition Lender Litigation from the Bankruptcy Court to the District Court. By order dated February 9, 2006, the Pre-petition Lender Litigation was transferred to the District Court, except with respect to the pending motions to dismiss.

The Company cannot predict the outcome of these proceedings or estimate the possible effects on the Company' s net liabilities in liquidation.

Devon Mobile Claim. Pursuant to the Agreement of Limited Partnership of Devon Mobile Communications, L.P., a Delaware limited partnership ("Devon Mobile"), dated as of November 3, 1995, the Company owned a 49.9% limited partnership interest in Devon Mobile, which, through its subsidiaries, held licenses to operate regional wireless telephone businesses in several states. Devon Mobile had certain business and contractual relationships with the Company and with former subsidiaries or divisions of the Company that were spun off as TelCove, Inc. in January 2002.

In late May 2002, the Company notified Devon G.P., Inc. ("Devon G.P."), the general partner of Devon Mobile, that it would likely terminate certain discretionary operational funding to Devon Mobile. On August 19, 2002, Devon Mobile and certain of its subsidiaries filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code with the United States Bankruptcy Court for the District of Delaware (the "Devon Mobile Bankruptcy Court").

On January 17, 2003, the Company filed proofs of claim and interest against Devon Mobile and its subsidiaries for approximately $129,000,000 in debt and equity claims, as well as an additional claim of approximately $35,000,000 relating to the Company' s guarantee of certain Devon Mobile obligations (collectively, the "Company Claims"). By order dated October 1, 2003, the Devon Mobile Bankruptcy Court confirmed Devon Mobile' s First Amended Joint Plan of Liquidation (the "Devon Plan"). The Devon Plan became effective on October 17, 2003, at which time the Company' s limited partnership interest in Devon Mobile was extinguished. Under the Devon Plan, the Devon Mobile

Communications Liquidating Trust (the "Devon Liquidating Trust") succeeded to all of the rights of Devon Mobile, including prosecution of causes of action against Adelphia.

On or about January 8, 2004, the Devon Liquidating Trust filed proofs of claim in the Chapter 11 Cases seeking, in the aggregate, approximately $100,000,000 in respect of, among other things, certain cash transfers alleged to be either preferential or fraudulent and claims for deepening insolvency, alter ego liability and breach of an alleged duty to fund Devon Mobile operations, all of which arose prior to the commencement of the Chapter 11 Cases (the "Devon Claims"). On June 21, 2004, the Devon Liquidating Trust commenced an adversary proceeding in the Chapter 11 Cases (the "Devon Adversary Proceeding") through the filing of a complaint (the "Devon Complaint") which incorporates the Devon Claims. On August 20, 2004, the Company filed an answer and counterclaim in response to the Devon Complaint denying the allegations made in the Devon Complaint and asserting various counterclaims against the Devon Liquidating Trust, which encompassed the Company Claims. On November 22, 2004, the Company filed a motion for leave (the "Motion for Leave") to file a third party complaint for contribution and indemnification against Devon G.P. and Lisa-Gaye Shearing Mead, the sole owner and President of Devon G.P. By endorsed order entered January 12, 2005, Judge Robert E. Gerber, the judge presiding over the Chapter 11 Cases and the Devon Adversary Proceeding, granted a recusal request made by counsel to Devon G.P. On January 21, 2005, the Devon Adversary Proceeding was reassigned from Judge Gerber to Judge Cecelia G. Morris. By an order dated April 5, 2005, Judge Morris denied the Motion for Leave and a subsequent motion for reconsideration.

On March 6, 2006, the Bankruptcy Court issued a memorandum decision granting Adelphia summary judgment on all counts of the Devon Complaint except for the fraudulent conveyance/breach of limited partnership claim. The Bankruptcy Court denied in its entirety the summary judgment motion filed by the Devon Liquidating Trust. Trial commenced on April 17, 2006. On April 18, 2006, the parties agreed on the record in the Bankruptcy Court to settle their disputes. The Devon Liquidating Trust agreed to release all claims it has against the Company, and the Company agreed to release all claims it has against the Devon Liquidating Trust. Neither party will pay any money to the other party as a result of this settlement.

The Company and the Devon Liquidating Trust have executed a settlement agreement memorializing the terms of the settlement described above. The settlement agreement was noticed in the bankruptcy proceeding, with an objection deadline of August 31, 2006. As no objections to approval of the settlement agreement were received, the settlement agreement is deemed to have been approved by the Bankruptcy Court.

NFHLP Claim. On January 13, 2003, Niagara Frontier Hockey, L.P., a Delaware limited partnership owned by the Rigas Family ("NFHLP") and certain of its subsidiaries (the "NFHLP Debtors") filed voluntary petitions to reorganize under Chapter 11 in the United States Bankruptcy Court of the Western District of New York (the "NFHLP Bankruptcy Court") seeking protection under the U. S. bankruptcy laws. Certain of the NFHLP Debtors entered into an agreement dated March 13, 2003 for the sale of certain assets, including the Buffalo Sabres National Hockey League team, and the assumption of certain liabilities. On October 3, 2003, the NFHLP Bankruptcy Court approved the NFHLP joint plan of liquidation. The NFHLP Debtors filed a complaint, dated November 4, 2003, against, among others, Adelphia and the Creditors' Committee seeking to enforce certain prior stipulations and orders of the NFHLP Bankruptcy Court against Adelphia and the Creditors' Committee related to the waiver of Adelphia' s right to participate in certain sale proceeds resulting from the sale of assets. Certain of the NFHLP Debtors' pre-petition lenders, which are also defendants in the adversary proceeding, have filed cross-complaints against Adelphia and the Creditors' Committee asking the NFHLP Bankruptcy Court to enjoin Adelphia and the Creditors' Committee from prosecuting their claims against those pre-petition lenders. Although proceedings as to the complaint itself have been suspended, the parties have continued to litigate the cross-complaints. Discovery closed on November 1, 2005 and cross-motions for summary judgment were filed in January 2006 and have been fully briefed. Oral argument on the motions was held on September 19, 2006 and has been continued to November 28, 2006.

The Company cannot predict the outcome of these proceedings or estimate the possible effects on the Company' s net liabilities in liquidation.

Adelphia' s Lawsuit Against Deloitte. On November 6, 2002, Adelphia sued Deloitte, Adelphia' s former independent auditors, in the Court of Common Pleas for Philadelphia County. The lawsuit seeks damages against Deloitte based on Deloitte' s alleged failure to conduct an audit in compliance with generally accepted auditing standards, and for providing an opinion that Adelphia' s financial statements conformed with GAAP when Deloitte allegedly knew or should have known that they did not conform. The complaint further alleges that Deloitte knew or should have known of alleged misconduct and misappropriation by the Rigas Family, and other alleged acts of self-dealing, but failed to report these alleged misdeeds to the board of directors of Adelphia (the "Board") or others who could have and would have stopped the Rigas Family' s misconduct. The complaint raises claims of professional negligence, breach of contract, aiding and abetting breach of fiduciary duty, fraud, negligent misrepresentation and contribution.

Deloitte filed preliminary objections seeking to dismiss the complaint, which were overruled by the court by order dated June 11, 2003. On September 15, 2003, Deloitte filed an answer, a new matter and various counterclaims in response to the complaint. In its counterclaims, Deloitte asserted causes of action against Adelphia for breach of contract, fraud, negligent misrepresentation and contribution. Also on September 15, 2003, Deloitte filed a related complaint naming as additional defendants John J. Rigas, Timothy J. Rigas, Michael J. Rigas, and James P. Rigas. In this complaint, Deloitte alleges causes of action for fraud, negligent misrepresentation and contribution. The Rigas defendants, in turn, have claimed a right to contribution and/or indemnity from Adelphia for any damages Deloitte may recover against the Rigas defendants. On January 9, 2004, Adelphia answered Deloitte' s counterclaims. On September 5, 2006, discovery was substantially completed and closed. On September 11, 2006, the court signed an order extending certain pretrial deadlines by approximately 30 days and stating that the case will be ready for trial by February 2, 2007.

The Company cannot predict the outcome of these proceedings or estimate the possible effects on the Company' s net liabilities in liquidation.

Arahova Motions. Substantial disputes exist between creditors of the Debtors that principally affect the recoveries to the holders of certain notes due September 15, 2007, issued by FrontierVision Holdings, L.P. (an indirect subsidiary of Adelphia), the creditors of Olympus Communications, L.P. ("Olympus") and the creditors of Arahova and Adelphia (the "Inter-Creditor Dispute"). On November 7, 2005, the *ad hoc* committee of Arahova noteholders (the "Arahova Noteholders' Committee") filed four emergency motions for relief with the Bankruptcy Court seeking, among other things, to: (i) appoint a trustee for Arahova and its subsidiaries (collectively, the "Arahova/Century Debtors") who may not receive payment in full under the Debtors' plan of reorganization or, alternatively, appoint independent officers and directors, with the assistance of separately retained counsel, to represent the Arahova/Century Debtors in connection with the Inter-Creditor Dispute; (ii) disqualify Willkie Farr & Gallagher LLP ("WF&G") from representing the Arahova/Century Debtors in the Chapter 11 Cases and the balance of the Debtors with respect to the Inter-Creditor Dispute; (iii) terminate the exclusive periods during which the Arahova/Century Debtors may file and solicit acceptances of a Chapter 11 plan of reorganization and related disclosure statement (the previous three motions, the "Arahova Emergency Motions"); and (iv) authorize the Arahova Noteholders' Committee to file confidential supplements containing certain information. The Bankruptcy Court held a sealed hearing on the Arahova Emergency Motions on January 4, 5 and 6, 2006.

Pursuant to an order dated January 26, 2006 (the "Arahova Order"), the Bankruptcy Court: (i) denied the motion to terminate the Arahova/Century Debtors' exclusivity; (ii) denied the motion to appoint a trustee for the Arahova/Century Debtors, or, alternatively, to require the appointment of nonstatutory fiduciaries; and (iii) granted the motion for an order disqualifying WF&G from representing the Arahova/Century Debtors and any of the other Debtors in the Inter-Creditor Dispute. Without finding that present management or WF&G have in any way acted inappropriately to date, the Bankruptcy Court found that WF&G' s voluntary neutrality in such disputes should be mandatory, except that the Bankruptcy Court stated that WF&G could continue to act as a facilitator privately to assist creditor groups that are parties to the Inter-Creditor Dispute reach a settlement. The Arahova Noteholders' Committee appealed the Arahova Order to the District Court, and on March 30, 2006, the District Court affirmed the Arahova Order. On April 7, 2006, the Arahova Noteholders' Committee appealed the Arahova Order to the Second Circuit. On July 26, 2006, the Second Circuit entered a stipulation and order between the Debtors and the Arahova Noteholders' Committee withdrawing the Arahova Noteholders' Committee' s appeal from active consideration. The Arahova Noteholders' Committee may reactivate its appeal on or before January 19, 2007.

The Company cannot predict the outcome of these proceedings or estimate the possible effects on the Company' s net liabilities in liquidation.

Bank Fee Claims. Under the terms of Adelphia' s pre-petition credit facilities (the "Credit Facilities"), Adelphia was obligated to reimburse and/or indemnify its pre-petition lenders (the "Non-Agent Lenders") and administrative agents (the "Administrative Agents") for certain fees and expenses incurred by such Non-Agent Lenders and Administrative

ADELPHIA COMMUNICATIONS CORPORATION AND SUBSIDIARIES
(Debtors-In-Possession)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS − Continued
(unaudited)

Agents. Claims for such fees and expenses will be resolved in connection with the consummation of Adelphia' s plan of reorganization, except as otherwise ordered by the Bankruptcy Court. Pursuant to the Final DIP Order, Adelphia has been making monthly payments of all fees and expenses payable to the Administrative Agents under the Credit Facilities. The Company has recorded bank lender fees only to the extent it expects to pay such amounts during the Chapter 11 proceedings.

On April 28, 2006, the Creditors' Committee filed a motion (subsequently joined by the Equity Committee) seeking to estimate the fees and expenses of the Non-Agent Lenders and the Administrative Agents, including all bank fees paid to the Administrative Agents pursuant to the Final DIP Order, at $50 million (the "Estimation Motion"). The Estimation Motion remains pending with respect to the four Credit Facilities not addressed in the JV Plan.

Under the terms of the JV Plan, Adelphia is required to pay all bank lender fee claims incurred prior to the effective date of the JV Plan for the two Credit Facilities of the JV Debtors. Pursuant to the JV Plan, a fund of $10 million was created for the reimbursement and/or indemnification of post-effective date fees and expenses, which is the sole source of payment for such reimbursement and/or indemnification. The bank lenders have submitted claims purportedly for the pre-effective date bank fees described under the terms of the JV Plan. Adelphia has submitted timely objections to substantially all of such fees based on, among other reasons, the fees submitted pursuant to the JV Plan related to all fees incurred by such lenders, and did not allocate such fees among all six Credit Facilities. As the Company cannot estimate the amount of the pre-effective date bank fees for the JV Debtors, no accrual for such fees has been made in the accompanying financial statements.

Under the terms of the Plan, if such plan becomes effective, Adelphia will be required to pay the pre-effective date Non-Agent Lender bank fees, subject to certain limitations. Adelphia has estimated such fees to be between $50 million and $75 million. In addition, the Plan proposes the creation of a fund for post-effective date bank fees of up to approximately $80 million. If the Plan is confirmed and becomes effective by its terms, the Estimation Motion also would be settled. The deadline by which creditors must vote to accept or reject the Plan is November 27, 2006 (and November 20, 2006 for creditors voting through intermediaries). The Company has not accrued for the aforementioned bank fees as, there can be no assurance as to whether or when the Plan will become effective and there can be no assurance as to the outcome of the Estimation Motion.

City of Martinsville and Henry County, Virginia − Right of Purchase Claim. Pursuant to the asset purchase agreement between TW NY and Adelphia, the Company filed Federal Communications Commission ("FCC") Form 394 franchise transfer requests with the City of Martinsville, Virginia ("Martinsville") and County of Henry, Virginia ("Henry County"). In response to the Company' s request for franchise transfer approval, Martinsville asserted a right under its franchise agreement with Multi-Channel T.V. Cable Company, an Adelphia subsidiary and a Debtor ("Multi-Channel T.V."), to purchase the Adelphia systems serving its community. In addition, Henry County allegedly denied the Company' s request for franchise transfer approval within 120 days of such request and thereafter purportedly assigned to Martinsville its purported right to purchase the Adelphia systems serving its community under its franchise agreement with Multi-Channel T.V. As of June 30, 2006, the combined number of Company subscribers in the two communities was approximately 16,000.

On April 26, 2006, Martinsville Cable, Inc. ("Martinsville Cable") filed a complaint against Multi-Channel T.V. with the Bankruptcy Court in the Chapter 11 Cases seeking, among other things, a declaration that the alleged purchase rights of Martinsville and Henry County (which purportedly were assigned to Martinsville) are valid and enforceable. The complaint also seeks an order requiring Multi-Channel T.V. to specifically perform pursuant to the terms of the franchise agreements to sell such systems to Martinsville Cable or, in the event the request for specific performance is denied, judgment for all damages suffered by Martinsville Cable as a result of Multi-Channel T.V.' s alleged material breach of the franchise agreements. The complaint further seeks a permanent injunction prohibiting Multi-Channel T.V. from transferring such systems to TW NY or any third party. The Company believes that there are significant legal barriers to Martinsville enforcing its alleged purchase rights under the Bankruptcy Code, the Cable Communications Policy Act of 1984, as amended, and Virginia state law.

On June 14, 2006, Martinsville Cable filed a complaint against TW NY and TWC in Virginia state court seeking a declaratory judgment that the alleged purchase rights are enforceable and have been properly exercised with regard to a subsequent proposed sale of the Martinsville and Henry County cable assets by TW NY to Comcast (the "Virginia Action"). The complaint in the Virginia Action also requests an injunction prohibiting TW NY and TWC from transferring the Martinsville and Henry County cable assets to Comcast or any other third party, in the event that TW NY acquires the relevant cable systems from Adelphia. On June 26, 2006, the action was removed from Virginia state court to the United States District Court for the Western District of Virginia (the "Virginia District Court").

On July 20, 2006, the Virginia District Court entered an agreed order in the Virginia Action (the "Agreed Order") providing that Comcast Cable Communications Holdings, Inc. ("Comcast Cable Communications") and Comcast of Georgia, Inc. ("Comcast Georgia," together with Comcast Cable Communications, "Comcast Cable"), each a subsidiary of Comcast, will operate the cable systems in such communities from the Closing Date until the resolution of the Virginia Action. Pursuant to the Agreed Order, during such interim period, Comcast Cable is prohibited from selling any of the system assets or making any physical, material, administrative or operational change that would tend to (i) degrade the quality of services to the subscribers, (ii) decrease income or (iii) diminish the material value of the system assets without the prior written consent of Martinsville Cable, Martinsville and Henry County.

On August 1, 2006, the Bankruptcy Court entered a stipulated order by the parties providing for the interim management of the systems by Comcast Cable upon terms and conditions substantially similar to those in the Virginia District Court Agreed Order. The Company will continue to own the systems until a final resolution of Martinsville Cable' s Bankruptcy Court complaint.

On August 24, 2006, in the Virginia Action, the Virginia District court issued an order denying Martinsville Cable' s motion for summary judgment and granting the motion for summary judgment filed by TW NY and Comcast. The Virginia District Court ruled that neither Martinsville Cable nor Martinsville is legally qualified to exercise the purchase rights provided for in the applicable franchise agreements. Martinsville Cable did not appeal this decision.

On September 19, 2006, the Bankruptcy Court entered an order authorizing the assignment of the Debtors' franchise agreements with Martinsville and Henry County, which were assigned Cable Holdco Exchange III, LLC, an afiliate of TW NY. Such order reserves the rights of Martinsville and Henry County to assert that certain defaults under such franchise agreements have not been cured, which issue may be the subject of further adjudication by the Bankruptcy Court.

The Company cannot predict the outcome of these proceedings or estimate the possible effects on the Company' s net liabilities in liquidation.

The America Channel Litigation. On May 30, 2006, The America Channel, LLC ("TAC"), a Delaware limited liability company organized to own and operate a television programming network, filed a lawsuit in the United States District Court for the District of Minnesota (the "Minnesota District Court") against TWC, TW NY, Time Warner and Comcast (together, the "Purchasers"), alleging that the Purchasers had violated sections 1 and 2 of the Sherman Antitrust Act and section 7 of the Clayton Antitrust Act (the "TAC Action"). TAC alleged that completion of the Sale Transaction by the Purchasers, as well as certain other transactions, would constitute further violations of the Sherman and Clayton Antitrust Acts. TAC, among other things, requested as relief an injunction enjoining the Purchasers from consummating the Sale Transaction.

On June 1, 2006, the Debtors filed an adversary proceeding in the Bankruptcy Court seeking (i) a declaration that TAC and its attorneys (the "TAC Defendants") impermissibly interfered with the Bankruptcy Court' s jurisdiction and mandate, (ii) a declaration that the TAC Defendants should have commenced the TAC Action, if at all, in the Bankruptcy Court, (iii) a declaration that the TAC Action violates the automatic stay embodied in 11 U.S.C. Section 362(a)(3), and (iv) a preliminary and permanent injunction enjoining the TAC Defendants from interfering with the Bankruptcy Court' s jurisdiction over the Debtors' Chapter 11 Cases and the Sale Transaction by prosecuting the TAC Action in any court other than the Bankruptcy Court.

On June 2, 2006, the Bankruptcy Court issued a temporary restraining order that, among other things, prohibited the TAC Defendants from continuing any further proceedings in the TAC Action. Following the Bankruptcy Court' s issuance of the temporary restraining order, also on June 2, 2006, the TAC Defendants filed, in the Minnesota District Court, a motion to vacate the Bankruptcy Court' s June 2, 2006 order (the "Motion to Vacate"). On June 5, 2006, on the Debtors' motion, the Bankruptcy Court held the TAC Defendants in contempt for violating the temporary restraining order by filing the Motion to Vacate. The contempt hearing has been continued so that the Bankruptcy Court may determine the scope of the TAC Defendants' contempt, as well as what, if any, sanctions to impose.

On June 19, 2006, the Bankruptcy Court heard argument from the Debtors and the TAC Defendants on the Debtors' motion for a preliminary injunction. The Debtors and the TAC Defendants agreed that any preliminary injunction entered would be treated as a permanent injunction. On June 26, 2006, the Bankruptcy Court entered a judgment declaring that the TAC Defendants' efforts to enjoin the Sale Transaction in the TAC Action violated the

automatic stay under 11 U.S.C. section 362(a)(3). Also on that date, the Bankruptcy Court entered a permanent injunction (the "TAC Injunction") enjoining the TAC Defendants from: (a) continuation of any further proceedings in the TAC Action; (b) taking any other action, with the exception of any action taken in the Bankruptcy Court, to interfere with the Debtors' disposition of their assets; and (c) taking any other action, with the exception of any action taken in the Bankruptcy Court, to interfere with the Bankruptcy Court' s jurisdiction over the Debtors' chapter 11 cases. The TAC Injunction does, however, permit the TAC Defendants to proceed with the TAC Action in the Minnesota District Court, or elsewhere, but only to the extent that the TAC Defendants seek no relief other than: (a) damages; (b) an order requiring the Debtors and/or the Purchasers to carry TAC on their cable systems; and/or (c) post-Sale Transaction divestiture.

On June 26, 2006, the TAC Defendants filed a notice of appeal from the Bankruptcy Court' s judgment and permanent injunction. On October 10, 2006, pursuant to a stipulation among the parties to the appeal, the District Court dismissed the TAC Defendants' appeal with prejudice. Dismissal of the TAC Defendants' appeal did not affect the Bankruptcy Court' s earlier finding that the TAC Defendants were in contempt, or the continued contempt hearing.

The Company cannot predict the outcome of these proceedings or estimate the possible effects on the Company' s net liabilities in liquidation.

The Company' s Claims Against Motorola, Inc. On June 22, 2006, the Debtors filed an adversary complaint (the "Complaint") against Motorola, Inc. and certain of its subsidiaries (collectively, "Motorola"), as well as three transferees of claims filed by Motorola (the "Claim Transferees"), in the Bankruptcy Court. The Complaint seeks recovery on behalf of the Debtors' estates on various affirmative claims against Motorola and, additionally, raises certain objections and defenses of the Debtors to claims of approximately $66,000,000 (the "Motorola Claims") asserted by Motorola in the Debtors' bankruptcy proceedings. Among other relief, the Complaint seeks damages from Motorola for aiding and abetting breaches of fiduciary duty by the Company' s former management in manipulating the Company' s consolidated financial statements and performance results for the fiscal years 2000 and 2001. The Complaint also seeks avoidance and recovery of preferential and fraudulent transfers of more than $60,000,000 made to Motorola pursuant to Sections 544, 547, 548 and 550 of the Bankruptcy Code and applicable state law. The Complaint further seeks avoidance of purported (but unperfected) liens asserted by Motorola against property of the Debtors pursuant to Section 544 of the Bankruptcy Code. The Complaint also seeks disallowance of some or all of the Motorola Claims to the extent that the claims are improperly asserted against subsidiaries of the Company rather than the Company itself. The Complaint further seeks equitable subordination under Bankruptcy Code Section 510(c) of the Motorola Claims, including claims held by the Claim Transferees, to the extent, if any, that such claims are allowed.

On August 14, 2006, Motorola filed its answer to the Complaint, denying all allegations of wrongdoing on Motorola' s part and asserting various affirmative defenses. On September 6, 2006, the Claim Transferees also answered the Complaint. The parties have made an initial exchange of documents and are proceeding with formulation of a discovery plan. No trial date has been set.

The Company cannot predict the outcome of these proceedings or estimate the possible effects on the Company' s net liabilities in liquidation.

Rembrandt Technologies Adversary Proceeding. On or about September 13, 2006, Rembrandt Technologies LP ("Rembrandt") commenced an adversary proceeding in the Bankruptcy Court against Adelphia and certain of its current and former subsidiaries and affiliates claiming that between the filing of certain bankruptcy petitions for such entities and July 31, 2006, they infringed certain patents by providing high-speed cable modem Internet products and services to subscribers (the "Rembrandt Action"). The complaint seeks a number of remedies including an award of damages for patent infringement, increased damages for alleged willful infringement and costs, attorneys' fees and interest. The complaint states that other affiliates of Adelphia may also be liable for infringement of such patents and that Rembrandt intends to amend its complaint to add such other affiliates or, if appropriate, to dismiss defendants who are shown not to have engaged in any infringing activity. Also on September 13, 2006, Rembrandt filed proofs of administrative claim against the same entities that are named in the Rembrandt Action, premised on the same allegations made in the Rembrandt Action (the "Rembrandt Administrative Claim"), seeking, according to such claim, an amount not less than $130.3 million. On September 20, 2006, Rembrandt' s counsel sent a letter (the "September 20 Letter") to Adelphia' s counsel requesting that Adelphia establish a separate reserve in the amount of $130.3 million under the Plan to be used solely for purposes of satisfying the Rembrandt Administrative Claim to the extent that it is allowed as an

administrative expense claim. Adelphia has informed Rembrandt that the September 20 Letter and Rembrandt' s court filings did not contain information that would permit Adelphia to conclude that the named debtors have any liability to Rembrandt, that any reserve is appropriate, or what the amount of any appropriate reserve should be and requested additional information relating to the bases for Rembrandt' s claims and requested reserve. In a letter dated October 27, 2006, counsel for Rembrandt advised Adelphia that the total amount of its claim was $131.5 million (as opposed to the $130.3 million figure specified when the complaint was filed). On November 13, 2006, Rembrandt's counsel submitted an expert damages report that revised the claim downward to a figure between $92 million and $115 million. If Adelphia and Rembrandt do not agree on or before November 29, 2006 on a value for the reserve that Rembrandt requests, an estimation hearing will be conducted on December 12, 2006.

The Company cannot predict the outcome of these proceedings or estimate the possible effects on the Company' s net liabilities in liquidation.

Series E and F Preferred Stock Conversion Postponements. On October 29, 2004, Adelphia filed a motion to postpone the conversion of Adelphia' s 7.5% Series E Mandatory Convertible Preferred Stock ("Series E Preferred Stock") into shares of Class A Common Stock from November 15, 2004 to February 1, 2005, to the extent such conversion was not already stayed by the Debtors' bankruptcy filing, in order to protect the Debtors' net operating loss carryovers. On November 18, 2004, the Bankruptcy Court entered an order approving the postponement effective November 14, 2004.

Adelphia has subsequently entered into several stipulations further postponing, to the extent applicable, the conversion date of the Series E Preferred Stock. Adelphia has also entered into several stipulations postponing, to the extent applicable, the conversion date of Adelphia' s 7.5% Series F Mandatory Convertible Preferred Stock, which was initially convertible into shares of Class A Common Stock on February 1, 2005.

EPA Self Disclosure and Audit. On June 2, 2004, the Company orally self-disclosed potential violations of environmental laws to the United States Environmental Protection Agency ("EPA"), and notified EPA that it intended to conduct an audit of its operations to identify and correct violations of certain environmental requirements. The potential violations primarily concern reporting and record keeping requirements arising from the Company' s storage and use of petroleum and batteries to provide backup power for its cable operations. On

July 6, 2006, the Company executed an agreement with EPA to settle EPA' s civil and administrative claims with respect to environmental violations that are identified by the Company, disclosed to EPA, and corrected in accordance with the agreement. The agreement caps the Company' s total liability for civil and administrative fines for such violations at $233,000 subject to certain restrictions. On July 24, 2006, the Bankruptcy Court approved the agreement. Pursuant to the agreement, on July 26, 2006, the Company submitted the results of its environmental self-audit to EPA. On August 7, 2006, EPA proposed a final settlement agreement that would resolve the Company' s liability for civil and administrative fines for the violations disclosed and corrected by the Company in exchange for a payment of $143,000. The Company executed the settlement agreement on August 15, 2006 and made the required payment of $143,000 on August 17, 2006. The Company will submit a supplemental audit report to EPA upon completion of certain remaining corrective actions described in the July 6, 2006 agreement with EPA.

Based on current facts, the Company does not anticipate that this matter will have a material adverse effect on the Company' s net liabilities in liquidation.

Other. The Company may be subject to various other legal proceedings and claims which arise in the ordinary course of business. Management believes, based on information currently available, that the amount of ultimate liability, if any, with respect to any of these other actions will not materially affect the Company' s net liabilities in liquidation.

Note 9: Employee Benefit Plans

Pursuant to their employment agreements, Adelphia' s Chief Executive Officer (the "CEO"), William T. Schleyer, and Chief Operating Officer (the "COO"), Ron Cooper, were eligible to receive equity awards of Adelphia stock upon the Debtors' emergence from bankruptcy with a minimum aggregate fair value of $17,000,000, which could have been increased up to a maximum aggregate fair value of $25,500,000 at the discretion of the Board.

On June 9, 2006, the Debtors filed a motion (the "CEO/COO Motion") with the Bankruptcy Court seeking authority to amend the provisions of these employment agreements with Mr. Schleyer and Mr. Cooper relating to Emergence Awards (a fixed amount Initial Equity Award of restricted shares and a discretionary Emergence Date Special Award of restricted shares, each as defined in their respective employment agreements). On August 8, 2006, the Bankruptcy Court authorized and approved the employment agreement amendment relating to Mr. Cooper, which

authorized the Company to pay Mr. Cooper $6,800,000 in cash in lieu of the Initial Equity Award of restricted shares and, subject to the discretion of the Board, up to $3,400,000 in cash in lieu of the Emergence Date Special Award of restricted shares. In exchange for the Emergence Awards, on August 14, 2006, Mr. Cooper executed a release of any claims for additional compensation other than such Emergence Awards. On August 16, 2006, Mr. Cooper received a cash payment from the Company of $6,800,000 in lieu of the Initial Equity Award of restricted shares. On August 17, 2006, the Board approved the payment of $3,400,000 to Mr. Cooper in lieu of the Emergence Date Special Award of restricted shares, and such payment was made to Mr. Cooper on August 17, 2006. Mr. Cooper resigned his employment with the Company on August 17, 2006, and the Company paid his severance pursuant to the terms of his employment agreement in the amount of $5,100,000.

On September 1, 2006, the Debtors filed a motion (the "Extended Post-Closing Incentive Motion") requesting approval of (i) certain amendments to Mr. Schleyer' s employment agreement, similar to those described in the CEO/COO Motion, (ii) the implementation of an extended post-closing incentive program for the Executive Vice Presidents, and (iii) the implementation of an extended post-closing incentive program for certain of the Debtors' other employees. The hearing on the Extended Post-Closing Incentive Motion was held on September 14, 2006.

By order dated September 21, 2006 (the "Extended Post-Closing Incentive Order"), the Bankruptcy Court authorized and approved certain amendments to Mr. Schleyer' s employment agreement (the "Amendment") executed on January 17, 2003, as amended on February 21, 2003 and March 10, 2003 (together with the Amendment, the "Amended Employment Agreement"), providing for certain cash payments in lieu of equity awards of restricted stock to Mr. Schleyer, compensation during the post-close period and the immediate payment of Mr. Schleyer' s severance in connection with the consummation of the Sale Transaction pursuant to the terms of Mr. Schleyer' s employment agreement. The Amendment established March 31, 2007 (the "Schleyer Termination Date") as the date of termination of Mr. Schleyer' s employment with the Company, unless such employment is extended by mutual agreement or terminated prior to such date. The Amendment also provides that should the effective date of a plan of reorganization for the Company or the date of commencement of liquidating distributions under chapter 7 of the Bankruptcy Code (the earlier of the two dates, "Emergence") occur before the Schleyer Termination Date, Mr. Schleyer will immediately resign as Chief Executive Officer and Chairman of the Board and continue as a consultant to the Company until the Schleyer Termination Date. Pursuant to the Amended Employment Agreement, after Emergence, the Company may terminate Mr. Schleyer' s employment as a consultant prior to the Schleyer Termination Date upon 30 days' prior written notice.

The Amendment also provides that Mr. Schleyer shall be paid a bonus equal to 100% of his base salary for the period from July 31, 2006 until the Schleyer Termination Date (the "Bonus"). By the terms of the Amendment, Mr. Schleyer shall be paid bi-weekly an amount equal to his prorated base salary and the Bonus.

Pursuant to the Amendment, Mr. Schleyer received a cash payment from the Company of $10,200,000 in connection with the consummation of the Sale Transaction in lieu of the grant of restricted shares that were to be awarded upon the Company' s emergence from bankruptcy as originally contemplated in his employment agreement, as amended through March 2003 ("2003 Employment Agreement"). The 2003 Employment Agreement contemplated that Mr. Schleyer may be awarded a discretionary bonus of up to $5,100,000 in stock of the reorganized Company post-emergence (the "Discretionary Equity Award"). The Amendment provides that Mr. Schleyer is entitled to receive a cash payment from the Company of $5,100,000 in lieu of such Discretionary Equity Award, which will be paid upon Emergence.

Pursuant to the Amendment, the Company has paid Mr. Schleyer a severance payment in an amount equal to three times the sum of his base salary and target bonus, or $7,650,000.

The Extended Post-Closing Incentive Order also authorized the Company to enter into and implement an extended Executive Vice President post-closing incentive program (the "Extended EVP Post-Closing Incentive Program") that provides incentives for Brad Sonnenberg, the Company' s Executive Vice President and General Counsel, and Vanessa Wittman, the Company' s Executive Vice President and Chief Financial Officer (together, the "EVPs"), to remain employed by the Company after the period contemplated by the original post-closing incentive program. The Extended Post-Closing Incentive Order provides that the EVPs will participate in the Extended EVP Post-Closing Incentive Program and continue their employment with the Company from August 1, 2006 through December 31, 2006 (the "Post-Close Period"). If the Company is required to file a Form 10-K for the year ended December 31, 2006, at the

discretion of the Creditors' Committee, the EVPs may continue to be employed by the Company from January 1, 2007 through March 31, 2007 (the "Extended Post-Close Period").

The Extended EVP Post-Closing Incentive Program provides that EVPs employed during the Post-Close Period will receive a bonus (the "Post-Close Bonus") equal to five months of EVP Adjusted Base Salary (defined as base salary, short-term incentive plan award opportunities at target and performance retention plan award opportunities at target), and EVPs employed during the Extended Post-Close Period will receive a bonus (the "Extended Post-Close Bonus") equal to three months of EVP Adjusted Base Salary. Pursuant to the Extended EVP Post-Closing Incentive Program, the Company or the administrator of the Debtors' plan of reorganization (the "Plan Administrator") (as applicable) may terminate one or both EVPs prior to the end of the Post-Close Period (or the end of the Extended Post-Close Period, as applicable) only (i) for cause, (ii) upon mutual agreement between the EVP and the Company ("Mutual Termination"), or (c) as a result of the EVP' s death or disability. Following any termination of an EVP' s employment during the Post-Close Period or Extended Post-Close Period (as applicable), each EVP will be entitled to receive his or her accrued but unpaid EVP Adjusted Base Salary and benefits through the date of termination. Following a Mutual Termination or termination for death or disability, an EVP will be entitled to receive his or her aggregate Post-Close Bonus (and Extended Post-Close Bonus, as applicable). In the event that the Company or Plan Administrator seeks to terminate one or both EVPs without cause, and such termination is not a Mutual Termination, such EVP may be required to forego providing services to the Company, but will remain an employee of the Company and will still be entitled to receive his or her EVP Adjusted Base Salary and benefits through the Post-Close Period (or the Extended Post-Close Period, as applicable).

Pursuant to the Extended EVP Post-Closing Incentive Program, if the Effective Date (defined as the effective date of a plan of reorganization for substantially all of the Debtors) occurs prior to the end of the Post-Close Period (or the extended Post-Close Period, as applicable), the EVPs may elect to voluntarily terminate their employment (an "Effective Date Termination"). Upon an Effective Date Termination, if requested by the Creditors' Committee in its sole discretion and appropriate notice is given, the EVPs have agreed to remain available to consult for the Company for three months following the Effective Date Termination. If an Effective Date Termination occurs, the EVPs are entitled to receive the pro rata share of the Post-Close Bonus and/or Extended Post-Close Bonus, as applicable, that relates to the period between August 1, 2006 and the date of the Effective Date Termination. Pursuant to the EVP Post-Closing Incentive Program, if an EVP terminates his or her employment for "good reason" (other than an Effective Date Termination), he or she will be paid his or her aggregate Post-Close Bonus (and Extended Post-Close Bonus, as applicable) and his or her aggregate EVP Adjusted Base Salary from such termination through the end of the Post-Close Period (and Extended Post-Close Period, as applicable). However, except in the event of an Effective Date Termination or termination for "good reason," an EVP who voluntarily terminates his or her employment prior to the end of either the Post-Close Period or Extended Post-Close Period, as applicable, will forfeit any unpaid bonus amounts.

The Extended EVP Post-Closing Incentive Program also provides that 50% of an EVP' s Post-Close Bonus will be paid on the date that is the earlier of (i) the end of the Post-Close Period and (ii) the effective date of a plan of reorganization for substantially all of the Debtors. The remaining 50% of each EVP' s Post-Close Bonus will be paid at the end of the Post-Close Period. The Extended EVP Post-Closing Program further provides that 100% of an EVP' s Extended Post-Close Bonus (if applicable) will be paid at the end of the Extended Post-Close Period.

The EVPs' current employment agreements provide for the payment of severance upon a termination by the Company without cause. The Extended EVP Post-Closing Incentive Program provides that the EVPs will be entitled to receive such severance payment upon approval of the implementation of such program, and such severance payments, in the amounts of $672,750 for Mr. Sonnenberg and $1,242,000 for Ms. Wittman, have been made.

The Extended Post-Closing Incentive Order also authorized the Company to enter into and implement an extended employee post-closing incentive program (the "Extended Employee Post-Closing Incentive Program") for approximately 45 senior managers (the "Key Managers"). The Key Managers who are selected to participate in the Extended Employee Post-Closing Incentive Program (the "Participants") participate in such program in lieu of participation in the previously approved post-closing incentive program. Each Participant will be offered participation in the Extended Employee Post-Closing Incentive Program for an assigned period of time (the "EKERP Period"). The program provides that Participants will be entitled to receive a bonus (the "EKERP Bonus") equal to a percentage of their Adjusted Base Salary (defined as base salary, short-term incentive plan award opportunities at target and, if applicable, performance retention plan award opportunities at target). The bonus percentage and amount will increase for longer periods of employment with the Company. Specifically, Participants assigned an EKERP Period from August 1, 2006 through November 30, 2006 or earlier will receive a bonus equal to 50% of an amount equal to the aggregate Adjusted Base Salary for the period from August 1, 2006 through the earlier of the end of the Participant' s EKERP Period or November 30, 2006. Participants assigned an additional EKERP Period from December 1, 2006 through April 30, 2007 or earlier will receive a bonus equal to 75% of an amount equal to the aggregate Adjusted Base Salary for the period from December 1, 2006 through the earlier of the end of such EKERP Period or April 30, 2007. Participants employed on or after May 1, 2007 will receive a bonus equal to 100% of an amount equal to the aggregate Adjusted Base Salary for the period from May 1, 2007 until the end of their assigned EKERP Period.

Pursuant to the Extended Employee Post-Closing Incentive Program, 50% of a Participant' s aggregate EKERP Bonus will be paid on the date that is the earlier of (i) the end of the Participant' s EKERP Period, (ii) the effective date of a plan of reorganization for substantially all of the Debtors, and (iii) January 31, 2007. The remaining 50% of each Participant' s aggregate EKERP Bonus will be paid at the end of the Participant' s EKERP Period. The Extended Employee Post-Closing Incentive Program provides that Participants who are terminated without cause prior to the end of their EKERP Period will be entitled to receive their aggregate EKERP Bonus on their date of termination and their aggregate Adjusted Base Salary through the end of their EKERP Period. However, Participants who voluntarily terminate their employment prior to the end of their EKERP Period will forfeit any unpaid EKERP Bonus amounts.

Under the Extended Employee Post-Closing Incentive Program, Messrs. Schleyer and Sonnenberg and Ms. Wittman will be authorized to award incremental awards (each, a "Discretionary EKERP Award") in addition to EKERP Bonuses to up to ten Company employees. The Company has agreed to consult with the Creditors' Committee prior to making any Discretionary EKERP Award greater than 50% of the applicable employee' s proposed aggregate EKERP Bonus. Each Discretionary EKERP Award is also subject to the approval of the Plan Administrator.

In connection with the Sale Transaction, the Company accrued $43,488,000 of severance, including the above described awards to the CEO, COO and EVPs at July 31, 2006. At September 30, 2006, the Company had made $40,148,000 of such severance payments, leaving remaining accruals of $3,340,000.

Note 10: Other Financial Information

Cash and Cash Equivalents

The Company' s cash and cash equivalents are maintained in U.S. financial institutions that are insured by the Federal Deposit Insurance Corporation up to $100,000. The Company has not experienced any losses with respect to amounts maintained in excess of the insured amounts.

Short-term Investments

Short-term investments are carried at fair market value. Changes in the fair market value of the Company' s investments are reflected in changes in fair values of assets and liabilities in the accompanying consolidated statement of changes in net liabilities in liquidation.

Supplemental Cash Flow Information

The table below sets forth the Company' s supplemental cash flow information under the going concern basis prior to August 1, 2006 (amounts in thousands):

	Seven months ended July 31, 2006	Nine months ended September 30, 2005
Cash paid for interest	$ 393,504	$ 454,369
Capitalized interest	$ (4,236)	$ (7,781)

Preferred Stock

Contractual dividends applicable to the Company' s preferred stock were $20,021,000 for the two months ended September 30, 2006.

Stock-Based Compensation

In December 2004, the FASB issued SFAS No. 123-R, *Share-Based Payment* ("SFAS No. 123-R"), which is a revision of SFAS No. 123, *Accounting for Stock-Based Compensation* (SFAS No. 123"), and supersedes Accounting Principles Board Opinion No. 25, *Accounting for Stock Issued to Employees*, and related interpretations. SFAS No. 123-R requires all share-based payments to employees, including grants of employee stock options, to be valued at fair value on the date of grant, and to be expensed over the employee' s requisite service period. Effective January 1, 2006, the Company adopted the provisions of SFAS No. 123-R using the modified prospective application method. Under the modified prospective application method, the Company is required to recognize compensation cost for all stock option awards granted after January 1, 2006 and for all existing awards for which the requisite service had not been rendered as of the date of adoption.

As of January 1, 2006, there were 23,250 fully vested options outstanding under the Company' s only share based payment plan, the 1998 Long-Term Incentive Compensation Plan (the "1998 Plan"). No awards were issued since 2001 pursuant to the 1998 Plan and the Company does not intend to grant any new awards pursuant to the 1998 Plan. As no share based awards were granted after January 1, 2006, the adoption of SFAS No. 123-R did not have any impact on the Company' s financial position, results of operations or net liabilities in liquidation.

Recent Accounting Pronouncements

In June 2005, the Emerging Issues Task Force ("EITF") reached a consensus on Issue No. 04-5, *Determining Whether a General Partner, or the General Partners as a Group, Controls a Limited Partnership or Similar Entity When the Limited Partners Have Certain Rights* ("EITF 04-5"). EITF 04-5 provides guidance in assessing when a general partner controls and consolidates its investment in a limited partnership or similar entity. The general partner is assumed to control the limited partnership unless the limited partners have substantive kick-out or participating rights. The provisions of EITF 04-5 were required to be applied beginning June 30, 2005 for partnerships formed or modified subsequent to June 30, 2005 and were effective for general partners in all other limited partnerships beginning January 1, 2006. EITF 04-5 had no impact on the Company' s financial position, results of operations or net liabilities in liquidation.

In July 2006, the FASB issued FASB Interpretation 48, *Accounting for Income Tax Uncertainties* ("FIN 48"). FIN 48 defines the threshold for recognizing the benefits of tax return positions in the financial statements as "more-likely-than-not" to be sustained by the taxing authority. The recently issued literature also provides guidance on the derecognition, measurement and classification of income tax uncertainties, along with any related interest and penalties. FIN 48 also includes guidance concerning accounting for income tax uncertainties in interim periods and increases the level of disclosures associated with any recorded income tax uncertainties. FIN 48 is effective for fiscal years beginning after December 31, 2006. Management has not yet determined the impact, if any, of adopting the provisions of FIN 48 on the Company' s net liabilities in liquidation.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* ("SFAS No. 157"). SFAS No. 157 defines fair value, establishes guidelines for measuring fair value in generally accepted accounting principles, and expands disclosures regarding fair value measurements. SFAS No. 157 does not require any new fair value measurements but rather eliminates inconsistencies in guidance found in various prior accounting pronouncements. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007. The Company is currently evaluating the impact of SFAS No. 157, but does not expect the adoption of SFAS No. 157 to have a material impact on the consolidated financial statements.

In September 2006, the FASB issued SFAS No. 158, *Employers' Accounting for Defined Benefit Pension and Other Retirement Plans - an amendment of FASB Statements No. 87, 88, 106, and 132(R)* ("SFAS No. 158"). SFAS No. 158 requires employers to recognize the overfunded or underfunded status of a defined benefit post-retirement plan as an asset or liability in its statement of financial position. Further, this statement requires employers to recognize changes in

the funded status in the year in which the changes occur through comprehensive income. SFAS No. 158 is effective for the fiscal year ending after December 15, 2006. The Company is currently evaluating the impact that SFAS No. 158, but does not expect the adoption of SFAS No. 158 to have a material impact on the consolidated financial statements.

In September 2006, the SEC Staff issued Staff Accounting Bulletin No. 108, *Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in the Current Year Financial Statements* ("SAB No. 108"). SAB No. 108 requires the use of two alternative approaches in quantitatively evaluating materiality of misstatements. If the misstatement as quantified under either approach is material to the current year financial statements, the misstatement must be corrected. In the year of adoption (fiscal years ending after November 15, 2006 or calendar year 2006 for Adelphia), the misstatements may be corrected as an accounting change by adjusting opening retained earnings rather than being included in the current year statement of operations. The Company is currently evaluating the requirements of SAB No. 108 and the impact it may have on the consolidated financial statements.

Earnings (Loss) Per Common Share ("EPS")

Prior to the adoption of a liquidation basis of accounting, the Company used the two-class method for computing basic and diluted EPS. Basic and diluted EPS for the Class A Common Stock and the Class B Common Stock was computed by allocating the income applicable to common stockholders to Class A common stockholders and Class B common stockholders as if all of the earnings for the period had been distributed. This allocation, and the calculation of the basic and diluted net income (loss) applicable to Class A common stockholders and Class B common stockholders, did not reflect any adjustment for interest on the convertible subordinated notes and did not reflect any declared or accumulated dividends on the convertible preferred stock, as neither had been recognized since the Petition Date. Under the two-class method for computing basic and diluted EPS, losses were not allocated to each class of common stock, as security holders were not obligated to fund such losses. The following table provides the income applicable to common stockholders that were allocated to the Class A Common Stock and Class B Common Stock for purposes of computing basic and diluted EPS for the periods in which the Company reported income (amounts in thousands):

	Month ended July 31, 2006	Seven months ended July 31, 2006	Nine months ended September 30, 2005
Basic EPS:			
Income applicable to common stockholders allocated to Class A Common Stock	$ 5,333,315	$ 5,167,685	$ 55,377
Income applicable to common stockholders allocated to Class B Common Stock	$ 556,489	$ 539,207	$ 5,778
Diluted EPS:			
Income applicable to common stockholders allocated to Class A Common Stock	$ 5,273,550	$ 5,109,776	$ 54,756
Income applicable to common stockholders allocated to Class B Common Stock	$ 616,254	$ 597,116	$ 6,399

Diluted EPS of Class A and Class B Common Stock considers the potential impact of dilutive securities. For the three-month period ended September 30, 2005, the inclusion of potential common shares would have had an anti-dilutive effect. Accordingly, potential common shares of 86,798,548 were excluded from the diluted EPS calculations for the three-month period ended September 30, 2005. For the one-and seven-month periods ended July 31, 2006, 19,090 and 22,560, respectively, and for the three-and nine-month periods ended September 30, 2005, 30,448 and 187,418, respectively, of potential common shares subject to stock options have been excluded from the diluted EPS calculation as the option exercise price is greater than the average market price of the Class A Common Stock.

The Company' s potential common shares consist of Adelphia' s 5 1/2% Series D Convertible Preferred Stock ("Series D Preferred Stock"), 7 1/2% Series E Mandatory Convertible Preferred Stock ("Series E Preferred Stock"), 7 1/2% Series F Mandatory Convertible Preferred Stock ("Series F Preferred Stock"), 6% subordinated convertible notes, 3.25% subordinated convertible notes and stock options. As a result of the filing of the Debtors' Chapter 11 Cases, Adelphia, as of the Petition Date, discontinued accruing dividends on all of its outstanding preferred stock and has excluded those dividends from the diluted EPS calculations. The debt instruments are convertible into shares of Class A and Class B Common Stock. The preferred securities and stock options are convertible into Class A Common Stock.

The basic and diluted weighted average shares outstanding used for EPS computations for the periods presented are as follows:

	Month ended July 31, 2006	Three months ended September 30, 2005	Seven months ended July 31, 2006	Nine months ended September 30, 2005
Basic weighted average shares of Class A Common Stock	228,692,414	228,692,414	228,692,414	228,692,414
Potential common shares:				
Convertible preferred stock	45,924,486	−	45,924,486	45,924,486
Convertible subordinated notes	28,683,846	−	28,683,846	28,683,846
Diluted weighted average shares of Class A Common Stock	303,300,746	228,692,414	303,300,746	303,300,746
Basic weighted average shares of Class B Common Stock	25,055,365	25,055,365	25,055,365	25,055,365
Potential common shares:				
Convertible subordinated notes	12,159,768	−	12,159,768	12,159,768
Diluted weighted average shares of Class B Common Stock	37,215,133	25,055,365	37,215,133	37,215,133

Intangible Assets

The carrying value and accumulated amortization of intangible assets at December 31, 2005 are summarized below (amounts in thousands):

	Gross carrying value	Accumulated amortization	Net carrying value
Customer relationships and other	$ 1,641,146	$ (1,186,540)	$ 454,606
Franchise rights			5,440,173
Goodwill			1,634,385
			$ 7,529,164

Goodwill and franchise rights were not amortized as their lives were determined to be indefinite. Customer relationships represent the value attributed to customer relationships acquired in business combinations and were amortized over a 10-year period. The Company amortized its customer relationships using the double declining balance method, which reflected the attrition patterns of its customer relationships. Amortization of intangible assets aggregated $8,849,000 for the month ended July 31, 2006; $29,373,000 for the three months ended September 30, 2005; $63,415,000 for the seven months ended July 31, 2006; and $88,300,000 for the nine months ended September 30, 2005.

Accrued Liabilities

The details of accrued liabilities at December 31, 2005 are set forth below (amounts in thousands):

	December 31, 2005
Programming costs	$ 116,239
Interest	51,627
Payroll	92,162
Property, sales and other taxes	51,181
Franchise fees	63,673
Other	176,717
Total	$ 551,599

Tax Matters

The details of the Company' s income tax expense (benefit) are set forth below (amounts in thousands):

	Month ended July 31, 2006	Three months ended September 30, 2005	Seven months ended July 31, 2006	Nine months ended September 30, 2005
Current tax expense:				
Federal	$ 165,000	$ −	$ 165,000	$ −
State	390,155	484	390,996	1,550
Deferred tax expense (benefit):				
Federal	(307,966)	33,500	(246,466)	88,660
State	(45,241)	5,000	(36,141)	13,240
Total tax expense	$ 201,948	$ 38,984	$ 273,389	$ 103,450

The federal current tax expense in 2006 represents alternative minimum tax on the Sale Transaction primarily due to the limitation on the use of existing federal net operating loss carryforwards. The state current tax expense in 2006 represents estimated taxes due on the Sale Transaction in the various states in which the Company does business. All available state net operating loss carryforwards have been utilized in determining the state tax expense calculations. These state net operating loss carryforwards have been adjusted for certain effects of filing the state income tax returns and the reevaluation of uncertain tax positions. Based on these adjusted amounts, the Company' s previously recorded December 31, 2005 deferred tax asset for state net operating loss carryforwards and offsetting valuation allowance would have been $210,080,000 less than the amount originally recorded. The Company expects to file amended returns for years 1999 through 2005. Such returns are subject to examination by federal and state taxing authorities, generally, for a period of three years after the net operating loss is utilized.

Prior to the Sale Transaction, income tax expense primarily related to the increase in the deferred tax liability for franchise rights and goodwill intangible assets that were not amortized for financial reporting purposes, but were amortized for income tax purposes. This deferred tax liability was reversed concurrent with the Sale Transaction and resulted in a deferred tax benefit of $913,141,000 for the one and seven months ended July 31, 2006. SFAS 109, *Accounting for Income Taxes*, requires that any valuation allowance established for an acquired entity' s deductible temporary differences at the date of acquisition that is subsequently recognized, first reduces goodwill and other noncurrent assets related to the acquisition and then reduces income tax expense. As a result of the Sale Transaction, the Company' s current tax expense was reduced by $547,935,000 as a result of the reversal of its valuation allowances attributable to the acquired temporary differences. This reduction also resulted in a $547,935,000 reduction in the carrying value of historical goodwill and a corresponding increase in each of the gain on the Sale Transaction and deferred tax expense.

The Company has a taxable loss for the two months ended September 30, 2006. The Company has recorded a full valuation allowance on the deferred tax asset associated with this loss. As such, no current or deferred tax expense has been reflected in the accompanying consolidated statement of changes in net liabilities in liquidation.

Transaction with Former Director

In a letter agreement between Adelphia and FPL Group, Inc. ("FPL Group") dated January 21, 1999, Adelphia agreed to (i) repurchase 20,000 shares of 8 1/8% Series C Cumulative Preferred Stock ("Series C Preferred Stock") and 1,091,524 shares of Class A Common Stock owned by Telesat Cablevision, Inc., a subsidiary of FPL Group ("Telesat") and (ii) transfer all of the outstanding common stock of West Boca Security, Inc. ("WB Security"), a subsidiary of Olympus, to FPL Group in exchange for FPL Group' s 50% voting interest and 1/3 economic interest in Olympus. The Company owned the economic and voting interests in Olympus that were not then owned by FPL Group. At the time this agreement was entered into, Dennis Coyle, then a member of the Adelphia Board of Directors, was the General Counsel and Secretary of FPL Group. WB Security was a subsidiary of Olympus and WB Security' s sole asset was a $108,000,000 note receivable (the "WB Note") from a subsidiary of Olympus that was secured by the FPL Group' s ownership interest in Olympus and due September 1, 2004. On January 29, 1999, Adelphia purchased all of the aforementioned shares of Series C Preferred Stock and Class A Common Stock described above from Telesat for aggregate cash consideration of $149,213,000, and on October 1, 1999, the Company acquired FPL Group' s interest in

Olympus in exchange for all of the outstanding common stock of WB Security. The acquired shares of Class A Common Stock are presented as treasury stock in the accompanying condensed consolidated balance sheet. The acquired shares of Series C Preferred Stock were returned to their original status of authorized but unissued. On June 24, 2004, the Creditors' Committee filed an adversary proceeding in the Bankruptcy Court, among other things, to avoid, recover and preserve the cash paid by Adelphia pursuant to the repurchase of its Series C Preferred Stock and Class A Common Stock together with all interest paid with respect to such repurchase. A hearing date relating to such adversary proceeding has not yet been set. Interest on the WB Note is calculated at a rate of 6% per annum (or after default at a variable rate of LIBOR plus 5%). FPL Group has the right, upon at least 60 days prior written notice, to require repayment of the principal and accrued interest on the WB Note on or after July 1, 2002. As of September 30, 2006 and December 31, 2005, the aggregate principal and interest due to the FPL Group pursuant to the WB Note was $127,537,000. The Company has not accrued interest on the WB Note for periods subsequent to the Petition Date.

ITEM 2. MANAGEMENT' S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

General

On July 31, 2006, we completed the sale of assets, which in the aggregate comprise substantially all of our U.S. assets, to TW NY and Comcast. Proceeds from the Sale Transaction totaled approximately $17.4 billion, consisting of cash in the amount of approximately $12.5 billion (including approximately $503 million of cash held in escrow) and approximately 156 million shares of TWC Class A Common Stock (including approximately 6.1 million shares of such stock held in escrow) with an estimated fair value as of the Closing Date of approximately $4.9 billion. Such estimated fair value of the TWC Class A Common Stock as of July 31, 2006 was determined by us based on management' s review of projected discounted cash flows for TWC and market comparable data. Such value is consistent with the approximately $4.9 billion value agreed with TW NY for purposes of the April 20, 2005 TW NY asset purchase agreement and the $4.85 billion value contained in the Plan Agreement agreed to by us, the Creditors' Committee and certain creditors and *ad hoc* creditor committees in July 2006. We recognized a preliminary gain on the Sale Transaction of approximately $6.1 billion. The preliminary gain on the Sale Transaction is subject to adjustment.

The aggregate purchase price is subject to certain post-closing adjustments. Upon consummation of the Sale Transaction, a portion of the aggregate purchase price, consisting of approximately $503 million of cash and 6,148,283 shares of TWC Class A Common Stock, was deposited in escrow accounts to secure our indemnification obligations and any post-closing purchase price adjustments that may be due to TW NY or Comcast from us pursuant to the Purchase Agreements. Pursuant to the Purchase Agreements, the post-closing purchase price adjustments, if any, are likely to be finalized by no later than the end of the first quarter 2007. To the extent such post-closing adjustments are in favor of TW NY or Comcast, the amount of the escrow released to us will be reduced. To the extent such post-closing adjustments are in our favor, TW NY or Comcast, as applicable, is required under the Purchase Agreement to contribute the amount of such post-closing adjustment into escrow. On October 27, 2006, TW NY and Comcast delivered to us their calculations of the purchase price adjustments pursuant to the Purchase Agreements. Based on TW NY' s and Comcast' s calculations, the net adjustment asserted would result in a payment of approximately $133 million to TW NY and Comcast. The Company believes that additional post-closing adjustments of approximately $23 million are due from TW NY and Comcast. While we are still reviewing TW NY' s and Comcast' s calculations, at this time we believe that we will be sending a formal objection to TW NY and Comcast at the beginning of next month that challenges at a minimum, substantially all of the amount claimed. As a result, we have not adjusted the gain on the Sale Transaction for these potential post-closing adjustments, and any such adjustments are not considered material to the gain that we recognized in the accompanying consolidated financial statements. Additionally, we have not been provided with notice of any claims being asserted pursuant to the indemnification provisions of the respective Purchase Agreements, nor are we aware of any basis for such claims. To the extent that we determine additional amounts are owed to either TW NY or Comcast in the future under the Purchase Agreements, the amount of the gain recognized on the Sale Transaction will be adjusted. For additional information regarding the Sale Transaction, see Note 2, "Bankruptcy Proceedings and Sale of Assets of the Company," to the accompanying consolidated financial statements.

As a result of the Sale Transaction, we no longer have any continuing operations. Following the Sale Transaction, our principal focus is to obtain confirmation of the Plan, complete all Bankruptcy Court proceedings, settle pre-petition liabilities and liquidate the Company. Therefore, as a result of the Sale Transaction, complete liquidation of the Company is imminent and on August 1, 2006 we adopted a liquidation basis of accounting. Under the liquidation basis of accounting, assets are recorded at their estimated realizable amounts and liabilities that will be paid in full are recorded at the present value of amounts to be paid. Liabilities subject to compromise are recorded at their face amounts until they are settled, at which time they will be adjusted to their settlement amounts. In connection with the adoption of a liquidation basis of accounting, we wrote down certain assets (primarily prepaid insurance) by approximately $13 million to reflect such assets at their net realizable value and recorded an estimated accrual for costs during the liquidation period of approximately $213 million. The net realizable value of the TWC Class A Common Stock is equal to its estimated fair value as we expect to distribute such shares to our creditors upon emergence from bankruptcy. Under the liquidation basis of accounting, the net present value of the estimated remaining costs to be incurred during liquidation (exclusive of interest expense) is accrued. Our estimate for liquidation costs as of September 30, 2006 includes professional fees associated with the Chapter 11 proceedings, litigation matters and other legal matters ($109.8 million), compensation and benefits for the remaining employees ($49.7 million), and other miscellaneous general and administrative costs. Such estimated costs are subject to change. We expect that changes will be made to our estimated costs of liquidation, and such changes in estimates will be recognized in future periods as a change in net liabilities in liquidation. The estimated costs as of September 30, 2006 are based in large part on assumptions regarding the timing of emergence from bankruptcy, the resolution of litigation matters and the post-emergence length of time required to settle all matters of the Company. If there are delays in these

matters, actual costs incurred during liquidation could increase as a result of the need for additional internal and external resources. A hearing to consider confirmation of the Plan is currently scheduled for December 7, 2006.

Bankruptcy Proceedings

In June 2002, Adelphia and substantially all of its domestic subsidiaries filed voluntary petitions to reorganize under Chapter 11 of the Bankruptcy Code in the Bankruptcy Court. On June 10, 2002, Century filed a voluntary petition to reorganize under Chapter 11. On October 6 and November 15, 2005, certain additional subsidiaries of Adelphia filed voluntary petitions to reorganize under Chapter 11. On March 31, 2006, the Forfeited Entities and certain other entities filed voluntary petitions to reorganize under Chapter 11. The bankruptcy proceedings for Century and the subsequent filers are being jointly administered with the Debtors and are included in the Chapter 11 Cases. On June 29, 2006, the Bankruptcy Court confirmed the JV Plan for the JV Debtors. On July 31, 2006, the JV Plan became effective by its terms. Accordingly, from and after July 31, 2006, the Debtors no longer include the JV Debtors. For additional information, see Note 2, "Bankruptcy Proceedings and Sale of Assets of the Company," to the accompanying consolidated financial statements.

On May 26, 2006, the Debtors filed the 363 Motion with the Bankruptcy Court seeking, among other things, approval to proceed with the Sale Transaction without first confirming a Chapter 11 plan of reorganization (other than with respect to the JV Debtors). A hearing to consider certain amended bid protections proposed in the 363 Motion was held on June 16, 2006, and on that date the Bankruptcy Court entered an order approving new provisions for termination, for the payment of the breakup fee, a reduction in the purchase price under certain circumstances and reaffirming the effectiveness of the "no-shop provision" and overruling all objections thereto. On June 28, 2006, the Bankruptcy Court entered the 363 Approval Order approving the balance of the 363 Motion, including the approval of the sale of the Debtors' assets in connection with the Sale Transaction.

On June 22, 2006, the Debtors filed the JV Plan for the JV Debtors with the Bankruptcy Court with respect to our partnerships with Comcast. In response to the Debtors' Plan Modification Motion, the Bankruptcy Court approved the information in the 363 Motion and the Plan Modification Motion as containing "adequate information" pursuant to Section 1125 of the Bankruptcy Code. On June 29, 2006, the Bankruptcy Court entered the JV Confirmation Order confirming the JV Plan. Together the JV Confirmation Order and the 363 Approval Order authorized, among other things, consummation of the Sale Transaction. On July 31, 2006, the JV Plan became effective by its terms. Accordingly, from and after July 31, 2006, the Debtors no longer include the JV Debtors. We paid approximately $1.8 billion of bankruptcy claims in the third quarter of 2006 in accordance with the JV Plan, of which approximately $1.6 billion relates to pre-petition debt obligations.

Effective July 21, 2006, we entered into the Plan Agreement with the Settlement Parties. Subsequently, on October 11, 2006, the PSA Parties entered into the Plan Support Agreement. The Plan Support Agreement, among other things, sets forth the terms on which the PSA Parties have committed to support the Plan. The Plan Support Agreement provides, among other things, that the PSA Parties will support a plan of reorganization that incorporates the terms of the Plan Agreement, as subsequently modified by the Plan Support Agreement, that provides for the transfer of value from certain unsecured creditors of various Adelphia subsidiaries to certain of Adelphia' s unsecured senior and trade creditors and is effective by December 22, 2006, unless extended in writing by the parties to the Plan Support Agreement.

On October 16, 2006, the Debtors and the Creditors' Committee filed the Plan and the DSS with the Bankruptcy Court. The Plan is based on the terms of the Plan Agreement and the Plan Support Agreement and proposes a global compromise and settlement of all disputes among the creditors, not all of whom are parties to these agreements. By order dated October 17, 2006, the Bankruptcy Court approved the DSS as containing "adequate information" pursuant to Section 1125 of the Bankruptcy Code. The voting deadline for beneficial holders holding securities through intermediaries is November 20, 2006. The voting deadline for all other parties in interest is November 27, 2006. A hearing to consider confirmation of the Plan is scheduled for December 7, 2006.

For additional information, see Note 2, "Bankruptcy Proceedings and Sale of Assets of the Company," to the accompanying consolidated financial statements.

Termination of Third Extended DIP Facility

In connection with the completion of the Sale Transaction, on the Closing Date, we terminated the Third Extended DIP Facility. In connection with the termination of the Third Extended DIP Facility, we repaid all loans outstanding under the Third Extended DIP Facility and all accrued and unpaid interest thereon, with such payments

totaling approximately $986 million. In addition, in connection with the termination of the Third Extended DIP Facility we paid all accrued and unpaid fees of the lenders and agent banks under the Third Extended DIP Facility. In connection with these payments, effective as of the Closing Date, the collateral agent under the Third Extended DIP Facility released any and all liens and security interests on the assets that collateralized the obligations under the Third Extended DIP Facility.

CHANGES IN NET LIABILITIES IN LIQUIDATION

Two Months Ended September 30, 2006

The following table summarizes the changes in net liabilities in liquidation for the period presented (dollars in thousands):

	Two months ended September 30, 2006
Effects of adopting a liquidation basis of accounting:	
Accrual of liquidation costs	$ (212,605)
Initial adjustment of assets to estimated realizable values	(13,441)
Net effect of adopting a liquidation basis of accounting	(226,046)
Changes in net liabilities in liquidation:	
Change in estimate of net realizable value of TWC Class A Common Stock	756,173
Change in estimate of net realizable value of other assets	(1,004)
Settlement of liabilities subject to compromise	(762)
Interest income	83,289
Interest expense	(84,334)
Net change in fair values of assets and liabilities	753,362
Net change in net liabilities in liquidation	$ 527,316

The following is a discussion of our changes in net liabilities in liquidation and includes an analysis of significant changes for the two months ended September 30, 2006.

Effects of adopting a liquidation basis of accounting

In connection with the adoption of a liquidation basis of accounting, we wrote down certain assets (primarily prepaid insurance) by approximately $13 million to reflect such assets at their net realizable value and recorded an estimated accrual for costs during the liquidation period of approximately $213 million. The net realizable value of the TWC Class A Common Stock is equal to its estimated fair value as we expect to distribute such shares to our creditors upon emergence from bankruptcy. Under the liquidation basis of accounting, the net present value of the estimated remaining costs to be incurred during liquidation (exclusive of interest expense) is accrued. Our estimate for liquidation costs as of September 30, 2006 includes professional fees associated with the Chapter 11 proceedings, litigation matters and other legal matters ($109.8 million), compensation and benefits for the remaining employees ($49.7 million) and other miscellaneous general and administrative costs. Such estimated costs are subject to change. We expect that changes will be made to our estimated costs of liquidation, and such changes in estimates will be recognized in future periods as a change in net liabilities in liquidation. The estimated costs as of September 30, 2006 are based in large part on assumptions regarding the timing of emergence from bankruptcy, the resolution of litigation matters and the post-emergence length of time required to settle all matters of the Company. If there are delays in these matters, actual costs incurred during liquidation could increase as a result of the need for additional internal and external resources. A hearing to consider confirmation of the Plan is currently scheduled for December 7, 2006.

Changes in net liabilities in liquidation

During the two months ended September 30, 2006, we recorded a $756 million increase in the estimated fair value of the TWC Class A Common Stock that we received in the Sale Transaction. Such increase reflects changes in market comparable data which was driven by the recent upward movement in the price of publicly-traded cable companies' stocks.

RESULTS OF OPERATIONS

One Month Ended July 31, 2006 Compared to Three Months Ended September 30, 2005

As a result of the Sale Transaction, we no longer have any continuing operations, and we are no longer operating as a going concern. We adopted a liquidation basis of accounting on August 1, 2006. As such, the following discussion does not contain comparable periods.

The following table summarizes the results of operations for the periods presented prior to the adoption of a liquidation basis of accounting (dollars in thousands):

	One Month Ended July 31, 2006		Three Months Ended September 30, 2005	
	$	% of Revenue	$	% of Revenue
Revenue	$ 397,438	100%	$ 1,088,568	100%
Costs and expenses:				
Direct operating and programming	246,870	62	680,614	63
Selling, general and administrative	26,903	7	90,285	8
Investigation, re-audit and sale transaction costs	2,295	–	15,832	1
Depreciation	62,729	16	193,017	18
Amortization	10,639	3	32,795	3
Impairment of long-lived assets	16,560	4	23,063	2
Gain on disposition of long-lived assets	(339)	–	(331)	–
Total costs and expenses	365,657	92	1,035,275	95
Operating income	31,781	8	53,293	5

Other income (expense), net:				
Gain on Sale Transaction	6,129,718	NM	–	
Interest expense, net of amounts capitalized	(60,877)	(15)	(138,329)	(13)
Other income (expense), net	83	–	(2,998)	–
Total other income (expense), net	6,068,924	NM	(141,327)	(13)
Income (loss) before reorganization expenses, income taxes, share of income (losses) of equity affiliates, and minority' s interest	6,100,705	NM	(88,034)	(8)
Reorganization expenses due to bankruptcy, net	(9,535)	2	(21,230)	(2)
Income tax expense	(201,948)	NM	(38,984)	(4)
Share of income (losses) of equity affiliates, net	(1,081)	–	393	–
Minority' s interest in loss of subsidiary	1,663	–	1,297	–
Net income (loss)	$ 5,889,804	NM	$ (146,558)	(14)%

NM – Not meaningful

The following is a discussion of our results of operations prior to the adoption of a liquidation basis of accounting that covers the one month period ended July 31, 2006 and the three month period ended September 30, 2005. We adopted a liquidation basis of accounting on August 1, 2006. Therefore, we caution readers that the following summary of historical operating results discusses non-comparable time periods. We also caution readers that the following summary discusses operating results for periods in which we operated as a going concern, which are no longer meaningful now that we are no longer operating as a going concern and have adopted a liquidation basis of accounting.

Revenue

Prior to the adoption of a liquidation basis of accounting, revenue decreased $691 million, or 63%, during the one month ended July 31, 2006 as compared to the three months ended September 30, 2005. The decrease in revenue is primarily attributable to the Sale Transaction. As a result of the Sale Transaction, we are no longer operating as a going concern and thus are no longer generating revenue. We adopted a liquidation basis of accounting on August 1, 2006.

Revenue for the one month ended July 2006 was $397 million as compared to $363 million for the same period in 2005. The increase in revenue was primarily attributable to higher rates for basic and expanded basic service tiers and increased revenue from HSI services, enhanced product offerings and media services. The positive impact of higher rates for basic and expanded basic service tiers was partially offset by a decrease in our basic subscriber base. An increase in HSI subscribers accounted for the majority of the increase in HSI revenue. The increase in media services revenue was attributable to an increase in both the average rate received and the volume of advertising sold.

Direct operating and programming costs

Prior to the adoption of a liquidation basis of accounting, direct operating and programming costs decreased $434 million, or 64%, during the one month ended July 31, 2006 as compared to the three months ended September 30, 2005. The decrease in direct operating and programming costs is primarily attributable to the Sale Transaction. Direct operating and programming costs represented 62% of revenue for both the month ended July 31, 2006 and 2005. As a result of the Sale Transaction, we are no longer operating as a going concern and thus do not have any continuing operations. We adopted a liquidation basis of accounting on August 1, 2006.

Selling, general and administrative expenses ("SG&A")

Prior to the adoption of a liquidation basis of accounting, SG&A expenses decreased approximately $63 million, or 70%, during the one month ended July 31, 2006 as compared to the three months ended September 30, 2005. The decrease in SG&A expenses is primarily attributable to the Sale Transaction. SG&A expenses represented 7% and 8% of revenue for the month ended July 31, 2006 and 2005, respectively. As a result of the Sale Transaction, we are no longer operating as a going concern and thus do not have any continuing operations. We adopted a liquidation basis of accounting on August 1, 2006.

Investigation, re-audit and sale transaction costs

Prior to the adoption of a liquidation basis of accounting, investigation, re-audit and sale transaction costs decreased by $14 million, or 86%, during the one month ended July 31, 2006 as compared to the three months ended September 30, 2005. The decrease in these costs is primarily attributable to the Sale Transaction, which was consummated on July 31, 2006. We adopted a liquidation basis of accounting on August 1, 2006.

Depreciation

Prior to the adoption of a liquidation basis of accounting, depreciation expense decreased by $130 million, or 68%, during the one month ended July 31, 2006 as compared to the three months ended September 30, 2005. The decrease in depreciation expense is primarily attributable to the Sale Transaction. We adopted a liquidation basis of accounting on August 1, 2006.

Amortization

Prior to the adoption of a liquidation basis of accounting, amortization expense decreased by $22 million, or 68%, during the one month ended July 31, 2006 as compared to the three months ended September 30, 2005. The decrease in amortization expense is primarily attributable to the Sale Transaction. We adopted a liquidation basis of accounting on August 1, 2006.

Impairment of long-lived assets

Impairment of long-lived assets was $17 million for the one month ended July 31, 2006 as compared to $23 million for the three months ended September 30, 2005. Impairments for the one month ended July 31, 2006 included a $12 million charge for a building that was not sold in the Sale Transaction and $5 million related to the impairment of our franchise intangibles. The $23 million impairment for 2005 relates to the impairment of our franchise intangibles. The impairment of our franchise intangibles relates primarily to the loss of basic subscribers in certain geographic areas. Prior to the Sale Transaction, we assessed impairment of our franchise and goodwill intangibles annually on July 1. As a result of the Sale Transaction, we no longer have any franchise or goodwill intangible assets.

Gain on Sale Transaction

On July 31, 2006, we completed the sale of substantially all of our assets to TW NY and Comcast. Proceeds from the sale transaction totaled approximately $17.4 billion. We recognized a gain on the Sale Transaction

of approximately $6.1 billion. For additional information regarding the Sale Transaction, see Note 2, “Bankruptcy Proceedings and Sale of Assets of the Company,” to the accompanying consolidated financial statements. As a result of the Sale Transaction, we adopted a liquidation basis of accounting on August 1, 2006.

Interest expense, net of amounts capitalized

Prior to the adoption of a liquidation basis of accounting, interest expense, net of amounts capitalized, decreased by $77 million, or 56%, during the one month ended July 31, 2006 as compared to the three months ended September 30, 2005. The decrease in interest expense, net of amounts capitalized, is primarily attributable to the non-comparability of the periods which resulted from the adoption of a liquidation basis of accounting on August 1, 2006. Higher average monthly outstanding debt balances and higher average interest rates for the month of July 2006 partially offset this decrease. In connection with the Sale Transaction, we terminated the Third Extended DIP Facility. In connection with the termination of the Third Extended DIP Facility, we repaid all loans outstanding under the Third Extended DIP Facility and all accrued and unpaid interest. As such, interest expense will decrease for periods after July 31, 2006. We have been paying interest on amounts outstanding under the pre-petition credit agreements, including the entire principal balance outstanding under the Co-Borrowing Facilities. These payments will continue until such pre-petition obligations are settled. See "Liquidity and Capital Resources" below.

Reorganization expenses due to bankruptcy, net

Prior to the adoption of a liquidation basis of accounting, certain income and expenses directly related to the Chapter 11 filings were included in reorganization expenses due to bankruptcy, net. Reorganization expenses due to bankruptcy, net decreased by $12 million, or 55%, during the one month ended July 31, 2006 as compared to the three months ended September 30, 2005. The decrease in reorganization expenses due to bankruptcy, net is primarily attributable to the non-comparability of the periods which resulted from the adoption of a liquidation basis of accounting on August 1, 2006. We will continue to incur significant reorganization costs until we emerge from bankruptcy. The estimated reorganization costs during the liquidation period have been included in our August 1, 2006 accrual of liquidation costs under the liquidation method of accounting. For additional information, see "Changes in Net Liabilities in Liquidation" below and Note 2, "Bankruptcy Proceedings and Sale of Assets of the Company," to the accompanying consolidated financial statements.

Income tax expense

We recorded income tax expense of $202 million and $39 million for the one month ended July 31, 2006 and the three months ended September 30, 2005, respectively. The increase in income tax expense is attributable to the gain on the Sale Transaction. In 2006, income tax expense differs from the amount that would have resulted from the application of statutory tax rates primarily due to the utilization of net operating loss carryforwards and the reversal of $365 million of deferred tax liabilities. In 2005, income tax expense differs from the amount that would have resulted from the application of statutory tax rates primarily due to increases in the valuation allowance provided against our net operating loss carryforwards. Income tax expense for 2005 primarily relates to the increase in our deferred tax liability for franchise rights and goodwill intangible assets that are not amortized for financial reporting purposes, but are amortized for income tax purposes.

Minority's interest in loss of subsidiary

As part of the Sale Transaction, Comcast acquired the remaining ownership interest in certain partnerships in which Comcast held the minority interest and we held the majority interest. As such, subsequent to the Sale Transaction, we no longer have an interest in these partnerships. For additional information, see Note 2, "Bankruptcy Proceedings and Sale of Assets of the Company," to the accompanying consolidated financial statements.

Share of income (losses) of equity affiliates, net

As part of the Sale Transaction, we sold certain of our investments in equity affiliates to TW NY and Comcast. In connection with the adoption of a liquidation basis of accounting on August 1, 2006, our remaining investments in equity affiliates have been accounted for as assets held for sale in which we no longer recognize our share of earnings or losses.

Seven Months Ended July 31, 2006 Compared to Nine Months Ended September 30, 2005

As a result of the Sale Transaction, we no longer have any continuing operations. We adopted a liquidation basis of accounting on August 1, 2006. As such, the following discussion does not contain comparable periods.

The following table summarizes the results of operations for the periods presented (dollars in thousands):

	Seven Months Ended July 31, 2006		Nine Months Ended September 30, 2005	
	$	% of Revenue	$	% of Revenue
Revenue	$ 2,745,439	100%	$ 3,260,793	100%

Costs and expenses:				
Direct operating and programming	1,641,343	60	2,001,202	61
Selling, general and administrative	204,156	7	261,899	8
Investigation, re-audit and sale transaction costs	32,527	1	54,317	2
Depreciation	442,636	16	606,839	19
Amortization	77,170	3	106,827	3
Impairment of long-lived assets	16,560	1	23,063	1
Provision for uncollectible amounts due from the Rigas Family and Other Rigas Entities	−	−	13,338	−
Gain on disposition of long-lived assets	(1,697)	−	(6,102)	−
Total costs and expenses	2,412,695	88	3,061,383	94
Operating income	332,744	12	199,410	6
Other income (expense), net:				
Gain on Sale Transaction	6,129,718	NM	−	−
Interest expense, net of amounts capitalized	(438,172)	(16)	(441,064)	(13)
Other income (expense), net	(107,983)	(4)	457,941	14
Total other income, net	5,583,563	NM	16,877	1
Income before reorganization income (expenses), income taxes, share of losses of equity affiliates and minority' s interest	5,916,307	NM	216,287	7
Reorganization income (expenses) due to bankruptcy, net	53,104	2	(52,804)	(2)
Income tax expense	(273,389)	(10)	(103,450)	(3)
Share of losses of equity affiliates, net	(1,899)	−	(975)	−
Minority' s interest in loss of subsidiary	12,769	−	2,680	−
Net income	$ 5,706,892	NM	$ 61,738	2%

NM − Not meaningful

The following is a discussion of our results of operations prior to the adoption of a liquidation basis of accounting that covers the seven-month period ended July 31, 2006 and the nine-month period ended September 30, 2005. We adopted a liquidation basis of accounting on August 1, 2006. Therefore, we caution readers that the following summary of historical operating results discusses non-comparable time periods. We also caution readers that the following summary discusses operating results for periods in which we operated as a going concern, which are no longer meaningful now that we are no longer operating as a going concern and have adopted a liquidation basis of accounting.

Revenue

Prior to the adoption of a liquidation basis of accounting, revenue decreased $515 million, or 16%, during the seven months ended July 31, 2006 as compared to the nine months ended September 30, 2005. The decrease in revenue is primarily attributable to the Sale Transaction. As a result of the Sale Transaction, we are no longer operating as a going concern and thus are no longer generating revenue. We adopted a liquidation basis of accounting on August 1, 2006.

Revenue for the seven months ended July 2006 was $2,745 million as compared to $2,535 million for the same period in 2005. The increase in revenue was primarily attributable to higher rates for basic and expanded basic service tiers and increased revenue from HSI services, enhanced product offerings and media services. The positive impact of higher rates for basic and expanded basic service tiers was partially offset by a decrease in our basic subscriber base. An increase in HSI subscribers accounted for the majority of the increase in HSI revenue. The increase in media services revenue was attributable to an increase in both the average rate received and the volume of advertising sold.

Direct operating and programming costs

Prior to the adoption of a liquidation basis of accounting, direct operating and programming costs decreased $360 million, or 18%, during the seven months ended July 31, 2006 as compared to the nine months ended September 30, 2005. The decrease in direct operating and programming costs is primarily attributable to the Sale Transaction. Direct operating and programming costs represented 60% and 61% of revenue for the seven months ended July 31, 2006 and 2005, respectively. As a result of the Sale Transaction, we are no longer operating as a going concern and thus do not have any continuing operations. We adopted a liquidation basis of accounting on August 1, 2006.

Selling, general and administrative expenses

Prior to the adoption of a liquidation basis of accounting, SG&A expenses decreased approximately $58 million, or 22%, during the seven months ended July 31, 2006 as compared to the nine months ended September 30, 2005. The decrease in SG&A expenses is primarily attributable to the Sale Transaction. SG&A expenses represented 7% and 8% of revenue for the seven months ended July 31, 2006 and 2005, respectively. As a result of the Sale Transaction, we are no longer operating as a going concern and thus do not have any continuing operations. We adopted a liquidation basis of accounting on August 1, 2006.

Investigation, re-audit and sale transaction costs

Prior to the adoption of a liquidation basis of accounting, investigation, re-audit and sale transaction costs decreased by $22 million, or 40%, during the seven months ended July 31, 2006 as compared to the nine months ended September 30, 2005. The decrease in these costs is primarily attributable to the Sale Transaction. These costs primarily related to costs associated with the Sale Transaction. We adopted a liquidation basis of accounting on August 1, 2006.

Depreciation

Prior to the adoption of a liquidation basis of accounting, depreciation expense decreased by $164 million, or 27%, during the seven months ended July 31, 2006 as compared to the nine months ended September 30, 2005. The decrease in depreciation expense is primarily attributable to the Sale Transaction. We adopted a liquidation basis of accounting on August 1, 2006.

Amortization

Prior to the adoption of a liquidation basis of accounting, amortization expense decreased by $30 million, or 28%, during the seven months ended July 31, 2006 as compared to the nine months ended September 30, 2005. The decrease in amortization expense is primarily attributable to the Sale Transaction. We adopted a liquidation basis of accounting on August 1, 2006.

Impairment of long-lived assets

Impairment of long-lived assets was $17 million for the seven months ended July 31, 2006 as compared to $23 million for the nine months ended September 30, 2005. Impairments for the seven months ended July 31, 2006 included a $12 million charge for a building that was not sold in the Sale Transaction and $5 million related to the impairment of our franchise intangibles. The $23 million impairment for 2005 relates to the impairment of our franchise intangibles. The impairment of our franchise intangibles relates primarily to the loss of basic subscribers in certain geographic areas. Prior to the Sale Transaction, we assessed impairment of our franchise and goodwill intangibles annually on July 1. As a result of the Sale Transaction, we no longer have any franchise or goodwill intangible assets.

Provision for uncollectible amounts due from the Rigas Family and Other Rigas Entities

During the nine months ended September 30, 2005, we recorded a $13 million provision for uncollectible amounts due from the Rigas Family and Other Rigas Entities due to further declines in the fair value of underlying securities. For additional information, see Note

4, "Transactions with the Rigas Family and Other Rigas Entities," to the accompanying consolidated financial statements. We adopted a liquidation basis of accounting on August 1, 2006.

Gain on Sale Transaction

On July 31, 2006, we completed the sale of substantially all of our assets to TW NY and Comcast. Proceeds from the sale transaction totaled approximately $17.4 billion. We recognized a gain on the Sale Transaction of approximately $6.1 billion. For additional information regarding the Sale Transaction, see Note 2, "Bankruptcy Proceedings and Sale of Assets of the Company," to the accompanying consolidated financial statements. As a result of the Sale Transaction, we adopted a liquidation basis of accounting on August 1, 2006.

Interest expense, net of amounts capitalized

Prior to the adoption of a liquidation basis of accounting, interest expense, net of amounts capitalized, decreased by $3 million or 1% during the seven months ended July 31, 2006 as compared to the nine months ended September 30, 2005. The decrease in interest expense, net of amounts capitalized, is primarily attributable to the non-comparability of the periods which resulted from the adoption of a liquidation basis of accounting on August 1, 2006. Higher average monthly outstanding debt balances and higher averaged interest rates in 2006 partially offset this decrease. In addition, during the seven months ended July 31, 2006, we recorded $50 million of interest expense on allowed claims in connection with the confirmation of the JV Plan. Interest expense for the nine months ended September 30, 2005 included $58 million of deferred financing costs which were written off as a result of the termination of our exit financing commitment in May 2005. In connection with the Sale Transaction, we terminated the Third Extended DIP Facility. In connection with the termination of the Third Extended DIP Facility, we repaid all loans outstanding under the Third Extended DIP Facility and all accrued and unpaid interest. As such, interest expense has decrease for periods after July 31, 2006. We have been paying interest on amounts outstanding under the pre-petition credit agreements, including the entire principal balance outstanding under the Co-Borrowing Facilities. These payments will continue until such pre-petition obligations are settled. See "Liquidity and Capital Resources" below.

Other income (expense), net

Other expense, net was $108 million versus other income, net of $458 million during the seven months ended July 31, 2006 and the nine months ended September 30, 2005, respectively. This change was primarily due to a $64 million charge we recorded during 2006 in connection with our dispute with ML Media and a $39 million charge associated with claims asserted by Verizon Media Ventures in connection with two separate asset purchase agreements which were not consummated. In connection with the 2005 Government Settlement Agreements, we recorded a $458 million net benefit related to the settlement of, among other matters, net amounts payable from us (including the Rigas Co-Borrowing Entities) to the Rigas Family and Other Rigas Entities during the six months ended June 30, 2005. For additional information, see Note 4, "Transactions with the Rigas Family and Other Rigas Entities," to the accompanying consolidated financial statements.

Reorganization income (expenses) due to bankruptcy, net

Reorganization expenses due to bankruptcy, net decreased by $106 million during the seven months ended July 31, 2006 as compared to the nine months ended September 30, 2005.

Prior to the adoption of a liquidation basis of accounting, certain income and expenses directly related to the Chapter 11 filings were included in reorganization income (expenses) due to bankruptcy, net. Reorganization income (expenses) due to bankruptcy, net aggregated $53 million of net income and $53 million of net expense for the seven months ended July 31, 2006 and the nine months ended September 30, 2005, respectively. The net reorganization income in 2006 resulted primarily from the net impact of the reversal of $127 million of accrued interest resulting from the Bankruptcy Court' s disallowance of such interest, $82 million of professional fees incurred in connection with the Chapter 11 Cases, $10 million of expense related to adjustments of liabilities subject to compromise to reflect the allowed claims for the JV Plan, $13 million of interest income earned during reorganization and $5 million of income related to settlements. The net reorganization expense in 2005 resulted primarily from the net impact of $63 million of professional fees incurred in connection with the Chapter 11 Cases, $7 million of interest income earned during reorganization and $3 million of income related to settlements. We will continue to incur significant reorganization costs until we emerge from bankruptcy. The estimated reorganization costs during the liquidation period have been included in our August 1, 2006 accrual of liquidation costs under the liquidation method of accounting. For additional information, see “Changes in Net Liabilities in Liquidation” below and Note 2, “Bankruptcy Proceedings and Sale of Assets of the Company,” to the accompanying consolidated financial statements.

Income tax expense

We recorded income tax expense of $273 million and $103 million for the seven months ended July 31, 2006 and the nine months ended September 30, 2005, respectively. The increase in income tax expense is attributable to the gain on the Sale Transaction. In 2006, income tax expense differs from the amount that would have resulted from the application of statutory tax rates primarily due to the utilization of net operating loss carryforwards and the reversal of $365 million of deferred tax liabilities. In 2005, income tax expense differs from the amount that would have resulted form the application of statutory tax rates primarily due to increases in the valuation allowance provided against our net operating loss carryforwards. Income tax expense for 2005 primarily relates to the increase in our deferred tax liability for franchise rights and goodwill intangible assets that are not amortized for financial reporting purposes, but are amortized for income tax purposes.

Minority’ s interest in loss of subsidiary

As part of the Sale Transaction, Comcast acquired the remaining ownership interest in certain partnerships in which Comcast held the minority interest and we held the majority interest. As such, subsequent to the Sale Transaction, we no longer have an interest in these partnerships. For additional information, see Note 2, “Bankruptcy Proceedings and Sale of Assets of the Company,” to the accompanying consolidated financial statements.

Share of income (losses) of equity affiliates, net

As part of the Sale Transaction, we sold certain of our investments in equity affiliates to TW NY and Comcast. In connection with the adoption of a liquidation basis of accounting on August 1, 2006, our remaining investments in equity affiliates have been accounted for as assets held for sale in which we no longer recognize our share of earnings or losses.

LIQUIDITY AND CAPITAL RESOURCES

On July 31, 2006, we completed the sale of assets, which in the aggregate comprise substantially all of our U.S. assets, to TW NY and Comcast. Proceeds from the Sale Transaction totaled approximately $17.4 billion, consisting of cash in the amount of approximately $12.5 billion and approximately 156 million shares of TWC Class A Common Stock with an estimated fair value as of the Closing Date of approximately $4.9 billion. The aggregate purchase price is subject to certain post-closing adjustments. Upon consummation of the Sale Transaction, a portion of the aggregate purchase price, consisting of approximately $503 million of cash and 6,148,283 shares of TWC Class A Common Stock, was deposited in escrow accounts to secure our indemnification obligations and any post-closing purchase price adjustments that may be due to TW NY or Comcast from us pursuant to the Purchase Agreements. Pursuant to the Purchase Agreements, the post-closing purchase price adjustments, if any, are likely to be finalized by no later than the end of the first quarter 2007. On October 27, 2006, TW NY and Comcast delivered to us their calculations of the purchase price adjustments pursuant to the Purchase Agreements. Based on TW NY’ s and Comcast’ s calculations, the net adjustment asserted would result in a net payment of approximately $133 million to TW NY and Comcast. The Company believes that additional post-closing adjustments of approximately $23 million are due from TW NY and Comcast. While we are still reviewing TW NY’ s and Comcast’ s calculations, at this time we believe that we will be sending a formal objection to TW NY and Comcast at the beginning of next month that challenges at a minimum, substantially all of the amount claimed. As a result, we have not adjusted the gain on the Sale Transaction for these potential post-closing adjustments and, any such adjustments are not considered material to the gain that we recognized in the accompanying consolidated financial statements. Additionally, we have not been provided with notice of any claims being asserted pursuant to the indemnification provisions of the respective asset purchase agreements, nor are we aware of any basis for such claims. To the extent that we determine additional amounts are owed to either TW NY or Comcast in the future under the Purchase Agreements, the amount of the gain recognized on the Sale Transaction will be adjusted. For additional information regarding the Sale Transaction, see Note 2, "Bankruptcy Proceedings and Sale of Assets of the Company," to the accompanying consolidated financial statements.

On March 17, 2006, the Loan Parties entered into the $1,300 million Third Extended DIP Facility, which superseded and replaced in its entirety the Second Extended DIP Facility. The Third Extended DIP Facility was approved by the Bankruptcy Court on March 16, 2006 and closed on March 17, 2006. In connection with the completion of the Sale Transaction, on the Closing Date, we terminated the Third Extended DIP Facility. In connection with the

termination of the Third Extended DIP Facility, we repaid all loans outstanding under the Third Extended DIP Facility and all accrued and unpaid interest thereon, with such payments totaling approximately $986 million. In addition, in connection with the termination of the Third Extended DIP Facility we paid all accrued and unpaid fees of the lenders and agent banks under the Third Extended DIP Facility. In connection with these payments, effective as of the Closing Date, the collateral agent under the Third Extended DIP Facility released any and all liens and security interests on the assets that collateralized the obligations under the Third Extended DIP Facility.

We also paid approximately $1.8 billion of claims in the third quarter of 2006 in accordance with the JV Plan, of which approximately $1.6 billion relates to pre-petition debt obligations. In addition, at September 30, 2006, $80 million of cash has been reserved under the JV Plan for expenses and claims of the JV Debtors.

The remaining proceeds from the Sale Transaction will be used to fund our future liquidity requirements which consist primarily of pre-petition liabilities that are subject to compromise, fees and other items directly related to the Chapter 11 filings and costs associated with certain corporate functions that will continue either in part or in whole for some period of time following the Sale Transaction. At September 30, 2006, our cash and cash equivalents and short-term investments totaled approximately $9.3 billion. Our investment policy is designed to provide for short-term liquidity and low levels of risk. We do not have any additional sources of liquidity.

At September 30, 2006, we had total liabilities of $17,688 million, which includes $16,633 million of pre-petition liabilities that are subject to compromise. We currently cannot predict the amount of cash that will be required to settle pre-petition liabilities subject to compromise, as the rights and claims of the Debtors' various creditors will be determined by a plan of reorganization that is ultimately subject to confirmation by the Bankruptcy Court. Proceeds from the Sale Transaction are not sufficient to provide a full payout of all outstanding claims in the Chapter 11 Cases. As of September 30, 2006, our liabilities exceeded our assets resulting in net liabilities in liquidation of $1,956 million.

CRITICAL ACCOUNTING ESTIMATES

Our critical accounting policies have changed from those reported in Management's Discussion and Analysis of Financial Condition and Results of Operations in the 2005 Form 10-K as the result of the Sale Transaction and the adoption of the liquidation basis of accounting in August 2006.

As of September 30, 2006, we believe the following accounting policies are critical in that they are important to the determination of net liabilities in liquidation and they require significant judgment and estimates.

Carrying Amounts of Liabilities Subject to Compromise

The ultimate amount of the Debtors' liabilities will be determined during the Debtors' claims resolution process. The Bankruptcy Court established a bar date of January 9, 2004 for filing proofs of claim against the Debtors' estates. A bar date is the date by which proofs of claim must be filed if a claimant disagrees with how its claim appears on the Debtors' Schedules of Liabilities. However, under certain limited circumstances, claimants may file proofs of claims after the bar date. The aggregate amount of claims filed with the Bankruptcy Court far exceeds the Debtors' estimate of ultimate liability. The Debtors currently are in the process of reviewing, analyzing and reconciling the scheduled and filed claims. The Debtors expect that the claims resolution process will take significant time to complete.

The Debtors have filed numerous omnibus objections that address $3.88 trillion in claims, consisting primarily of duplicative claims. Certain claims addressed in such objections were either: (i) reduced and allowed; (ii) disallowed and expunged; or (iii) subordinated by orders of the Bankruptcy Court. Hearings on certain claims objections are ongoing. Certain other objections have been adjourned to allow the parties to continue to reconcile such claims. Additional omnibus objections may be filed as the claims resolution process continues.

Accordingly, the amounts presented as liabilities subject to compromise may be subject to future adjustments depending on Bankruptcy Court actions, completion of the reconciliation process with respect to disputed claims, determinations of the secured status of certain claims, the values of any collateral securing such claims or other events. Such adjustments may be material to the amounts reported as liabilities subject to compromise.

Assessment of Loss Contingencies

We have legal and other contingencies that could result in significant losses upon the ultimate resolution of such contingencies. We have provided for losses in situations where we have concluded that it is probable that a loss has been or will be incurred and the amount of the loss is reasonably estimable. A significant amount of judgment is involved in

determining whether a loss is probable and reasonably estimable due to the uncertainty involved in determining the likelihood of future events and estimating the financial statement impact of such events. Accordingly, it is possible that upon the further development or resolution of a contingent matter, a significant charge could be recorded in a future period related to an existing contingent matter. For additional information, see Note 8, "Contingencies," to the accompanying consolidated financial statements.

Estimated Costs to be Incurred During Liquidation

In connection with the adoption of a liquidation basis of accounting, we recorded an estimated accrual for costs during the liquidation period of approximately $213 million. Under the liquidation basis of accounting, the net present value of the estimated remaining costs to be incurred during liquidation (exclusive of interest expense) is accrued. Our estimate for liquidation costs as of September 30, 2006 includes professional fees associated with the Chapter 11 proceedings, litigation matters and other legal matters ($109.8 million), compensation and benefits for the remaining employees ($49.7 million), and other miscellaneous general and administrative costs. Such estimated costs are subject to change. We expect that changes will be made to our estimated costs of liquidation, and such changes in estimates will be recognized in future periods as a change in net liabilities in liquidation. The estimated costs as of September 30, 2006 are based in large part on assumptions regarding the timing of emergence from bankruptcy, the resolution of litigation matters and the post-emergence length of time required to settle all matters of the Company. If there are delays in these matters, actual costs incurred during liquidation could increase as a result of the need for additional internal and external resources.

Valuation of TWC Class A Common Stock

The estimated fair value of the TWC Class A Common Stock requires management to make significant estimates and assumptions that have a material impact on the carrying value of our investment. The estimates and assumptions used are based on factors that management believes to be reasonable.

NEW ACCOUNTING PRONOUNCEMENTS

In June 2005, the EITF reached a consensus on EITF 04-5. EITF 04-5 provides guidance in assessing when a general partner controls and consolidates its investment in a limited partnership or similar entity. The general partner is assumed to control the limited partnership unless the limited partners have substantive kick-out or participating rights. The provisions of EITF 04-5 were required to be applied beginning June 30, 2005 for partnerships formed or modified subsequent to June 30, 2005, and are effective for general partners in all other limited partnerships beginning January 1, 2006. EITF 04-5 had no impact on our financial position, results of operations or net liabilities in liquidation.

In July 2006, the FASB issued FIN 48. FIN 48 defines the threshold for recognizing the benefits of tax return positions in the financial statements as "more-likely-than-not" to be sustained by the taxing authority. The recently issued literature also provides guidance on the derecognition, measurement and classification of income tax uncertainties, along with any related interest and penalties. FIN 48 also includes guidance concerning accounting for income tax uncertainties in interim periods and increases the level of disclosures associated with any recorded income tax uncertainties. FIN 48 is effective for fiscal years beginning after December 31, 2006. We have not yet determined the impact, if any, of adopting the provisions of FIN 48 on our net liabilities in liquidation.

In September 2006, the FASB issued SFAS No. 157. SFAS No. 157 defines fair value, establishes guidelines for measuring fair value in generally accepted accounting principles, and expands disclosures regarding fair value measurements. SFAS No. 157 does not require any new fair value measurements but rather eliminates inconsistencies in guidance found in various prior accounting pronouncements. SFAS No. 157 is effective for fiscal years beginning after November 15, 2007. We are currently evaluating the impact of SFAS No. 157, but we do not expect the adoption of SFAS No. 157 to have a material impact on our consolidated financial statements.

In September 2006, the FASB issued SFAS No. 158. SFAS No. 158 requires employers to recognize the overfunded or underfunded status of a defined benefit post-retirement plan as an asset or liability in its statement of financial position. Further, this statement requires employers to recognize changes in the funded status in the year in which the changes occur through comprehensive income. SFAS No. 158 is effective for the fiscal year ending after December 15, 2006. We are currently evaluating the impact of SFAS No. 158, but we do not expect the adoption of SFAS No. 158 to have a material impact on our consolidated financial statements.

In September 2006, the SEC Staff issued SAB No. 108. SAB No. 108 requires the use of two alternative approaches in quantitatively evaluating materiality of misstatements. If the misstatement as quantified under either approach is material to the current year financial statements, the misstatement must be corrected. In the year of adoption (fiscal years ending after November 15, 2006 or calendar year 2006 for Adelphia), the misstatements may be corrected as an accounting change by adjusting opening retained earnings rather than being included in the current year statement of operations. We are currently evaluating the requirements of SAB No. 108 and the impact it may have on our consolidated financial statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our exposure to market risk associated with changes in interest rates relates primarily to our debt obligations. As of September 30, 2006, all of our outstanding debt was subject to compromise. We continue to pay interest on our pre-petition bank debt, all of which bears interest at variable rates and subjects us to interest rate risk. We had $5,194 million outstanding variable rate debt (for which we continue to pay interest) at September 30, 2006. Assuming a hypothetical 100 basis point increase (or decrease) in interest rates, there would have been an increase or decrease in our interest expense of approximately $8.7 million for the two months ended September 30, 2006.

As of September 30, 2006, our short-term investments include U.S. Treasuries, federal agencies and government sponsored enterprises, commercial paper and repurchase agreements with weighted average maturities of 62 days. At September 30, 2006, the carrying value of cash and cash equivalents and short-term investments were $6,240 million and $3,092 million, respectively, and approximates the fair value of such investments.

The estimated fair value of the TWC Class A Common Stock we received in the Sale Transaction may increase or decrease based on the financial performance of TWC, movements in the price of publicly traded cable company stocks and general market conditions.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports filed under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC' s rules and forms. Disclosure controls and procedures include controls and procedures designed to ensure that such information is accumulated and communicated to our management, including our CEO, Chief Financial Officer ("CFO") and Chief Accounting Officer ("CAO"), as appropriate, to allow timely decisions regarding required financial disclosure.

Our management, under the supervision and with the participation of our CEO, CFO and CAO, has completed an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of the end of the quarter ended September 30, 2006. Based on our evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, our management, including our CEO, CFO and CAO, concluded that as of September 30, 2006, our disclosure controls and procedures were effective.

Changes in Internal Control Over Financial Reporting

During the quarter ended September 30, 2006, there were no changes in our internal control over financial reporting identified in connection with the evaluation of our disclosure controls and procedures for the quarter ended September 30, 2006 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. However, as a result of our disposition of assets in the Sale Transaction, certain of our processes and controls are no longer applicable to our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Bankruptcy Proceedings. On June 25, 2002, Adelphia and substantially all of its wholly owned, domestic subsidiaries filed voluntary petitions to reorganize under Chapter 11 in the Bankruptcy Court. Previously, on June 10, 2002, Century filed a voluntary petition to reorganize under Chapter 11. On October 6 and November 15, 2005, certain additional subsidiaries of Adelphia filed voluntary petitions to reorganize under Chapter 11 and, on March 31, 2006, the Forfeited Entities and certain other entities filed voluntary petitions to reorganize under Chapter 11. The Debtors are currently operating their businesses as debtors-in-possession under Chapter 11. These cases are jointly administered under the caption "In re: Adelphia Communications Corporation, et al., Case No. 02-41729."

As further described in Note 2, "Bankruptcy Proceedings and Sale of Assets of the Company," to the accompanying consolidated financial statements, on the Closing Date, Adelphia consummated the Sale Transaction and the JV Plan became effective. Accordingly, from and after the Closing Date, the Debtors no longer include the JV Debtors.

Under the Bankruptcy Code, actions to collect pre-petition indebtedness, as well as most other pending litigation, are stayed and other contractual obligations against the Company generally may not be enforced. Subject to certain exceptions, the Plan, which must be voted upon by holders of claims and equity interests and approved by the Bankruptcy Court, will release and bar prosecution of actions based on pre-petition contractual liabilities, including certain of the proceedings described in Note 8, "Contingencies − Litigation Matters," to the accompanying consolidated financial statements.

The Company cannot predict the outcome of these proceedings or estimate the possible effects on the Company' s net liabilities in liquidation.

Other Legal Proceedings. See Note 8, "Contingencies − Litigation Matters," to the accompanying consolidated financial statements.

ITEM 1A. RISK FACTORS

Factors Relating to the Chapter 11 Cases

If a plan of reorganization is not confirmed or is not confirmed in a timely manner for the Debtors (other than the JV Debtors), we will continue to incur substantial costs as a result of the Chapter 11 bankruptcy proceeding, which will reduce the amount available for distribution to the stakeholders under such plan.

If we are unable to obtain the Bankruptcy Court' s confirmation of a plan of reorganization for the Debtors (other than the JV Debtors) or do so in a timely manner, we will continue to incur substantial costs and fees as a result of the continuation of the Chapter 11 bankruptcy proceedings and our obligations under the Registration Rights Agreement. Such continued incurrence of costs and fees will reduce the amount available for distribution to the stakeholders under a plan of reorganization.

The actual costs incurred during liquidation may exceed our current estimates, which will reduce the amount available for distribution to the stakeholders under a plan of reorganization.

We recorded an estimated accrual for costs during the liquidation period of approximately $213 million. Under the liquidation basis of accounting, the net present value of the estimated remaining costs to be incurred during liquidation (exclusive of interest) is accrued. Our estimate for liquidation costs as of September 30, 2006 includes professional fees associated with the Chapter 11 proceedings, litigation matters and other legal matters, compensation for the remaining employees, accounting and audit fees and other miscellaneous general and administrative costs. Such estimated costs are subject to change. We expect that changes will be made to our estimated costs of liquidation, and such changes in estimates will be recognized in future periods as a change in the Company' s net liabilities in liquidation. The estimated costs as of September 30, 2006 are based in large part on assumptions regarding the timing of emergence from bankruptcy, the resolution of litigation matters and the post-emergence length of time required to settle all matters of the Company. If there are delays in these matters, actual costs incurred during liquidation could increase as a result of

the need for additional internal and external resources, which would reduce the amount available for distribution to the stakeholders under a plan of reorganization.

Allowance of claims may substantially dilute the recovery to holders of claims and equity interests under a plan of organization.

As of January 9, 2004, approximately 17,000 proofs of claim asserting in excess of $3.20 trillion in claims were filed and, as of September 30, 2006, approximately 19,700 proofs of claim asserting approximately $3.98 trillion in claims were filed, in each case including duplicative claims but excluding any estimated amounts for unliquidated claims. The Debtors are in the process of reviewing, analyzing and reconciling the scheduled and filed claims and have filed several omnibus objections that address approximately $3.88 trillion of such claims. Hearings on certain claims objections are ongoing. Although certain claims addressed in such omnibus objections have been reduced and allowed, disallowed and expunged or subordinated by orders of the Bankruptcy Court, the ultimate number and allowed amounts of such claims are not determinable at present, and the Debtors expect that the claims resolution process will take significant time to complete and will continue following consummation of a plan of reorganization. The failure to obtain disallowance of a substantial majority of these proofs of claims would substantially dilute the recoveries to the Debtors' stakeholders under a plan of reorganization.

Risk Factors relating to the Sale Transaction

The aggregate purchase price we received in the Sale Transaction is subject to certain post-closing adjustments, which, if any become payable to TW NY or Comcast, would reduce the amount available for distribution to the stakeholders under a plan of reorganization.

On the Closing Date, we completed the sale of assets, which in the aggregate comprise substantially all of our U.S. assets, to TW NY and Comcast. Proceeds from the Sale Transaction totaled approximately $17.4 billion, consisting of cash in the amount of approximately $12.5 billion and approximately 156 million shares of TWC Class A Common Stock with an estimated fair value as of the Closing Date of approximately $4.9 billion. The aggregate purchase price is subject to certain post-closing purchase price adjustments. Upon consummation of the Sale Transaction, a portion of the aggregate purchase price, consisting of approximately $503 million of cash and 6,148,283 shares of TWC Class A Common Stock, was deposited in escrow accounts to secure Adelphia' s indemnification obligations and any post-closing purchase price adjustments that may be due to TW NY or Comcast from Adelphia pursuant to the Purchase Agreements. Pursuant to the Purchase Agreements, the post-closing purchase price adjustments, if any, are likely to be finalized by no later than the end of the first quarter 2007. To the extent such post-closing adjustments are in favor of TW NY or Comcast, the amount of the escrow ultimately released to us will be reduced, and the amount available for distribution to the stakeholders under a plan of reorganization would be reduced.

The fair value of the TWC Class A Common Stock we received in the Sale Transaction may decrease, which would reduce the amount available for distribution to the stakeholders under a plan of reorganization.

The fair value of the TWC Class A Common Stock we received in the Sale Transaction may decrease based on the financial performance of TWC, movements in the price of publicly traded cable company stocks and general market conditions. Any decrease would reduce the amount available for distribution to the stakeholders under a plan of reorganization.

A substantial portion of the cash we received in the Sale Transaction is invested in short-term investments. Such investments are subject to credit exposure and interest rate fluctuations, which could result in the increase or decrease in the value of the investment. Any decrease would reduce the amount available for distribution to the stakeholders under a plan of reorganization.

A substantial portion of the cash we received in the Sale Transaction is invested in short-term money market instruments, including U.S. Treasuries, federal agencies and government sponsored enterprises, commercial paper and repurchase agreements. The investments are done in accordance with an investment policy approved by the Board and the Bankruptcy Court in July 2006. Although our investment policy is designed to provide for short-term liquidity and low levels of risk, such investments are subject to credit exposure and interest rate fluctuations. Consequently, the value of such investments could increase or decrease accordingly. Any decrease would reduce the amount available for distribution to the stakeholders under a plan of reorganization.

We are at risk of experiencing increased levels of employee attrition in the period subsequent to the closing of the Sale Transaction, which could result in our inability to complete our quarterly financial reporting and 2006 audit and year-end financial reporting.

On the Closing Date, we completed the Sale Transaction with TW NY and Comcast. Although we believe that we have retained sufficient senior management and other employees to complete our 2006 audit and year-end financial reporting, we are at risk of experiencing increased levels of employee attrition in the period following the closing of the Sale Transaction. We believe that recruiting replacement employees of the caliber required to complete this work will be extremely difficult as we do not expect to have sufficient employment opportunities at the Company to attract such individuals in the future. The failure to replace our departing personnel, if any, in a timely manner could result in our inability to complete our 2006 audit and year-end financial reporting, which could have a material adverse affect on us.

Our income and franchise tax liabilities in connection with the Sale Transaction and consummation of a plan of reorganization could be materially more than estimated.

We will be liable for federal, state and local income and franchise taxes as a result of the Sale Transaction. We recorded a tax liability of approximately $600 million in connection with the Sale Transaction, which we believe is the better estimate of our probable liability. Our estimated range of potential tax liability is approximately between $200 million and $800 million. This liability, however, is based on incomplete information as a result of deficiencies in our tax records. Accordingly, this liability is subject to change, and by the time of the consummation of a plan of reorganization, our income and franchise tax liabilities resulting from the Sale Transaction may be materially in excess of the recorded liability. We expect that we will distribute on or as soon as reasonably possible after the effective date of a plan of reorganization all of our material non-cash assets to our creditors and certain equity holders and to reserves, funds, holdbacks and escrows created pursuant to a plan of reorganization. As such, we do not expect to be subject to asset tax basis reduction. However, there can be no assurance that the Internal Revenue Service (the "IRS") will not seek to require basis reduction with respect to the assets then held by us or assert that we actually or constructively hold additional assets subject to basis reduction (such as those assets held by any reserves, funds, holdbacks or escrows created pursuant to a plan of reorganization). If the IRS were successful in requiring such basis reduction, we could be subject to additional income and franchise tax liability potentially in a material amount.

Risk Factors Relating to Legal and Regulatory Matters

We are defendants in significant pending litigation, which could subject us to substantial damages and other penalties and reduce the amount available for distribution to stakeholders under a plan of reorganization.

We are defendants in certain significant litigation, described in more detail in Note 8, "Contingencies−Litigation Matters," to the notes to the accompanying consolidated financial statements. If any of these proceedings is decided against us, we could be subject to substantial damages, other penalties or non-monetary remedies. These penalties and other effects of litigation, including the significant legal fees and expenses we are incurring and will continue to incur, would reduce the amount available for distribution to stakeholders under a plan of reorganization.

If court approval of the Government Settlement Agreements is overturned or vacated, we may face the risk of indictment by the U.S. Attorney and the SEC's claim against us may be fixed by the District Court and allowed by the Bankruptcy Court, which could materially dilute the recoveries to the other creditors under a plan of organization.

The Government Settlement Agreements were approved by the Bankruptcy Court. Our consent to the final judgment in the SEC Civil Action has been approved by both the Bankruptcy Court and the District Court. Various parties have challenged and sought appellate review or reconsideration of the orders of the Bankruptcy Court approving the Government Settlement Agreements. The District Court affirmed the Bankruptcy Court's approval of the Non-Prosecution Agreement, Adelphia's consent to the final judgment in the SEC Civil Action and the Adelphia-Rigas Settlement Agreement. On March 24, 2006, various parties appealed the District Court's order affirming the Bankruptcy Court's approval to the Second Circuit. If the Bankruptcy Court order is overturned or vacated, then the Government Settlement Agreements may not remain effective and we may face the risk of indictment by the U.S. Attorney, and the SEC's claim against us may be fixed by the District Court and allowed by the Bankruptcy Court, which could materially dilute the recoveries of other creditors.

There is uncertainty regarding the amount of our tax attributes and our potential tax liabilities.

As a result of the fraud and other alleged improper acts committed by Rigas Management (as explained in greater detail in Item 1 of our 2005 Form 10-K titled, "Business − Certain Business and Other Developments Relating

to the Chapter 11 Cases − Certain Events Leading to the Installation of Interim Management and Commencement of the Chapter 11 Cases in 2002"), we corrected our books and records for the years 1999-2003. We expect to file certain amended federal, state and local income and franchise tax returns to conform to our corrected books and records. This may entail the preparation and filing of over 3,600 federal, state and local income and franchise tax returns. Although we have begun the process of preparing these amended returns, this undertaking will take a substantial amount of time to complete. We expect that the amendment of these income tax and franchise tax returns will result in substantial changes to the amount and location of our tax attributes (such as asset tax basis and net operating loss carryovers) for federal, state and local income and franchise tax purposes. It is possible that the amended tax returns will reflect additional federal, state and local income tax and franchise tax liabilities for these periods that were not reflected on the original returns and that will become payable.

In addition, there is currently uncertainty related to our tax attributes and historical tax liability. We recorded reserves to reflect this uncertainty; however, our ultimate tax liability for these periods may exceed such reserves by a material amount.

The tax consequences of certain advances by us to the Rigas Family and the Rigas Family Entities, our settlements with the U.S. Attorney and the SEC and our acquisition of the Rigas Co-Borrowing Entities (other than Coudersport and Bucktail) and subsequent sale of the assets of those entities in the Sale Transaction with TW NY and Comcast are uncertain.

The proper characterization for federal, state and local income and franchise tax purposes of amounts advanced by the Company to the Rigas Family and the Rigas Family Entities is uncertain. Also uncertain is the proper tax treatment for federal, state and local income and franchise tax purposes of our settlements with the U.S. Attorney and the SEC and our acquisition of the Rigas Co-Borrowing Entities (other than Coudersport and Bucktail) and subsequent sale of the assets of those entities to TW NY and Comcast in the Sale Transaction. Accordingly, the amount and timing of income, gain, loss or deduction resulting from these various transactions is not known with certainty. It is possible that the acquisition of such Rigas Co-Borrowing Entities and the subsequent sale of the assets of those entities in the Sale Transaction may result in income and franchise tax liability to us, which could be material.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

(b) See Note 12, "Stockholders' Deficit," to the notes to the consolidated financial statements contained in the Company' s 2005 Form 10-K.

ITEM 6. EXHIBITS

Exhibit Number	Description
2.01	Plan of Reorganization Under Chapter 11 of the Bankruptcy Code Filed by Century/ML Cable Venture, dated August 9, 2005 (Incorporated herein by reference to Exhibit 2.03 to the Company' s Annual Report on Form 10-K for the year ended December 31, 2004) (File No. 0-16014).
2.02	Third Modified Fourth Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code for Century-TCI Debtors and Parnassos Debtors, dated as of June 28, 2006 (Incorporated herein by reference to Exhibit 2.1 to the Company' s Current Report on Form 8-K field on July 5, 2006) (File No. 0-16014).
2.03.1	Asset Purchase Agreement, dated as of April 20, 2005, between Adelphia Communications Corporation and Time Warner NY Cable LLC (Incorporated herein by reference to Exhibit 2.1 to the Company' s Current Report on Form 8-K filed on April 25, 2005) (File No. 0-16014).
2.03.2	Amendment No. 1, dated June 24, 2005, to Asset Purchase Agreement Between Adelphia Communications Corporation and Time Warner NY Cable LLC (Incorporated herein by reference to Exhibit C to Exhibit 2.2 to the Company' s Current Report on Form 8-K filed on June 27, 2005) (File No. 0-16014).

Exhibit Number	Description
2.03.3	Letter Agreement, dated June 24, 2005, between Time Warner NY Cable LLC, Adelphia Communications Corporation and Comcast Corporation (Incorporated herein by reference to Exhibit C to Exhibit 2.2 to the Company' s Current Report on Form 8-K filed on June 27, 2005) (File No. 0-16014).
2.03.4	Amendment No. 2, dated June 21, 2006, to Asset Purchase Agreement Between Adelphia Communications Corporation and Time Warner NY Cable LLC (Incorporated herein by reference to Exhibit 2.1 to the Company' s Current Report on Form 8-K filed on June 27, 2006) (File No. 0-16014).
2.03.5	Amendment No. 3, dated June 26, 2006, to Asset Purchase Agreement Between Adelphia Communications Corporation and Time Warner NY Cable LLC (Incorporated by reference to Exhibit 2.03.5 to the Company' s Quarterly Report on Form 10-Q for the period ended June 30, 2006) (File No. 0-16014).
2.03.6	Amendment No. 4, dated July 31, 2006, to Asset Purchase Agreement Between Adelphia Communications Corporation and Time Warner NY Cable LLC (Incorporated by reference to Exhibit 2.03.6 of the Company' s Quarterly Report on Form 10-Q for the period ended June 30, 2006) (File No. 0-16014).
2.03.7	Asset Purchase Agreement, dated as of April 20, 2005, between Adelphia Communications Corporation and Comcast Corporation (Incorporated herein by reference to Exhibit 2.2 to the Company' s Current Report on Form 8-K filed on April 25, 2005) (File No. 0-16014).
2.03.8	Amendment No. 1, dated June 24, 2005, to Asset Purchase Agreement Between Adelphia Communications Corporation and Comcast Corporation (Incorporated herein by reference to Exhibit D to Exhibit 2.2 to the Company' s Current Report on Form 8-K filed on June 27, 2005) (File No. 0-16014).

2.03.9	Letter Agreement, dated June 24, 2005, between Comcast Corporation, Adelphia Communications Corporation and Time Warner NY Cable LLC (Incorporated herein by reference to Exhibit D to Exhibit 2.2 to the Company' s Current Report on Form 8-K filed on June 27, 2005) (File No. 0-16014).
2.03.10	Amendment No. 2, dated June 21, 2006, to Asset Purchase Agreement Between Adelphia Communications Corporation and Comcast Corporation (Incorporated herein by reference to Exhibit 2.2 to the Company' s Current Report on Form 8-K filed on June 27, 2006) (File No. 0-16014).
2.03.11	Letter Agreement, dated June 21, 2006, with Comcast Corporation (Incorporated herein by reference to Exhibit 2.3 to the Company' s Current Report on Form 8-K filed on June 27, 2006) (File No. 0-16014).
2.03.12	Amendment No. 3, dated June 26, 2006, to Asset Purchase Agreement Between Adelphia Communications Corporation and Comcast Corporation (Filed herewith).
2.03.13	Amendment No. 4, dated July 31, 2006, to Asset Purchase Agreement Between Adelphia Communications Corporation and Comcast Corporation (Filed herewith).
2.03.14	Parent Agreement, dated as of April 20, 2005, among Time Warner Cable Inc., Time Warner NY Cable LLC and Adelphia Communications Corporation (Incorporated herein by reference to Exhibit 2.3 to the Company' s Current Report on Form 8-K filed on April 25, 2005) (File No. 0-16014).
3.02	Amended and Restated Bylaws of Adelphia Communications Corporation, as amended through January 23, 2003 (Incorporated herein by reference to Exhibit 3.1 to the Company' s Current Report on Form 8-K filed on March 5, 2003) (File No. 0-16014).
4.01	Certificate of Designations for 13% Series A and Series B Cumulative Exchangeable Preferred Stock (Incorporated herein by reference to Exhibit 4.01 to the Company' s Current Report on Form 8-K filed on July 24, 1997) (File No. 0-16014).
4.02	Certificate of Designations with respect to the Company' s 5½% Series D Convertible Preferred Stock (Incorporated herein by reference herein to Exhibit 3.01 to the Company' s Current Report on Form 8-K filed on April 30, 1999) (File No. 0-16014).

Exhibit Number	Description
4.03.1	Certificate of Designations with respect to the Company' s 7.5% Series E Mandatory Convertible Preferred Stock (Incorporated herein by reference to Exhibit 3.01 to the Company' s Current Report on Form 8-K filed on November 16, 2001) (File No. 0-16014).
4.03.2	Certificate of Amendment of Certificate of Designations with respect to the Company' s 7.5% Series E Mandatory Convertible Preferred Stock (Incorporated herein by reference to Exhibit 3.1 to the Company' s Current Report on Form 8-K filed on November 18, 2004) (File No. 0-16014).
4.03.3	Certificate of Amendment of Certificate of Designations with respect to the Company' s 7.5% Series E Mandatory Convertible Preferred Stock (Incorporated herein by reference to Exhibit 3.1 to the Company' s Current Report on Form 8-K filed on February 25, 2005) (File No. 0-16014).
4.03.4	Certificate of Amendment of Certificate of Designations with respect to the Company' s 7.5% Series E Mandatory Convertible Preferred Stock (Incorporated herein by reference to Exhibit 3.1 to the Company' s Current Report on Form 8-K filed on March 4, 2005) (File No. 0-16014).
4.03.5	Certificate of Amendment of Certificate of Designations with respect to the Company' s 7.5% Series E Mandatory Convertible Preferred Stock (Incorporated herein by reference to Exhibit 3.1 to the Company' s Current Report on Form 8-K filed on April 11, 2005) (File No. 0-16014).

4.03.6	Certificate of Amendment of Certificate of Designations with respect to the Company' s 7.5% Series E Mandatory Convertible Preferred Stock (Incorporated herein by reference to Exhibit 3.1 to the Company' s Current Report on Form 8-K filed on May 18, 2005) (File No. 0-16014).
4.03.7	Certificate of Amendment of Certificate of Designations with respect to the Company' s 7.5% Series E Mandatory Convertible Preferred Stock (Incorporated herein by reference to Exhibit 3.1 to the Company' s Current Report on Form 8-K filed on June 29, 2005) (File No. 0-16014).
4.03.8	Certificate of Amendment of Certificate of Designations with respect to the Company' s 7.5% Series E Mandatory Convertible Preferred Stock (Incorporated herein by reference to Exhibit 3.1 to the Company' s Current Report on Form 8-K filed on November 17, 2005) (File No. 0-16014).
4.04.1	Certificate of Designations with respect to the Company' s 7.5% Series F Mandatory Convertible Preferred Stock (Incorporated herein by reference to Exhibit 3.01 to the Company' s Current Report on Form 8-K filed on February 1, 2002) (File No. 0-16014).
4.04.2	Certificate of Amendment of Certificate of Designations with respect to the Company' s 7.5% Series F Mandatory Convertible Preferred Stock (Incorporated herein by reference to Exhibit 3.2 to the Company' s Current Report on Form 8-K filed on February 25, 2005) (File No. 0-16014).
4.04.3	Certificate of Amendment of Certificate of Designations with respect to the Company' s 7.5% Series E Mandatory Convertible Preferred Stock (Incorporated herein by reference to Exhibit 3.2 to the Company' s Current Report on Form 8-K filed on March 4, 2005) (File No. 0-16014).
4.04.4	Certificate of Amendment of Certificate of Designations with respect to the Company' s 7.5% Series F Mandatory Convertible Preferred Stock (Incorporated herein by reference to Exhibit 3.2 to the Company' s Current Report on Form 8-K filed on April 11, 2005) (File No. 0-16014).
4.04.5	Certificate of Amendment of Certificate of Designations with respect to the Company' s 7.5% Series F Mandatory Convertible Preferred Stock (Incorporated herein by reference to Exhibit 3.2 to the Company' s Current Report on Form 8-K filed on May 18, 2005) (File No. 0-16014).
4.04.6	Certificate of Amendment of Certificate of Designations with respect to the Company' s 7.5% Series F Mandatory Convertible Preferred Stock (Incorporated herein by reference to Exhibit 3.2 to the Company' s Current Report on Form 8-K filed on June 29, 2005) (File No. 0-16014).

Exhibit Number	Description
4.04.7	Certificate of Amendment of Certificate of Designations with respect to the Company' s 7.5% Series F Mandatory Convertible Preferred Stock (Incorporated herein by reference to Exhibit 3.2 to the Company' s Current Report on Form 8-K filed on November 17, 2005) (File No. 0-16014).
10.01	Second Amended and Restated Agreement Concerning Terms and Conditions of a Modified Chapter 11 Plan, dated as of July 21, 2006 (subject to Bankruptcy Court approval) (Incorporated herein by reference to Exhibit 10.1 to the Company' s Current Report on Form 8-K filed on July 24, 2006) (File No. 0-16014).
10.02	In re Adelphia Communications Corp. et al., Plan Support Agreement, dated as of October 11, 2006, by and among the Debtors and certain creditors (Incorporated by reference to Exhibit 10.1 to the Company' s Current Report on Form 8-K filed on October 17, 2006) (File No. 0-16014).
10.03	Registration Rights and Sale Agreement, dated as of July 31, 2006, by and between Adelphia Communications Corporation and Time Warner Cable Inc. (Incorporated herein by reference to Exhibit 10.1 to the Company' s Current Report on Form 8-K filed on August 4, 2006) (File No. 0-16014).

10.04	Stipulation and Consent Order Among JPMorgan Chase Bank, N.A.; Adelphia Communications Corp. and its Affiliated Debtors and Debtors in Possession; and Official Committee of Unsecured Creditors Providing Terms and Conditions for Withdrawal of Appeal of JPMorgan Chase Bank, N.A. from Sale Order, dated July 27, 2006 (Incorporated herein by reference to Exhibit 10.1 to the Company' s Current Report on Form 8-K filed on August 2, 2006) (File No. 0-16014).
10.05	Escrow Agreement, dated as of July 31, 2006, by and among Adelphia Communications Corporation, Time Warner NY Cable LLC and Deutsche Bank Trust Company Americas (Incorporated by reference to Exhibit 10.04 to the Company' s Quarterly Report on Form 10-Q for the period ended June 30, 2006) (File No. 0-16014).
10.06	Escrow Agreement, dated as of July 31, 2006, by and among Adelphia Communications Corporation, Comcast Corporation and Deutsche Bank Trust Company Americas (Filed herewith).
10.07	Amendment No. 2 to the Terms and Conditions of Employment Between Ronald Cooper and Adelphia Communications Corporation executed on January 17, 2003 and amended by Amendment No. 1 thereto on February 21, 2003 (Incorporated by reference to Exhibit 10.1 to the Company' s Current Report on Form 8-K filed on August 14, 2006) (File No. 0-16014).
10.08	Amendment No. 3 to the Terms and Conditions of Employment Between William T. Schleyer and Adelphia Communications Corporation executed on January 17, 2003 and amended by Amendment No. 1 thereto on February 21, 2003 and further amended by Revised Amendment No. 2 thereto on March 10, 2003 (Filed herewith).
10.09	First Amendment, effective as of May 31, 2006, to Employment Agreement between Adelphia Communications Corporation and Vanessa Wittman, dated May 8, 2003 (Filed herewith).
10.10	First Amendment, effective as of May 31, 2006, to Employment Agreement between Adelphia Communications Corporation and Brad Sonnenberg, dated July 21, 2003 (Filed herewith).
10.11	Second Amendment, effective as of October 11, 2006, to Employment Agreement between Adelphia Communications Corporation and Vanessa Wittman, dated May 8, 2003, as amended May 31, 2006 (Filed herewith).
10.12	Second Amendment, effective as of October 11, 2006, to Employment Agreement between Adelphia Communications Corporation and Brad Sonnenberg, dated July 21, 2003, as amended on May 31, 2006 (Filed herewith).
10.13	Terms of Extended EVP Post-Close Incentive Program between Adelphia Communications and Vanessa Wittman, dated October 10, 2006 (Filed herewith).

Exhibit Number	Description
10.14	Terms of Extended EVP Post-Close Incentive Program between Adelphia Communications and Brad Sonnenberg, dated October 4, 2006 (Filed herewith).
31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a) under the Securities Exchange Act of 1934, as amended (Filed herewith).
31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a) under the Securities Exchange Act of 1934, as amended (Filed herewith).
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Filed herewith).
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Filed herewith).

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ADELPHIA COMMUNICATIONS CORPORATION
(Registrant)

Date: November 14, 2006

By: /s/ Vanessa A. Wittman
Vanessa A. Wittman
Chief Financial Officer
(Principal Financial Officer)

Date: November 14, 2006

By: /s/ Janet L. Dickinson
Janet L. Dickinson
Chief Accounting Officer
(Principal Accounting Officer)

**AMENDMENT NO. 3 TO ASSET PURCHASE AGREEMENT
BETWEEN ADELPHIA COMMUNICATIONS CORPORATION
AND COMCAST CORPORATION**

This Amendment No. 3, dated June 26, 2006 (this "Amendment"), amends the Asset Purchase Agreement, between Adelphia Communications Corporation ("Seller") and Comcast Corporation ("Buyer"), dated as of April 20, 2005, as amended by Amendment No.1, dated June 24, 2005, Amendment No. 2, dated June 21, 2006 and as otherwise amended to date (as so amended, the "Comcast Purchase Agreement"). Capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to them in the Comcast Purchase Agreement.

WHEREAS, the parties hereto desire to amend the Comcast Purchase Agreement pursuant to Section 9.2 thereof to clarify certain provisions contained therein.

NOW, THEREFORE, in consideration of the foregoing, the parties hereto, intending to be legally bound, hereby agree as follows:

1. (a) Prior to the 20th day but no earlier than the first day of the month during which Buyer and Friendco, after consultation with Seller, reasonably anticipate the Closing to occur, Buyer and Friendco may deliver to Seller a written notice signed by both Buyer and Friendco (the "Sysprin Split Notice") instructing Seller to split the eleven (11) billing "Sysprins" set forth on Annex 1 hereto (each, a "Split Sysprin"), such split to occur on the 21st day of such month (the "Sysprin Split Date") or as soon thereafter as possible but not later than the 29th day of the month in which the Sysprin Split Notice is delivered (except to the extent so delayed as a result of causes or circumstances beyond the reasonable control of Seller, including, without limitation, the fault of any third party provider). For purposes of this Amendment, "Sysprin" means a so-called sysprin or billing corp database containing subscriber information (e.g., address, CPE, services, rates) for a given geographic area. During the period prior to the Sysprin Split Date, Seller, in cooperation with Buyer and Friendco, shall plan the implementation of and test the accuracy of the processes utilized to perform the Sysprin splits. If a Sysprin Split Notice is timely delivered, then on the Sysprin Split Date (and, if the split does not occur on such date, thereafter until completed), Seller shall use its reasonable commercial efforts to cause each Split Sysprin to be split according to the franchise areas (or where such Split Sysprin contains less than the entire applicable franchise area, according to the applicable franchise tax areas)in such Split Sysprin as set forth on Annex 1 hereto; it being understood that Seller will not bear any responsibility for any failure in performing any Sysprin split that is planned, tested and implemented in cooperation with Buyer and Friendco to the extent such failure results from causes or circumstances beyond the reasonable control of Seller.

(b) No later than 5 calendar days after the date hereof, Seller shall provide Buyer a price quote from each of its applicable billing vendors stating the cost to perform the Sysprin splits; provided, that Seller shall utilize any discounted or free split rights available to it. Buyer shall reimburse Seller at the first to occur of the Closing and the termination of the Comcast Purchase Agreement for all out-of-pocket costs of performing the splits as were pre-approved by Buyer in writing (such approval or disapproval to be provided no later than 10 calendar days following delivery by Seller of a request therefor); provided, however, that if Buyer disapproves of such costs, Buyer and Seller shall negotiate in good faith to resolve such disagreement within 15 calendar days following such disapproval; and provided further, that if termination results in an obligation on the part of Seller to pay a termination fee to Buyer pursuant to Section 8.5(b) of the Comcast Purchase Agreement, Buyer shall have no obligation to reimburse Seller for its costs incurred pursuant to paragraph 1(a) and this paragraph 1(b).

(c) If the Closing does not occur in the calendar month in which the Sysprin Split Date occurs or the calendar month immediately thereafter, then, with respect to each Split Sysprin, (i) the Eligible Basic Subscribers in such Split Sysprin shall be calculated (including with respect to the definitions of "Measurement Date", "Qualified Customer" and "Permitted Promotion") as if the Closing and Closing Date had occurred on the last Business Day in the calendar month following the calendar month in which the Sysprin Split Date occurred and (ii) the number of Eligible Basic Subscribers so calculated shall be reduced by the "Subscriber Loss" for each month that elapses from the Sysprin Split Date through the Measurement Date (as such Measurement Date is determined in accordance with the Comcast Purchase Agreement based on the actual Closing Date). As used herein, "Subscriber Loss" means, for each monthly period, 0.25% of the number of Eligible Basic Subscribers in the Split Sysprins as determined in accordance with clause (i) of the preceding sentence. For the avoidance of doubt, if the Closing occurs in the calendar month in which the Sysprin Split Date occurs or the calendar month immediately thereafter, then the Eligible Basic Subscribers in such Split Sysprin shall be calculated in accordance with the Comcast Purchase Agreement without giving effect to this Section 1(c), but subject to Section 1(d) hereof.

(d) Buyer and Seller agree that, to the extent that, solely as a result of the Sysprin split described above, payments by individual Basic Subscribers in any Split Sysprin are not able to be accurately tracked by the Subscriber Accounting System to determine whether the Qualified Customer test in clause (C)(2) of the definition of Eligible Basic Subscriber (in the Comcast Purchase Agreement) is satisfied, and such test cannot otherwise be performed without Seller incurring any incremental out-of-pocket expenses that are not reimbursed by Buyer, then all such Basic Subscribers that would otherwise be subject to such Qualified Customer test and that cannot be accurately tracked in such Split Sysprin shall be deemed Qualified Customers for that test; it being understood that all such Basic Subscribers shall remain subject to the remaining

tests of the Eligible Basic Subscriber definition, including the remaining requirements of such clause (C)(2) that such Basic Subscriber not be subject as of the Measurement Date (or deemed Measurement Date, to the extent applicable, under Section 1(c) hereof) to any discount or promotion other than a Permitted Promotion or Historic Promotion.

2. At Buyer' s request, Seller shall, on behalf of Buyer, issue a deconversion notice to CSG Systems, Inc. ("CSG") and/or DST Innovis, Inc. ("DST") pursuant to the applicable agreement with CSG or DST to terminate, effective as of 30 days following the Closing or the MCE Closing (as applicable), CSG' s or DST' s services with respect to the Acquired Systems designated by Buyer; provided, that Buyer shall reimburse Seller at the Closing for any out-of-pocket costs or expenses incurred by Seller or any of its Affiliates arising out of or resulting from such deconversion notice.

3. (a) Schedule 5.5(a)(ii) of the Seller Disclosure Schedule shall be amended by renumbering numbered paragraph 2 as numbered paragraph 3 and deleting numbered paragraph 1 and replacing it in its entirety with the following:

"1. All Employees of Adelphia Media Services who are currently identified by job function, description or title, or otherwise noted, on this Schedule 5.5(a)(ii) of the Seller Disclosure Schedule, and

2. All corporate and regional Employees who are currently identified by job function, description or title, or otherwise noted, on this Schedule 5.5(a)(ii) of the Seller Disclosure Schedule, other than the Employees listed on Exhibit A hereto or the successor to the position of an Employee listed on Exhibit A hereto (each such Employee on Exhibit A or his successor, a "Designated Regional Employee")."

(b) Schedule 5.5(a)(ii) is hereby further amended by adding a new Exhibit A to such Schedule at the end thereof in the form of Exhibit A to this Amendment, respectively.

(c) Notwithstanding the provisions of Section 5.5(d) of the Comcast Purchase Agreement, Seller shall reimburse Buyer on a dollar-for-dollar basis for any reasonable costs incurred by Buyer or its Affiliates, including the payment of severance, to the extent resulting from any termination of employment of or by any Designated Regional Employee with Buyer or its Affiliates, which termination occurs on or prior to the ninetieth (90th) calendar day following the Closing Date other than to the extent (i) such termination results from Buyer' s or any of its Affiliates' conduct that is in violation of applicable Law; it being understood that only a determination by a court or arbitrator of competent jurisdiction that arises as a result of any employment-related action shall be determinative for purposes of this clause (i) (in which case Buyer shall be responsible for all Liabilities to the extent resulting from such conduct except that the payment of severance under Buyer' s or its Affiliates' severance plans shall be reimbursed regardless of Buyer' s or its Affiliates' conduct), (ii) such amount is

included in the Closing Net Liabilities Amount used in calculating the Final Adjustment Amount for the Specified Business in which such Transferred Employee is employed or (iii) except pursuant to the Exchange, arising in connection with any disposition of any system following the Closing (the "Regional Employees Reimbursement Obligation"). The Regional Employees Reimbursement Obligation shall (A) to the extent permitted by law, be payable as an administrative expense under section 507(a)(1) of the Bankruptcy Code and, in any event, shall be payable by the Seller (and its successors under any plan of reorganization of Seller) from the Group 1 Reserve (as defined below) and, to the extent that the Group 1 Reserve is insufficient, from funds other than the Escrow unless the Buyer shall, in its sole discretion, elect to utilize funds in the Escrow, (B) constitute Excluded Liabilities under the Comcast Purchase Agreement, including for purposes of Section 7.2(a)(iii) of the Comcast Purchase Agreement, and (C) in no event be subject to the Cap Amount or otherwise be considered in calculating the Cap Amount. For purposes of reserving for its obligations under this Section 3(c), Seller shall establish reserves pursuant to an order of the Bankruptcy Court prior to Closing in an amount equal to $521,000 in respect of the Group 1 Business (the "Group 1 Reserve"). No later than 120 calendar days following the Closing, Buyer shall provide Seller a list of all Designated Regional Employees whose termination of employment following the Closing Date has given rise to a Regional Employee Reimbursement Obligation and a good faith estimate of the severance payment owed to each such Designated Regional Employee. For the avoidance of doubt, references in this Section 3(c) to Buyer and its Affiliates shall be deemed to include references to Friendco and its Affiliates to the extent that any Designated Regional Employee is hired by Friendco or its Affiliates pursuant to the Exchange Agreement.

(d) The seventh sentence of Section 5.5(a) of the Comcast Purchase Agreement shall be amended in its entirety to read as follows:

> "As promptly as practicable, but no later than 15 Business Days prior to the Closing Date, Buyer shall provide to Seller a list of the Applicable Employees who do not satisfy the Background Check, by job position or name and region, and as to whom Buyer as a result of such Background Check failure has not made offers of employment pursuant to this Section 5.5(a)."

(e) The first two sentences of Section 5.4(e) of the Comcast Purchase Agreement (Employee Withholding and Reporting Matters) shall be amended in their entirety to read as follows:

> "With respect to the calendar year in which the Closing Date occurs, Seller shall retain responsibility for preparing and filing all Forms W-2, Wage and Tax Statements, Forms 941, Employer' s Quarterly Federal Tax Return, Forms W-4,

> Employee' s Withholding Allowance Credit, Forms W-5, Earned Income Credit Advance Payment Certificate and all Forms 1099 required with respect to compensation earned by Employees, including Transferred Employees, through the Closing Date. Seller and Buyer agree to comply with the procedures described in Section 4 of the Revenue Procedure 2004-53."

4. Section 3 of Amendment No. 1, dated June 24, 2005 (the "First Amendment"), shall be deemed deleted in its entirety from the First Amendment and Schedule 3.2(b) of the Seller Disclosure Schedule shall be deemed to have been unchanged by the First Amendment.

5. In connection with the purchase of the Transferred Assets and the assumption of the Assumed Liabilities primarily Related to the Group 2 JV Systems, as set forth in Sections 2.1(a) and 2.5 of the Comcast Purchase Agreement, respectively, at the Closing Buyer shall purchase the JV Interests and then assign its rights and obligations under the Comcast Purchase Agreement with respect to each Group 2 JV System to the Transferred Joint Venture Entity identified on Exhibit B, in each case prior to acquiring the Transferred Assets and assuming the Assumed Liabilities primarily Related to the Group 2 JV Systems; provided, that such assignment shall not relieve Buyer of its Liabilities under the Comcast Purchase Agreement. As used herein, "Group 2 JV Systems" means the Systems serving the geographical areas set forth

on Exhibit B. For the avoidance of doubt, notwithstanding Buyer' s assignment of its rights and obligations relating to the Group 2 JV Systems at Closing, the Group 2 JV Systems shall, in all respects, continue to be treated as Group 2 Systems under the Comcast Purchase Agreement.

6. Schedule 1.1(g) of the Seller Disclosure Schedule shall be amended by inserting the following disclosure, which shall be deemed (other than with respect to Section 3.15(a) of the Comcast Purchase Agreement) to have been included in the Seller Disclosure Schedule as of the date of the Comcast Purchase Agreement:

TV Gateway, LLC (n/k/a Sedna Patent Services, LLC)	Limited Liability Company Agreement of TV Gateway, LLC, dated July 24, 2000
	TV Gateway Registration Rights Agreement, dated July 24, 2000
	TV Gateway Affiliation Agreement, dated July 24, 2000

7. Schedule 1.1(s)(i) of the Seller Disclosure Schedule shall be amended by inserting the following disclosure as item 2 under the heading "Related to Group 2 Business", which shall be deemed (other than with respect to

Section 3.15(a) of the Comcast Purchase Agreement) to have been included in the Seller Disclosure Schedule as of the date of the Comcast Purchase Agreement:

2.	TV Gateway, LLC (n/k/a Sedna Patent Services, LLC), a Delaware limited liability company	Seller holds 843,547 units, which represent 2.03% of all outstanding units of Sedna Services

8. Schedule 3.2(g) of the Seller Disclosure Schedule shall be amended by inserting the following disclosure as item 3 to such disclosure schedule, which shall be deemed (other than with respect to Section 3.15(a) of the Comcast Purchase Agreement) to have been included in the Seller Disclosure Schedule as of the date of the Comcast Purchase Agreement:

3.	TV Gateway, LLC (n/k/a Sedna Patent Services, LLC), a Delaware limited liability company	Seller holds 843,547 units, which represent 2.03% of all outstanding units of Sedna Services

9. Schedules 2.4(j) and 3.2(h) of the Seller Disclosure Schedule shall each be amended, which amendment shall be deemed to be (other than with respect to Section 3.15(a) of the Comcast Purchase Agreement) as of the date of the Comcast Purchase Agreement, by

deleting the references to "TV Gateway, LLC" and the corresponding disclosure and, in each case, replacing such disclosure with the word "[Reserved]".

10. Part 2 of Schedule A of the Seller Disclosure Schedule shall be amended, as of the date of the Comcast Purchase Agreement, by changing the name of the Geographic Area associated with Group 2 System identified therein as having the LFA_ID 3054 from "Cameron, County of, PA" to "Lumber, Township of, PA". For the avoidance of doubt, all other disclosure set forth in the row containing LFA_ID 3054 shall remain unchanged.

11. Except as specifically amended by this Amendment, the Comcast Purchase Agreement shall remain in full force and effect and is hereby ratified and confirmed. This Amendment shall be construed as one with the Comcast Purchase Agreement, and the Comcast Purchase Agreement shall, where the context requires, be read and construed so as to incorporate this Amendment.

12. This Amendment shall be governed by and construed in accordance with the Comcast Purchase Agreement.

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13. This Amendment may be executed in one or more counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same Amendment.

IN WITNESS WHEREOF, the parties have executed or caused this Amendment to be executed as of the date first written above.

ADELPHIA COMMUNICATIONS CORPORATION

By: /s/ Vanessa Wittman

Name: Vanessa Wittman

Title: Executive VP and Chief Financial Officer

COMCAST CORPORATION

By: /s/ Robert S. Pick
Name: Robert S. Pick
Title: Senior Vice President

Acknowledged and Approved:

TIME WARNER NY CABLE LLC

By: /s/ Satish R. Adige
Name: Satish R. Adige
Title: Senior Vice President, Investments

EXHIBIT 2.03.13

AMENDMENT NO. 4 TO ASSET PURCHASE AGREEMENT BETWEEN ADELPHIA COMMUNICATIONS CORPORATION AND COMCAST CORPORATION

This Amendment No. 4, dated July 31, 2006 (this "Amendment"), amends the Asset Purchase Agreement, between Adelphia Communications Corporation ("Seller") and Comcast Corporation ("Buyer"), dated as of April 20, 2005, as amended by Amendment No. 1, dated June 24, 2005 , Amendment No. 2, dated June 21, 2006, Amendment No. 3, dated June 26, 2006 and as otherwise amended to date (as so amended, the "Comcast Purchase Agreement"). Capitalized terms used but not otherwise defined herein shall have the respective meanings ascribed to them in the Comcast Purchase Agreement.

WHEREAS, the parties hereto desire to amend the Comcast Purchase Agreement pursuant to Section 9.2 thereof to clarify certain provisions contained therein.

NOW, THEREFORE, in consideration of the foregoing, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Exhibit B to Amendment No. 3, dated June 26, 2006, shall be amended by deleting in its entirety the entry for "Bedford, County of, VA".

2. Exhibit B to Amendment No. 3, dated June 26, 2006, shall be amended by changing the Transferred Joint Venture Entity Assignee designated to acquire the Transferred Assets and to assume the Assumed Liabilities Primarily Related to the geographic areas of (i) "Derry, Township of (Westmoreland Co. – Blairsville), PA" and (ii) "Ligonier, Township of, PA", in each case, from "Parnassos, LP" to "Century-TCI California, LP".

3. The clause (iv) of definition of "Affiliate" in Section 1.1 of the Comcast Purchase Agreement shall be amended and restated in its entirety to read as follows

" (iv) each Transferred Joint Venture Entity shall be deemed to be an Affiliate of Seller (and not an Affiliate of Buyer) until the transfer of the JV Interests to Buyer at Closing is completed and an Affiliate of Buyer (and not an Affiliate of Seller) after the transfer of the JV Interests to Buyer at Closing is completed".

4. The definition of "LIBOR" in Section 1.1 of the Comcast Purchase Agreement shall be amended and restated in its entirety to read as follows:

""LIBOR" means 5.543%."

5. Section 3.9 of the Comcast Purchase Agreement is hereby amended by inserting new subsection (j) as follows:

“(j) (a) The U.S. federal income tax returns for the taxable years ended December 31, 2005 for each of Century, Parnassos and Western, in the form provided to Buyer’ s counsel on July 19, 2006, were filed with the IRS Center located in Ogden, Utah on July 18, 2006, and each such U.S. federal income tax return included a statement to the effect that such entity is making a Section 754 Election and (b) prior to the Closing Date, Seller has received an electronic copy of an opinion of Sullivan & Cromwell, LLP, dated July 19, 2006 (with the original forthcoming) and in the form provided to Buyer’ s counsel on July 19, 2006, to the effect that each such Section 754 Election was validly filed and effective for U.S. federal income tax purposes as of the Closing Date.”

6. Section 5.4(f) of the Comcast Purchase Agreement shall be amended by deleting it in its entirety and replacing it as set forth below:

“(i) Seller shall not take any action or permit any of its Affiliates (including a Transferred Joint Venture Parent) to take any action that would cause a Section 754 Election of any Transferred Joint Venture Entity to become void or invalid.

(ii) If Seller or any of its Affiliates reports any Subsidiary of a Transferred Joint Venture Parent as a partnership for U.S. federal income tax purposes, Seller agrees to use commercially reasonable efforts to cause such Subsidiary to make a valid Section 754 Election (or comparable election, if provided for under state or local law) for a taxable year ending on or prior to the Closing Date.

(iii) Seller agrees to use commercially reasonable efforts to cause each Transferred Joint Venture Entity to make elections for state or local tax purposes that, if provided for under state or local law, are elections corresponding to a Section 754 Election, for a taxable year ending on or before the Closing.

(iv) Seller hereby agrees to use commercially reasonable efforts to file the U.S. federal income Tax Returns of each of the Transferred Joint Venture Entities for the period that ends on the Closing Date no later than March 31, 2007.

(v) Seller hereby agrees that when Seller files the U.S. federal income Tax Returns of the Transferred Joint Venture Entities for the period that ends on the Closing Date, Seller will include, on a protective basis, the statement described in Treasury Regulations Section 1.754-1(b) under which the Transferred Joint Venture Entities make Section 754 Elections.

(vi) If, by March 31, 2007, Seller has not completed the filings described in the preceding two paragraphs with respect to the income Tax Returns of the Transferred Joint Venture Entities, notwithstanding Section 5.4(b)(i), Buyer shall then control the return preparation and filing process with respect to any such income tax returns of the Transferred Joint Venture Entities for the period that ends on the Closing Date (including with respect to any tax elections or corrective action provided under applicable Treasury Regulations related thereto) and Seller shall reasonably cooperate with any reasonable requests for assistance in that regard provided that any out of pocket costs incurred by Seller in respect of such assistance that are more than de minimis shall be promptly, but in no event more than 5 Business Days following Seller notifying Buyer of such costs, reimbursed by Buyer.”

7. The proviso to Section 2.7 of the Comcast Purchase Agreement shall be amended by deleting the phrase "33% of the Escrow Amount deposited at the Closing" and substituting in its place the phrase "33% of the sum of (X) the Escrow Amount deposited at the Closing *plus* (Y) any deposit in the Escrow Account pursuant to Section 2.8(f) *plus* (Z) interest on the cash portion of such amounts at LIBOR calculated on an actual over 365-day basis from the date of such deposits".

8. Section 7.2(c) of the Comcast Purchase Agreement shall be amended by inserting the phrase "(excluding any Escrow Earnings (as defined in the Escrow Agreement))" immediately after the phrase "and with respect to each Specified Business, only up to an aggregate amount".

9. The word "material" shall be deleted from the proviso to the first sentence in Section 7.4(a) of the Comcast Purchase Agreement.

10. Section 6.2(j) of the Comcast Purchase Agreement is deleted in its entirety and replaced with the following:

"(j) Intentionally Omitted."

11. Sections 2.8(f) and 7.5 of the Comcast Purchase Agreement shall be amended by replacing each occurrence of the phrase "a 365-day basis" with the phrase "an actual over 365-day basis".

12. The words "that are designed by" in Section 9.3(b) of the Comcast Purchase Agreement shall be replaced with the words "that are designated by".

13. The words "the final proviso to" in Section 9.3(c)(i) of the Comcast Purchase Agreement shall be replaced with the words "the penultimate proviso to".

14. The words "Class A membership interest", solely in respect of the disclosure relating to Adlink Cable Advertising, LLC in <u>Schedules 1.1(s)(ii) and 3.2(g)</u> of the Seller Disclosure Schedule, shall be deemed to be replaced, as of the date of the

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Comcast Purchase Agreement, with the words "Class A membership interest held by Century-TCI California Communications, L.P."

15. Schedules 2.4(j) and 3.2(h) the Seller Disclosure Schedule shall be amended by inserting the following disclosure, which shall be deemed to have been included in the Seller Disclosure Schedule (in the case of Schedule 2.4(j) as item 27 and in the case of Schedule 3.2(h) as item 23) as of the date of the Comcast Purchase Agreement:

Adlink Cable Advertising, LLC	Class A membership interests held by ACC Operations, Inc. and Desert Hot Springs Cablevision, Inc.

16. Schedule 2.4(j) of the Seller Disclosure Letter shall be amended by

(a) renumbering item 4 as item 4(a), and

(b) inserting the disclosure "All performance bonds, surety bonds, letters of credit and similar instruments of Seller or any of its Affiliates" as a new item 4(b), which shall be deemed to have been included in the Seller Disclosure Schedule as of the date of the Comcast Purchase Agreement.

17. Except as specifically amended by this Amendment, the Comcast Purchase Agreement shall remain in full force and effect and is hereby ratified and confirmed. This Amendment shall be construed as one with the Comcast Purchase Agreement, and the Comcast Purchase Agreement shall, where the context requires, be read and construed so as to incorporate this Amendment.

18. This Amendment shall be governed by and construed in accordance with the Comcast Purchase Agreement.

19. This Amendment may be executed in one or more counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same Amendment.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, the parties have executed or caused this Amendment to be executed as of the date first written above.

ADELPHIA COMMUNICATIONS CORPORATION

By: /s/ Vanessa Wittman

Name: Vanessa Wittman

Title: Executive Vice President and Chief Financial Officer

COMCAST CORPORATION

By: /s/ Robert S. Pick
Name: Robert S. Pick
Title: Senior Vice President

Acknowledged and Approved:

TIME WARNER NY CABLE LLC

By: /s/ David E. O' Hayre
Name: David E. O' Hayre
Title: Executive Vice President, Investments

ESCROW AGREEMENT

ESCROW AGREEMENT, dated as of July 31, 2006 (this "Agreement"), by and among Comcast Corporation, a Pennsylvania corporation ("Buyer"), Adelphia Communications Corporation, a Delaware corporation ("Seller"), and Deutsche Bank Trust Company Americas, a New York banking corporation, as escrow agent (the "Escrow Agent").

W I T N E S E T H:

WHEREAS, Buyer and Seller have entered into that certain Asset Purchase Agreement, dated as of April 20, 2005, as amended from time to time (the "Purchase Agreement"), pursuant to which Buyer is acquiring certain assets and assuming certain liabilities of Seller and its Affiliates, as more particularly set forth therein;

WHEREAS, in connection with the closing under the Purchase Agreement (the "Closing"), Buyer is delivering by wire transfer in immediately available funds, $143,312,338.73 (together with any subsequent deposits by Buyer pursuant to Section 2.8(f) of the Purchase Agreement) (including any interest or earnings thereon, less any distributions made therefrom or losses thereon under this Agreement, the "Escrowed Funds") to an account with the Escrow Agent (the "Escrow Account"); and

WHEREAS, Buyer and Seller wish to engage the Escrow Agent as the escrow agent for the Escrow Account, and the Escrow Agent wishes to act as such Escrow Agent.

NOW THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1 Certain Definitions. As used in this Agreement, the following terms have the meanings set forth below:

(a) "Affiliate" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under common control with, such Person as of the date on which, or at any time during the period for which, the determination of affiliation is being made. For purposes of this definition, the term "control" (including the correlative meanings of the terms "controlled by" and "under common control with"), as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of such Person, whether through the ownership of voting securities or by contract or otherwise. For purposes of this Agreement, (i) none of Seller or any of its Affiliates shall be deemed to be an Affiliate of Buyer or any of its Affiliates and (ii) none of Buyer or any of its Affiliates shall be deemed to be an Affiliate of Seller or any of its Affiliates.

(b) "Agreed Rate" means 5.543%.

(c) "Agreement" has the meaning set forth in the preamble hereto.

(d) "Bankruptcy Court" has the meaning set forth in Section 7.6 hereof.

(e) "Business Day" means any day other than a Saturday, a Sunday or a day on which banks in New York City are authorized or obligated by Law or executive order to close.

(f) "Buyer" has the meaning set forth in the preamble hereto.

(g) "Cap Amount" means the Group 1 Cap Amount or Group 2 Cap Amount, as applicable.

(h) "Certificate of Instruction" has the meaning set forth in Section 4.1(b) hereof.

(i) "Chosen Courts" has the meaning set forth in Section 7.6 hereof.

(j) "Claim" has the meaning set forth in Section 4.1(a) hereof.

(k) "Claim Amount" has the meaning set forth in Section 4.1(a) hereof.

(l) "Closing" has the meaning set forth in the recitals hereto.

(m) "Contributing Party" has the meaning set forth in Section 5.10 hereof.

(n) "Escrow Account" has the meaning set forth in the recitals hereto.

(o) "Escrow Agent" has the meaning set forth in the preamble hereto.

(p) "Escrow Claim Notice" has the meaning set forth in Section 4.1(a) hereof.

(q) "Escrow Earnings" means, with respect to any payment from the Escrow Account pursuant to the Purchase Agreement and this Agreement to the extent

that the payment is (A) made pursuant to Section 2.8(f) of the Purchase Agreement, as provided in the Escrow Claim Notice, or Section 4.2(a)(i)(A) of this Agreement, interest on such payment from the date of the Closing or, in the case of Section 4.2(a)(i)(B), from the date of deposit, to the date of payment at the Agreed Rate calculated on an actual over 365-day basis, or (B) for indemnification under Section 7.2 of the Purchase Agreement, as provided in the Escrow Claim Notice, interest on such payment at the Agreed Rate calculated on an actual over 365-day basis from the date of the Escrow Claim Notice with respect thereto until the date such payment is made.

(r) "Escrow Fund" means, as of any date of determination, the Escrowed Funds at such time.

(s) "Escrowed Funds" has the meaning set forth in the recitals hereto.

(t) "Exchange Agreement" means the Exchange Agreement, dated as of April 20, 2005, by and among Buyer, Comcast Cable Communications Holdings, Inc., Comcast of Georgia, Inc., Time Warner Cable Inc. and Time Warner NY Cable LLC, among others, as such agreement may be amended from time to time.

(u) "Government Entity" means any federal, state or local court, administrative body or other governmental or quasi-governmental entity with competent jurisdiction.

(v) "Group 1 Cap Amount" means $119,100,000, as adjusted pursuant to Sections 2.8(f) of the Purchase Agreement, as such adjustment is jointly certified by Buyer and Seller pursuant to Section 2.3 hereof.

(w) "Group 1 Business" has the meaning set forth in the Purchase Agreement.

(x) "Group 2 Cap Amount" means $20,900,000, as adjusted pursuant to Sections 2.8(f) of the Purchase Agreement, as such adjustment is jointly certified by Buyer and Seller pursuant to Section 2.3 hereof.

(y) "Group 2 Business" has the meaning set forth in the Purchase Agreement.

(z) "Indemnification Deadline" has the meaning set forth in Section 4.2(b) hereof.

(aa) "Indemnifying Party" has the meaning set forth in Section 5.10 hereof.

(bb) "Joint Certification" has the meaning set forth in Section 4.1(c) hereof.

(cc) "Law" means any law, statute, ordinance, rule, regulation, code, order, judgment, injunction or decree enacted, issued, promulgated, enforced or entered by a Government Entity or Self-Regulatory Organization.

(dd) "Objection Certificate" has the meaning set forth in Section 4.1(c) hereof.

(ee) "Order Certificate" has the meaning set forth in Section 4.1(c) hereof.

(ff) "Partial Release Date" has the meaning set forth in Section 4.2(a) hereof.

(gg) "Person" means an individual, a corporation, a partnership, an association, a limited liability company, a Government Entity, a trust, a labor union or other entity or organization.

(hh) "Purchase Agreement" has the meaning set forth in the recitals hereto.

(ii) "Reorganization Case" has the meaning set forth in Section 7.6 hereof.

(jj) "Self-Regulatory Organization" means the National Association of Securities Dealers, Inc., the American Stock Exchange, the New York Stock Exchange, any national securities exchange (as defined in the Securities Exchange Act of 1934, as amended) or any other similar self-regulatory body or organization.

(kk) "Seller" has the meaning set forth in the preamble hereto.

ARTICLE II

ESTABLISHMENT OF ESCROW

Section 2.1 Escrow Fund. Buyer and Seller hereby constitute and appoint the Escrow Agent as, and the Escrow Agent hereby agrees to assume and perform the duties of, escrow agent under and pursuant to this Agreement. By signing this Agreement, the Escrow Agent acknowledges receipt of an executed copy of this Agreement.

Section 2.2 Notices. The Escrow Agent shall promptly (and in any event within two Business Days) provide Buyer and Seller with written notice upon its

respective receipt of the Escrowed Funds. Any notice pursuant to this Section 2.2 shall specify the applicable dollar amount.

Section 2.3 Cap Amounts. Buyer and Seller shall promptly (and in any event within two Business Days) following any purchase price adjustment pursuant to Section 2.8(f) of the Purchase Agreement provide to the Escrow Agent a joint certification as to any adjustment to any Cap Amount, required under the Purchase Agreement.

ARTICLE III

MANAGEMENT OF ESCROW FUND

Section 3.1 Escrow Fund. The Escrow Agent shall maintain the Escrow Fund in a separate account, segregated from all other monies held by the Escrow Agent on behalf of itself or others, and shall hold, safeguard and disburse the Escrow Fund pursuant to this Agreement.

Section 3.2 Investment.

(a) Unless otherwise jointly instructed in writing by Buyer and Seller, the Escrow Agent shall deposit the Escrowed Funds in deposit accounts with banks organized under the laws of the United States, any state thereof or the District of Columbia in accounts that earn the bank deposit rate equal to the effective daily federal funds rate, less any reserves and fees not to exceed 0.1%, until disbursement of the entire Escrow Fund. The Escrow Agent is authorized to liquidate in accordance with its customary procedures any portion of the Escrowed Funds consisting of investments to provide for payments required to be made under this Agreement. Any interest or other income earned on the investment and reinvestment of the Escrowed Funds shall be added to and become part of the Escrowed Funds.

(b) The Escrow Agent shall have no obligation to invest or reinvest newly deposited Escrowed Funds on any particular day if such newly deposited Escrowed Funds are deposited with the Escrow Agent after 5:00 p.m. (local time in New York City) on such day of deposit; it being understood that the Escrow Agent shall invest or reinvest such newly deposited Escrowed Funds on the following Business Day. Instructions received after 5:00 p.m. (local time in New York City) will be treated as if received on the following Business Day. The Escrow Agent shall have no responsibility for any investment losses resulting from the investment, reinvestment or liquidation of the Escrowed Funds in accordance with this Agreement. Any interest or other income received on such investment and reinvestment of the Escrowed Funds shall become part of the Escrowed Funds and any losses incurred on such investment and reinvestment of the Escrowed Funds shall be debited against the Escrowed Funds. In no event shall the Escrow Agent be deemed an investment manager or adviser in respect of any selection of

investments hereunder. It is understood and agreed that, to the extent disclosed in a prospectus delivered to Buyer and Seller prior to Buyer' s and Seller' s determination to make the applicable investment, the Escrow Agent or its Affiliates are permitted to receive customary additional compensation that could be deemed to be in the Escrow Agent' s economic self-interest for (i) serving as investment adviser, administrator, shareholder servicing agent, custodian or sub-custodian with respect to certain of the investments, (ii) using Affiliates to effect transactions in certain investments and (iii) effecting transactions in investments.

ARTICLE IV

CLAIMS AND RELEASE OF ESCROWED FUNDS

Section 4.1 Claims.

(a) If Buyer wishes to make a claim against the Escrow Fund pursuant to its rights under the Purchase Agreement (a "Claim"), it shall send a written notice of Claim to Seller (an "Escrow Claim Notice"), specifying the nature of the Claim (indicating (i) whether it is a purchase price adjustment under Section 2.8(f) of the Purchase Agreement, or an indemnification claim under Section 7.2 of the Purchase Agreement and (ii) whether such Claim is in respect of the Group 1 Business or the Group 2 Business) and the amount of such purchase price adjustment or, if such indemnification claim is pursuant to Section 7.2 of the Purchase Agreement, the estimated maximum dollar amount that Buyer in good faith reasonably believes it (or another Person, as applicable) is or may be entitled to in respect of such Claim under the Purchase Agreement (as adjusted in accordance with this Section 4.1(a), a "Claim Amount"); provided, however, that Buyer shall promptly (and in any event no later than the fifth Business Day following the date that Buyer reasonably determines that a different

Claim Amount is warranted), upon written notice to Seller and the Escrow Agent, adjust the Claim Amount in good faith if at any time it reasonably believes a different Claim Amount is warranted; provided, further, that the failure by Buyer to adjust an Escrow Claim Notice as required by the immediately preceding proviso shall not affect the rights of Seller hereunder except to the extent that such failure has a prejudicial effect on the rights available to Seller hereunder.

(b) Concurrently with the delivery of the Escrow Claim Notice, Buyer shall deliver to the Escrow Agent, with a contemporaneous copy to Seller, a certificate in substantially the form of Annex I attached hereto (a "Certificate of Instruction").

(c) If within ten Business Days following delivery of a Certificate of Instruction to the Escrow Agent and to Seller, (i) Seller does not send a certificate to the Escrow Agent, with a contemporaneous copy to Buyer, in substantially the form of Annex II attached hereto (an "Objection Certificate") objecting in good faith to the

payment of the Claim or any portion thereof or (ii) Buyer and Seller deliver to the Escrow Agent a joint certification in substantially the form of Annex III attached hereto (a "Joint Certification") that the Claim (or any portion thereof) should be paid out of the Escrow Fund to the extent set forth in such Joint Certification, then the Escrow Agent shall pay to Buyer as soon as practicable thereafter (and in any event no later than the twelfth Business Day following delivery of the Certificate of Instruction to the Escrow Agent and to Seller) the sum of (A) the Claim Amount set forth in the Certificate of Instruction or the amount set forth in the Joint Certification, as applicable, plus (B) the Escrow Earnings on such Claim Amount or the amount set forth in the Joint Certification, as applicable, collectively up to an amount equal to the then remaining Escrow Fund but in no event with respect to a payment (excluding the portions thereof in respect of Escrow Earnings) pursuant to Section 7.2 of the Purchase Agreement, in excess of the applicable Cap Amount (when taken together with all previous payments (excluding the portions thereof in respect of Escrow Earnings) from the Escrow Fund pursuant to Section 7.2 of the Purchase Agreement in respect of the Group 1 Business or the Group 2 Business, as applicable).

(d) If Seller does send an Objection Certificate to the Escrow Agent and to Buyer within ten Business Days following Buyer' s delivery of the relevant Certificate of Instruction to the Escrow Agent and to Seller, the Escrow Agent shall (i) pay to Buyer as soon as practicable thereafter (and in any event no later than the twelfth Business Day following delivery of the Certificate of Instruction to the Escrow Agent and to Seller) the portion of the Claim Amount as to which Seller has not objected, if any, as evidenced by the Objection Certificate, plus the Escrow Earnings thereon, collectively up to an amount equal to the then remaining Escrow Fund but in no event with respect to a payment (excluding the portions thereof in respect of Escrow Earnings) pursuant to Section 7.2 of the Purchase Agreement, in excess of the applicable Cap Amount (when taken together with all previous payments (excluding the portions thereof in respect of Escrow Earnings) from the Escrow Fund pursuant to Section 7.2 of the Purchase Agreement in respect of the Group 1 Business or the Group 2 Business, as applicable) and (ii) make a payment in respect of the portion of such Claim Amount objected to by Seller in the Objection Certificate as soon as practicable (and in any event no later than two Business Days) following receipt of (A) a final judgment or order of a court of competent jurisdiction in the United States (the time for appeal having expired and no appeal having been perfected) in favor of Buyer, accompanied by a certificate of Buyer in substantially the form of Annex IV attached hereto (an "Order Certificate"), (B) a final and non-appealable determination of an arbitration or like panel with respect to disputes that Buyer and Seller have mutually agreed to submit thereto, including, without limitation, a determination of the CPA Firm (as defined in the Purchase Agreement) pursuant to Section 2.8(f) of the Purchase Agreement, accompanied by an Order Certificate or (C) a Joint Certification that the Claim Amount (or any portion thereof) should be paid out of the Escrow Fund to the extent set forth in such Joint Certification. If the Escrow Agent makes a payment pursuant to clause (ii) of the preceding sentence, then the Escrow Agent shall pay to Buyer as soon as practicable thereafter (A) the amount set forth in such Order Certificate or Joint Certification, as applicable, plus (B) the Escrow Earnings on such amount, as applicable, collectively up to an amount equal to the then remaining Escrow Fund but in no event with respect to a payment (excluding the portions thereof in respect of Escrow Earnings) pursuant to Section 7.2 of the Purchase Agreement, in excess of the applicable Cap Amount (when taken together with all previous payments (excluding the portions thereof in respect of Escrow Earnings) from the Escrow Fund pursuant to Section 7.2 of the Purchase Agreement in respect of the Group 1 Business or the Group 2 Business, as applicable).

(e) Prior to the Indemnification Deadline, Buyer may, to the extent such action is taken in good faith, subdivide any Claim into one or more Claims. Following the Indemnification Deadline Buyer may, to the extent such action is taken in good faith, subdivide any Claim into one or more Claims so long as the total dollars claimed thereunder does not exceed the aggregate dollar value of such Claim as of the Indemnification Deadline. The provisions of Section 4.1 hereof shall apply to any such subdivided Claim as if such subdivided claim were an independent Claim, otherwise governed by the applicable terms of any Certificate of Instruction, Objection Notice, Joint Certification or Order Certificate delivered in respect of the original Claim (for the avoidance of doubt, no new Certificate of Instruction or Objection Notice will be required in respect of such subdivided claim).

Section 4.2 Release of Escrow Fund to Seller.

(a) On January 31, 2007 (the "Partial Release Date"), the Escrow Agent shall release to Seller from the Escrow Fund an amount equal to the excess of (i) (A) the sum of $47,293,071.78 *plus* 33% of any amounts deposited following the date hereof pursuant to Section 2.8(f) of the Purchase Agreement *plus* (B) Escrow Earnings in respect of such sum (calculated as of the Partial Release Date) over (ii) the sum of (A) all amounts previously paid hereunder out of the Escrow Fund, *plus* (B) the sum of (x) the aggregate of all Claim Amounts with respect to the Escrow Fund outstanding immediately prior to the Partial Release Date *plus* (y) an amount equal to the Escrow Earnings on all such Claim Amounts (calculated as of the Partial Release Date).

(b) On July 31, 2007 (the "Indemnification Deadline"), the Escrow Agent shall release to Seller the excess, if any, of the Escrow Fund over the aggregate of all Claim Amounts (and Escrow Earnings thereon calculated as of the Indemnification Deadline) with respect to the Escrow Fund then outstanding (disregarding any such Claim Amounts (and Escrow Earnings thereon) pursuant to Section 7.2 of the Purchase Agreement, to the extent such Claim Amounts, together with all previous payments from the Escrow Fund (excluding the portions thereof in respect of Escrow Earnings) pursuant to Section 7.2 of the Purchase Agreement in respect of the Group 1 Business or the Group 2 Business, as applicable exceed the applicable Cap Amount). Any portions of the Escrow Fund subject to an unresolved outstanding Certificate of Instruction as of the Indemnification Deadline, subject to the applicable Cap Amount, shall continue to be held in escrow by the Escrow Agent in accordance with this Agreement, and shall be released (i) to Buyer pursuant to Section 4.1(c) or 4.1(d) hereof, as applicable, or (ii) to

Seller as soon as practicable (but in no event later than five Business Days) following (A) the reduction in the Claim Amount as a result of a downward adjustment thereof by Buyer pursuant to Section 4.1(a) hereof in respect of any unresolved outstanding Certificate of Instruction, to the extent of such reduction, or (B) the full resolution of any Claim set forth in any Certificate of Instruction that remained unresolved and outstanding as of the Indemnification Deadline to the extent the amount to be released to Buyer pursuant to Section 4.1(c) or 4.1(d) hereof, as applicable, in respect of such Claim is less than the corresponding Claim Amount; provided, however, that no amount shall be released to Seller pursuant to this clause (ii) to the extent that the sum of the Claim Amounts and the Escrow Earnings thereon in respect of the remaining unresolved outstanding Certificates of Instruction would exceed the amount remaining in the Escrow Fund following such release, disregarding for purposes of such sum any Claim Amounts pursuant to Section 7.2 of the Purchase Agreement to the extent that such Claim Amounts, together with all previous payments (excluding the portions thereof in respect of Escrow Earnings) from the Escrow Fund pursuant to Section 7.2 of the Purchase Agreement in respect of the Group 1 Business or the Group 2 Business, as applicable, exceed the applicable Cap Amount.

Section 4.3 Payments. All payments made by any party hereunder shall be made by wire transfer in immediately available funds to an account identified to the transferor by the transferee in writing not later than two Business Days prior to the scheduled date of the relevant release.

Section 4.4 Statement. The Escrow Agent shall provide Buyer and Seller monthly statements identifying transactions, transfers and holdings of the Escrow Fund. In the event that Buyer or Seller notifies the other of any mistake in any payment from the Escrow Account, the party receiving such notice shall in good faith determine whether such party agrees in whole or in part with the mistake asserted in such notice. In the event that the party receiving such notice has so determined that it agrees in whole or in part with the mistake asserted in such notice, Buyer and Seller shall promptly but in no event later than ten Business Days following the date of the payment from the Escrow Account jointly notify the Escrow Agent of such agreed-upon error and, as applicable, Buyer or Seller shall return to the Escrow Agent any wrongful distribution made to such party, and the Escrow Agent shall promptly make any necessary additional distribution to correct the error.

ARTICLE V

DUTIES OF ESCROW AGENT

Section 5.1 Degree of Care. The Escrow Agent shall not be under any duty to give the Escrow Fund any greater degree of care than it gives its own similar property.

Section 5.2 No Liability. The Escrow Agent shall not be liable to either Buyer or Seller for any action taken or omitted by it, or any action suffered by it to be taken or omitted, unless the Escrow Agent shall have acted with (or the Escrow Agent' s omission to act is with) bad faith, gross negligence or willful misconduct.

Section 5.3 Reliance. The Escrow Agent shall be entitled to rely in good faith upon any order, judgment, certification, demand, notice, instrument or other writing delivered to it hereunder without being required to determine the authenticity or the correctness of any fact stated therein or the propriety or validity of the service thereof. The Escrow Agent may act in reliance upon any instrument or signature believed by it to be genuine and may assume that the Person purporting to give receipt or advice or make any statement or execute any document in connection with the provisions hereof has been duly authorized to do so. The Escrow Agent may act pursuant to the advice of counsel with respect to any matter relating to this Agreement and shall not be liable for any action taken or omitted by it in good faith in accordance with such advice.

Section 5.4 No Interest. The Escrow Agent does not have any interest in the Escrow Account other than as Escrow Agent. Any payments of income from the Escrow Fund shall be subject to withholding regulations then in force with respect to taxes. Buyer and Seller will provide the Escrow Agent with a duly completed Internal Revenue Service form for tax identification number certification.

Section 5.5 No Representations. The Escrow Agent makes no representation as to the validity, value, genuineness or collectability of any security held by or delivered to it.

Section 5.6 No Advice. The Escrow Agent shall not be called upon to advise any party as to the wisdom of selling or retaining any securities or other property deposited hereunder or taking or refraining from any action with respect to the Escrow Account.

Section 5.7 Resignation. The Escrow Agent may resign and be discharged from its duties or obligations hereunder by giving thirty days' prior written notice of such resignation to Buyer and Seller specifying a date under which such resignation shall take effect; provided, however, that no such resignation shall be effective until a successor escrow agent shall have been appointed and the Escrow Agent shall have delivered to such successor escrow agent the Escrow Fund, all relevant books and records (including any Escrow Claim Notice) relating thereto and any instruments in which the Escrow Fund has been invested in accordance with this Agreement. In the event of the Escrow Agent' s resignation, Buyer and Seller shall jointly designate a new escrow agent. Notwithstanding anything to the contrary in this Section 5.7, if Buyer and Seller are unable to agree upon a successor escrow agent within thirty days after receipt of a resignation notice signed by the Escrow Agent, the Escrow Agent may, in its sole discretion, apply to a court of competent jurisdiction for the appointment of a successor escrow agent or for other appropriate relief. Any such successor to the Escrow Agent

shall agree to be bound by the terms of this Agreement and shall, upon receipt of the Escrow Fund, all relevant books and records (including any Escrow Claim Notice) relating thereto and any instruments in which the Escrow Fund has been invested in accordance with this Agreement, become the Escrow Agent hereunder.

Section 5.8 Compensation. Seller and Buyer shall share equally all costs relating to the compensation (as payment in full) of the Escrow Agent for its services hereunder, payable annually in advance in accordance with the fee schedule attached hereto as Exhibit A. Seller and Buyer agree, severally and not jointly (on an equal basis), to reimburse the Escrow Agent for all reasonable expenses, disbursements and advances incurred or made by Escrow Agent in performance of its duties hereunder (including reasonable fees, expenses and disbursements of its counsel, which fees and expenses shall not exceed $5,000 or, in the case of legal fees incurred in connection with litigation not arising due to the negligence or willful misconduct of the Escrow Agent, shall not exceed $375,000).

Section 5.9 Depository. Buyer and Seller authorize the Escrow Agent, for any securities held hereunder, to use the services of any United States central securities depository it reasonably deems appropriate, including, without limitation, the Depositary Trust Company and the Federal Reserve Book Entry System.

Section 5.10 Indemnification. Buyer and Seller, severally and not jointly, shall indemnify and hold harmless the Escrow Agent from and against any expenses (including reasonable counsel fees and disbursements), liabilities, damages or losses suffered by the Escrow Agent in connection with any action, suit or other proceeding involving any claim, or in connection with any claim or demand, which in any way, directly or indirectly, arises out of this Escrow Agreement, unless such claim or demand arises out of the gross negligence, willful misconduct or bad faith of the Escrow Agent. Each of Buyer and Seller (the "Contributing Party") agrees to contribute to the other party (the "Indemnifying Party") any amounts such other party pays the Escrow Agent in connection with the indemnification obligations contained in this Section 5.10 in proportion to the Contributing Party' s contribution to the overall fault for such indemnification obligation as compared to the Indemnifying Party' s contribution to the overall fault for such indemnification obligation, as agreed between Buyer and Seller or, in the absence of agreement, as finally determined by a court of competent jurisdiction; it being understood that to the extent neither Buyer nor Seller is at fault for such indemnification obligation, the Contributing Party shall contribute to the Indemnifying Party an amount equal to 50% of such indemnification obligation.

ARTICLE VI

TAX TREATMENT

Section 6.1 Taxes. Except to the extent otherwise required by Law, Seller shall include in its income, for tax purposes, all income, gains and losses realized

with respect to the Escrow Fund and timely pay all taxes due with respect thereto. As soon as practicable after December 31 of each calendar year, the Escrow Agent shall report to Seller the amount of all income, gains and losses realized during such calendar year with respect to the Escrow Fund (and shall provide a copy of such report to Buyer).

ARTICLE VII

MISCELLANEOUS

Section 7.1 Notices. All notices, requests, demands, approvals, consents and other communications hereunder shall be in writing, signed by an authorized Person and shall be deemed to have been duly given and made if served by personal delivery upon the party for whom it is intended or delivered by registered or certified mail, return receipt requested, or if sent by telecopier or email, provided that the telecopy or email is promptly confirmed by telephone confirmation thereof, to the Person at the address set forth below, or such other address as may be designated in writing hereafter, in the same manner, by such Person:

To Buyer:

Comcast Corporation
1500 Market Street
Philadelphia, PA 19102
Telephone: (215) 665-1700
Telecopy: (215) 981-7794
Email: ablock@comcast.com
Attention: General Counsel

With a copy to:

Davis Polk & Wardwell
450 Lexington Avenue
New York, NY 10017
Telephone: (212) 450-4000
Telecopy: (212) 450-3800
Email: william.taylor@dpw.com
Attention: William L. Taylor

-and-

Time Warner Cable Inc.
290 Harbor Drive
Stamford, CT 06902-6732

Telephone: (203) 328-0670
Telecopy: (203) 328-3295
Email: glenn.britt@twcable.com
Attention: Chief Executive Officer

-and-

Legal Department
Time Warner Cable Inc.

290 Harbor Drive
Stamford, CT 06902-6732

Telephone:	(203) 328-0631
Telecopy:	(203) 328-4094
Email:	marc.lawrence-apfelbaum@twcable.com
Attention:	General Counsel

-and-

Time Warner Inc.
One Time Warner Center
New York, NY 10019

Telephone:	(212) 484-7980
Telecopy:	(212) 258-3172
Email:	Paul.Cappuccio@timewarner.com
Attention:	General Counsel

-and-

Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, NY 10019-6064

Telephone:	(212) 373-3000
Telecopy:	(212) 757-3990
Email:	kparker@paulweiss.com
	rschumer@paulweiss.com
Attention:	Kelley D. Parker
	Robert B. Schumer

To Escrow Agent:

Deutsche Bank Trust Company Americas
60 Wall Street, 27th Floor
Mail Stop: NYC60-2710
New York, NY 10005

Telephone:	(212) 250-4660
Telecopy:	(732) 578-4593
Email:	aldrin.m.bayne@db.com
Attention:	Aldrin Bayne, Escrow Team

To Seller:

Adelphia Communications Corporation
5619 DTC Parkway
Greenwood Village, CO 80111
Telephone: (303) 268-6458

Telecopy: (303) 268-6662
Email: brad.sonnenberg@adelphia.com
Attention: Brad Sonnenberg

With a copy to:

Sullivan & Cromwell LLP
125 Broad Street
New York, NY 10004
Telephone: (212) 558-4000
Telecopy: (212) 558-3588
Email: korrya@sullcrom.com
Attention: Alexandra D. Korry

Section 7.2 Amendment; Waiver. Any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by the Escrow Agent, Buyer and Seller, or in the case of a waiver, by the party against whom the waiver is to be effective. No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by Law.

Section 7.3 No Assignment or Benefit to Third Parties. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, legal representatives and permitted assigns. No party to this Agreement may assign any of its rights or transfer or delegate any of its obligations under this Agreement, by operation of Law or otherwise, without the prior written consent of

the other parties hereto, except, in whole or in part, (a) with respect to Seller, to a limited number of entities acting on behalf of Seller' s estate that are designated by Seller and reasonably acceptable (including in terms of the number of entities and the form and identity of each such entity) to Buyer (each a "Permitted Assignee"); provided that (i) each such Permitted Assignee shall agree in writing to be bound by the obligations and liabilities of the Seller set forth in this Agreement and (ii) such assignment by Seller under this Section 7.3 shall relieve Seller of any of its obligations or liabilities under this Agreement if, but only if, Seller provides Buyer with an indemnification agreement (in form and substance reasonably acceptable to Buyer, it being understood that the amount or nature of the remaining assets or liabilities of Seller shall not be a factor in such determination) indemnifying Buyer for any breach of the obligations and liabilities of the Permitted Assignee, in which case such assignee or transferee shall be substituted for Seller for all purposes of this Agreement, (b) with respect to Buyer, (i) to Time Warner NY Cable LLC or its Affiliates under the Exchange Agreement (subject to further assignment by Time Warner NY Cable LLC to its Affiliates) or (ii) to any Affiliate of Buyer; provided, that no such assignment pursuant to clause (b)(ii) or, with respect to an assignment by Time Warner NY Cable LLC to its Affiliates or by Buyer to any Affiliate of Comcast Corporation, clause (b)(i) of this sentence shall relieve the assignor of its obligations hereunder; provided, further, that in the case of any such assignment pursuant to clause (b) other than to Time Warner NY Cable LLC, the assignee shall appoint either Buyer or Time Warner NY Cable LLC as its agent under the Escrow Agreement and such agent shall be the only party entitled to take action on behalf of such assignee pursuant to this Agreement. In connection with any assignment, transfer or delegation by Buyer to Time Warner NY Cable LLC or any Affiliate of Time Warner NY Cable LLC as permitted above, Buyer shall be relieved of any liability or obligation so assigned, transferred or delegated to the extent Seller has the right to enforce in full against Time Warner NY Cable LLC any such liability or obligation. Any assignment or transfer permitted hereunder shall be evidenced in writing signed by the assignor and assignee, a copy of which shall be delivered to the other parties hereto. Nothing in this Agreement, express or implied, is intended to confer upon any Person other than Buyer, Seller, the Escrow Agent and their respective successors, legal representatives and permitted assigns, any rights or remedies under or by reason of this Agreement.

Section 7.4 Entire Agreement. This Agreement contains the entire agreement among the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral or written, with respect to such matters among the parties hereto; it being understood that nothing herein is intended to conflict with the Purchase Agreement.

Section 7.5 Expenses. Except as otherwise expressly provided in this Agreement, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be borne by the party incurring such costs and expenses.

Section 7.6 GOVERNING LAW; SUBMISSION TO JURISDICTION; SELECTION OF FORUM; WAIVER OF TRIAL BY JURY. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAW. Each party hereto agrees that it shall bring any action or proceeding in respect of any claim arising out of or related to this Agreement exclusively in (i) the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") so long as the jointly administered case of Seller and certain Affiliates as debtor and debtors in possession pending under Chapter 11 of the United States Bankruptcy Code in the Bankruptcy Court (the "Reorganization Case") remains open and (ii) after the completion of the Reorganization Case or in the event that the Bankruptcy Court determines that it does not have jurisdiction, the United States District Court for the Southern District of New York or any New York State court sitting in New York City (together with the Bankruptcy Court, the "Chosen Courts"), and solely in connection with claims arising under this Agreement (i) irrevocably submits to the exclusive jurisdiction of the Chosen Courts, (ii) waives any objection to laying venue in any such action or proceeding in the Chosen Courts, (iii) waives any objection that the Chosen Courts are an inconvenient forum or do not have jurisdiction over any party hereto and (iv) agrees that service of process upon such party in any such action or proceeding shall be effective if notice is given in accordance with Section 7.1 of this Agreement. Seller hereby irrevocably designates The Corporation Trust Company as its agent and attorney-in-fact for the acceptance of service of process and making an appearance on its behalf in any such claim or proceeding and for the taking of all such acts as may be necessary or appropriate in order to confer jurisdiction over it before the Chosen Courts and Seller stipulates that such consent and appointment is irrevocable and coupled with an interest. Each party hereto irrevocably waives any and all right to trial by jury in any legal proceeding arising out of or relating to this Agreement.

Section 7.7 Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original and all of which, when taken together, shall constitute one and the same Agreement.

Section 7.8 Headings. The headings of sections in this Agreement are provided for convenience purposes only, and shall not be deemed to limit or affect any of the provisions hereof.

Section 7.9 Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof. If any provision of this Agreement, or the application thereof to any Person or any circumstance, is invalid or unenforceable, (a) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision and (b) the remainder of this Agreement and the application of such provision to other Persons or circumstances shall not be affected by such invalidity or unenforceability, nor shall such invalidity or unenforceability affect the

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validity or enforceability of such provision, or the application thereof, in any other jurisdiction.

Section 7.10 Termination. This Agreement shall terminate upon the release of all funds from the Escrow Fund in accordance with this Agreement and the Purchase Agreement. The provisions of the second sentence of Section 4.4 hereof (and, for purposes of such sentence, the remainder of Article IV hereof to the extent related thereto), Article V hereof and this Article VII shall survive the termination of this Agreement or, as to the Escrow Agent, the earlier resignation or removal of the Escrow Agent. Nothing in this Section 7.10 shall relieve any party from liability for any breach of this Agreement prior to the termination of this Agreement.

Section 7.11 Instructions. For purposes of sending and receiving instructions or directions hereunder, all such instructions or directions shall be, and the Escrow Agent may conclusively rely upon such instructions or directions, delivered and executed by representatives of Buyer or Seller designated on Schedule I attached hereto and made a part hereof, which such designation shall include specimen signatures of such representatives, as such Schedule I may be updated from time to time.

Section 7.12 No Set-Off. The Escrow Fund is intended for the purposes set forth herein and in the Purchase Agreement. No party hereto or any of its assignees or their respective Affiliates shall have any right of set off with respect to any portion of the Escrow Fund with respect to any claims other than those claims against the Escrow Fund permitted by the Purchase Agreement.

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

DEUTSCHE BANK TRUST COMPANY AMERICAS

By: /s/ Richard L. Buckwalter
Name: Richard L. Buckwalter
Title: Vice President

By: /s/ Aldrin M.F. Bayne
Name: Aldrin M.F. Bayne
Title: Assistant Vice President

COMCAST CORPORATION

By: /s/ Robert S. Pick
Name: Aldrin M.F. Bayne
Title: Senior Vice President

ADELPHIA COMMUNICATIONS CORPORATION

By: /s/ Vanessa Wittman
Name: Vanessa Wittman
Title: Executive Vice President and Chief Financial Officer

Acknowledged and Agreed:

TIME WARNER NY CABLE LLC

By: /s/ David E. O' Hayre
Name: David E. O' Hayre
Title: Executive Vice President, Investments

Annex I

CERTIFICATE OF INSTRUCTION

to

DEUTSCHE BANK TRUST COMPANY AMERICAS,

as Escrow Agent

The undersigned, Comcast Corporation ("Buyer"), pursuant to Section 4.1(b) of the Escrow Agreement, dated as of July 31, 2006, as amended from time to time in accordance with its terms (the "Escrow Agreement"), by and among Buyer, Adelphia Communications Corporation and Deutsche Bank Trust Company Americas, as escrow agent (terms defined in the Escrow Agreement have the same meanings when used herein), hereby certifies that [ ] is entitled to indemnification pursuant to [Section [7.2(a)] of the Purchase Agreement]] [in respect of the [Group 1 Business] [Group 2 Business] [Buyer is entitled to a purchase price adjustment pursuant to Section [2.8(f)] of the Purchase Agreement] in an amount equal to (a) $ (the "Claim Amount") plus (b) the Escrow Earnings on the Claim Amount.

In accordance with the Escrow Agreement, if you have not received a timely Objection Certificate from Seller, you are hereby instructed to release and pay the Claim Amount and Escrow Earnings thereon from the Escrow Account to Buyer [(for payment by Buyer to)].

Dated: , 200 .

[COMCAST CORPORATION](1)

By: ____________________________
Name:
Title:

cc: Adelphia Communications Corporation

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(1) If Buyer has assigned the Escrow Agreement pursuant to Section 7.3 of this Agreement, such certificate may be executed by Time Warner NY Cable LLC on behalf of such entity if such entity has designated Time Warner NY Cable LLC as its agent.

Annex II

OBJECTION CERTIFICATE

to

DEUTSCHE BANK TRUST COMPANY AMERICAS,

as Escrow Agent,

and

COMCAST CORPORATION

The undersigned, Adelphia Communications Corporation ("Seller"), pursuant to Section 4.1(c) of the Escrow Agreement, dated as of July 31, 2006, as amended from time to time in accordance with its terms (the "Escrow Agreement"), by and among Comcast Corporation ("Buyer"), Seller and Deutsche Bank Trust Company Americas, as escrow agent (terms defined in the Escrow Agreement have the same meanings when used herein), hereby:

(a) disputes that [a portion of] the Claim Amount (and Escrow Earnings thereon) referred to in the Certificate of Instruction dated , 200 is owed by Seller to [pursuant to Section [7.2] of the Purchase Agreement] [in respect of the [Group 1 Business] [Group 2 Business] [Buyer pursuant to Section [2.8(f)] of the Purchase Agreement];

(b) certifies that the undersigned has sent to Buyer a written statement dated , 200 , a copy of which is attached hereto, disputing [a portion of] the liability to [ ] [Buyer] for the Claim Amount; [and]

(c) objects to you making payment to Buyer from the Escrow Account as requested in such Certificate of Instruction [in full] [in part, to the extent of $ of the Claim Amount and any related Escrow Earnings]; [and]

(d) [instructs you to make a payment to Buyer from the Escrow Account in an amount equal to $ of the Claim Amount (the "Partial Claim Amount") plus the Escrow Earnings on the Partial Claim Amount.](2)

(2) If applicable.

Dated: , 200 .

[ADELPHIA COMMUNICATIONS CORPORATION](3)

By: ______________________________

Name:

Title:

cc: Comcast Corporation

(3) If Seller has assigned the Escrow Agreement to an entity acting on behalf of Seller' s estate, such certificate may be executed by such entity.

Annex III

JOINT CERTIFICATION

to

DEUTSCHE BANK TRUST COMPANY AMERICAS,

as Escrow Agent

The undersigned, Comcast Corporation ("Buyer") and Adelphia Communications Corporation ("Seller"), pursuant to Section 4.1[(c)][(d)] of the Escrow Agreement, dated as of July 31, 2006, as amended from time to time in accordance with its terms (the "Escrow Agreement"), by and among Buyer, Seller and Deutsche Bank Trust Company Americas, as escrow agent (terms defined in the Escrow Agreement have the same meanings when used herein), hereby jointly:

(a) certify that [a portion of] the Claim Amount with respect to the matter described in the Certificate of Instruction dated , 200 in the amount of $ is owed to Buyer; and

(b) instruct you to release to Buyer from the Escrow Account $ [insert amount pursuant to paragraph (a)] plus the Escrow Earnings thereon.

Dated: , 200 .

[COMCAST CORPORATION](4)

By: ______________________________
Name:
Title:

[ADELPHIA COMMUNICATIONS CORPORATION](5)

By: ______________________________
Name:
Title:

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(4) If Buyer has assigned the Escrow Agreement pursuant to Section 7.3 of this Agreement, such certificate may be executed by Time Warner NY Cable LLC on behalf of such entity if such entity has designated Time Warner NY Cable LLC as its agent.
(5) If Seller has assigned the Escrow Agreement to an entity acting on behalf of Seller' s estate, such certificate may be executed by such entity.

Annex IV

ORDER CERTIFICATE

to

DEUTSCHE BANK TRUST COMPANY AMERICAS,

as Escrow Agent

The undersigned, Comcast Corporation ("Buyer"), pursuant to Section 4.1(d) of the Escrow Agreement, dated as of July 31, 2006, as amended from time to time in accordance with its terms (the "Escrow Agreement"), by and among Buyer, Adelphia Communications Corporation ("Seller") and Deutsche Bank Trust Company Americas, as escrow agent (terms defined in the Escrow Agreement have the same meanings when used herein), hereby:

(a) certifies that (i) attached hereto is [a final judgment or order of a court of competent jurisdiction in the United States] [a final and non-appealable determination of an arbitration or like panel] resolving in [whole] [part] the dispute between Buyer and Seller as to the matter described in the Certificate of Instruction dated , 200 and the related Objection Certificate dated , 200 , and (ii) the [portion of the] Claim Amount set forth in such Certificate of Instruction that is owed to Buyer, as provided in such order, is $; and

(b) instructs you to release from the Escrow Account the aggregate amount pursuant to paragraph (a) of this certificate plus the Escrow Earnings thereon, as soon as practicable following your receipt of this Order Certificate and, in any event, no later than two Business Days following the date hereof.

Dated: , 200 .

[COMCAST CORPORATION](6)

By: ______________________________
Name:
Title:

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(6) If Buyer has assigned the Escrow Agreement pursuant to Section 7.3 of this Agreement, such certificate may be executed by Time Warner NY Cable LLC on behalf of such entity if such entity has designated Time Warner NY Cable LLC as its agent.

Schedule I

Authorized Representatives of Buyer

Name	Title	Specimen Signature

Authorized Representatives of Seller

Name	Title	Specimen Signature
Vanessa Wittman	Executive Vice President and Chief Financial Officer	

Christine Morris	Treasurer
Constance Campbell	Senior Vice President

Exhibit A

SCHEDULE OF FEES FOR

Deutsche Bank as Escrow Agent

Escrow Agreement

Escrow Agent Fees

Acceptance Fee (1x only): **Waived**

Covers the acceptance of Deutsche Bank Trust Company Americas to act as Escrow Agent; the study and consideration of the Agency documents and other Transaction Documents and the establishment of the necessary accounts and procedures.

Annual Administration Fee: **$5,000**

(Payable annually in advance for each year / no pro-ration)

Annual fee that covers the safekeeping of assets, normal administrative functions of the Agent, maintenance of the records, follow-up of the agreement' s provisions, generation of monthly reports, daily transaction confirmation, management of the accounts, tax reporting etc. Also, any other duties required by the Escrow Agent under the terms of the agreement. We assume that if money market funds are used they will be "Qualified Funds" offered by Deutsche Bank.

Transaction Charges:

Investment transactions	**$100 per trade****
Physical Check Payments:	**Waived**
Wire Transfers:	**Waived**

** Please note that charges will be waived so long as "Qualified Funds" are used to invest any monies in the accounts. Qualified Funds include Blackrock, JP Morgan, Federated, Evergreen or Deutsche Bank.

Legal Review Fee (if necessary)- **$5,000/$375,000**

To the extent provided pursuant to Section 5.8 of the Escrow Agreement.

EXHIBIT 10.08

September 1, 2006

Amendment No. 3
to the
Terms and Conditions of Employment
Between
William T. Schleyer (“WTS”)
and
Adelphia Communications Corporations (the “Company”)

WHEREAS, WTS and the Company (collectively, the “Parties”) wish to amend that certain employment agreement executed on January 17, 2003, and amended by Amendment No. 1 thereto on February 21, 2003 and further amended by Revised Amendment No. 2 thereto on March 10, 2003 (the “Employment Agreement”);

WHEREAS, at the time of the execution of the Employment Agreement, WTS and the Company contemplated that the Company would emerge from bankruptcy as part of a plan of reorganization where the Company would be an on-going publicly traded company;

WHEREAS, on April 21, 2005, the Company announced that it had reached a definitive agreement with Time Warner NY Cable LLC (“Time Warner”) and Comcast Corporation, whereby Time Warner and Comcast Corporation agreed to purchase substantially all of the Company’ s and its affiliates’ assets (the “Sale Transaction”) and on July 31, 2006 (the “Sale Date”) the Sale Transaction was consummated pursuant to section 363 of title 11 of the United States Code;

WHEREAS, the Employment Agreement provides for awards of restricted stock and stock options upon the Company’ s emergence from bankruptcy;

WHEREAS, the Company will not be able to award restricted stock upon the closing of the Sale Transaction; and

WHEREAS, WTS and the Company desire to amend the Employment Agreement as hereinafter set forth.

NOW, THEREFORE, the Parties hereby agree to the amendment of the Employment Agreement (“Amendment No. 3”) as follows:

1. A new second sentence is added to Section 1 of the Employment Agreement, reading as follows: “If Emergence (as hereinafter defined) occurs during the term of this agreement, WTS shall resign as CEO and Chairman of the Board upon Emergence and shall thereafter serve as a consultant to the Company for the remaining term of this agreement.”

2. A new third sentence is added to Section 2 of the Employment Agreement, reading as follows: “Notwithstanding the foregoing, the employment of WTS pursuant to this

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agreement (whether as CEO and Chairman or as consultant) shall terminate on March 31, 2007 unless extended by mutual agreement or terminated prior thereto pursuant to Section 8A of this agreement.

3. Section 4 of the Employment Agreement is deleted and replaced with the following: “WTS shall be paid a bonus of 100% of base salary for the period from the Sale Date through the remaining term of this agreement. Salary and bonus shall be paid bi-weekly except as may otherwise be provided herein.”

4. Section 8 of the Employment Agreement is hereby amended by adding a new clause (f) at the end thereof reading as follows:

(f) Notwithstanding anything contained herein to the contrary, WTS' s employment under this agreement (as amended through Revised Amendment No. 2 hereto) shall be deemed to have been terminated by WTS for Good Reason upon the Sale Date and WTS shall be entitled to the lump sum payment described above in Section 8(a) in respect of such termination. WTS shall thereafter be employed by the Company (whether as CEO and Chairman or as consultant) under this agreement as amended by giving effect to Amendment No. 3 hereto; provided, however, that clauses (a) through (e) of this Section 8 shall not apply to any termination of WTS' s employment occurring after such lump sum payment is made.

5. A new Section 8A is added to the Employment Agreement immediately after Section 8, reading as follows:

8A. Termination At Company Option After Emergence. The Company will have the option to terminate WTS' s employment prior to March 31, 2007 upon 30 days' prior written notice, given after the effective date of a plan of reorganization for the Company or the date of commencement of liquidating distributions under chapter 7 of the Bankruptcy Code (either date, "Emergence"). For the avoidance of doubt, Section 8 shall not apply to any termination pursuant to this Section 8A.

6. The heading to Section 9 of the Employment Agreement is hereby amended to read as follows: "Initial Equity Award or Sale Transaction Closing Award."

7. The following is hereby added after the last sentence of Section 9 of the Employment Agreement: "Notwithstanding anything contained herein to the contrary, upon consummation of the Sale Transaction, WTS shall be entitled to receive $10.2 million in cash (the "Sale Transaction Closing Award") in lieu of the Initial Equity Award described above in this Section 9. The Sale Transaction Closing Award shall be paid on the first business day after approval of Amendment No. 3 to this agreement by the United States Bankruptcy Court for the Southern District of New York, provided that WTS has previously or concurrently executed and delivered to the Company a release in substantially the form of Exhibit A to Amendment No. 3 hereto, together with a separate Waiver and Release Agreement to provide for the release of claims under the Age Discrimination in Employment Act, as amended, in substantially the form of Exhibit B to Amendment No. 3 hereto."

8. The heading to Section 10 of the Employment Agreement is hereby amended to

read as follows: "Potential Equity and Cash Awards."

9. The heading to Section 10(e) of the Employment Agreement is hereby amended to read as follows: "Emergence Date Special Award or Sale Transaction Closing Special Award."

10. The following is hereby added after the last sentence of Section 10(e) of the Employment Agreement: "Notwithstanding anything contained herein to the contrary, upon consummation of the Sale Transaction, WTS shall be entitled to receive a cash payment of $5.1 million (the "Sale Transaction Closing Special Award") in lieu of the additional grant of restricted shares described above in this Section 10(e). The Sale Transaction Closing Special Award shall be paid upon Emergence."

11. The second sentence of Section 13 of the Employment Agreement is hereby amended to read as follows: "For purposes of this Agreement, "Competing Enterprise" shall mean Qwest Communications International Inc., Verizon Communications Inc., BellSouth Corporation, AT&T Inc., any Direct Broadcast Satellite or other multi-channel video provider (including, but not limited to, EchoStar Communications Corp. or DirecTV Broadband, Inc.), any multiple system operator (including, but not limited to Comcast) or any Digital Subscriber Line provider in the continental United States and/or Puerto Rico, in each case that has a service area that overlaps with 10% or more of the service area of the Company."

12. Section 15 of the Employment Agreement is hereby amended by replacing the words "this agreement and of any definitive agreement" with the words "Amendment No. 3 to this agreement" and reducing the $150,000 amount set forth therein to $80,000.

13. This Amendment No. 3 is expressly conditioned upon approval of the United States Bankruptcy Court for the Southern District of New York. In the event that this condition is not satisfied, this Amendment No. 3 shall be null and void *ab initio* and without any further force or effect.

14. Except as provided in this Amendment No. 3, the terms and conditions of the Employment Agreement shall remain unchanged.

/s/ William T. Schleyer	ADELPHIA COMMUNICATIONS CORPORATION
William T. Schleyer	
	/s/ Vanessa Wittman
	By: Vanessa Wittman
	Its: EVP & CFO

EXHIBIT A

WAIVER AND RELEASE AGREEMENT

This Waiver and Release Agreement (hereinafter "Agreement") is executed on the dates indicated below, by Adelphia Communications Corporation, and any parent, predecessor, or current or former subsidiary or affiliated company of any of them, or successor of any of them, or benefit plan maintained by any of them, and the directors, officers, employees, shareholders (solely in their capacity as such), and agents of any or all of them (collectively, the "Company") and William T. Schleyer individually, and on behalf of all successors, heirs and assigns ("Individual").

A. Individual and Company are party to an employment agreement, as amended on February 21, 2003, March 10, 2003 and , 2006 (the "Employment Agreement").

B. In consideration for the benefits afforded to Individual by Amendment No. 3 to the Employment Agreement, and other than claims for vested benefits and compensation, unemployment compensation, worker' s compensation, indemnification and liability insurance as described in the Employment Agreement, and other payments, compensation and benefits otherwise due to Individual under Amendment No. 3 to the Employment Agreement or under Sections 1, 2, 3, 4, 6, 7, 8, 9, 10(e), 14, 15, 16 and 19 of the Employment Agreement, including reimbursement of any business expenses incurred prior to Individual' s last day of employment with Company and submitted in accordance with Company policy, due to Individual, Individual hereby knowingly and voluntarily fully hereby irrevocably and unconditionally **RELEASES, REMISES AND FOREVER DISCHARGES** Company from any and all charges, complaints, claims (as defined in 11 U.S.C. §105(5)), liabilities, obligations, promises, agreements, controversies, damages, actions, causes of action, suits, rights, demands, costs, losses, debts and expenses (including attorney' s fees and costs actually incurred) of any nature whatsoever, known or unknown, suspected or unsuspected, including, but not limited to any and all claims arising out of or relating in any way to his employment with the Company or the termination of his employment with the Company that are not excepted above, any rights arising out of alleged violations of any contracts, express or implied, any covenant of good faith and fair dealing, express or implied, or any tort including defamation, or any legal restrictions on Company' s right to hire, refuse to hire or terminate employees, or any federal, state or other governmental statute, regulation or ordinance, including, without limitation: (1) the Civil Rights Act of 1964, as amended; (2) 42 U.S.C. § 1981; (3) the Americans with Disabilities Act ("ADA"); (4) the Age Discrimination in Employment Act, as amended ("ADEA"); (5) the Family and Medical Leave Act ("FMLA"); (6) the Employee Retirement Income Security Act, as amended ("ERISA"); (7) the Sarbanes-Oxley Act; (8) any civil rights, anti-discrimination or human rights laws of any state or locality in which Individual was employed, resides, or resided during his employment with the Company, and any such laws of the state of incorporation of the Company, and (9) any other federal, state or local law; any wage claim or statute; any claim of retaliatory treatment; any claim of wrongful discharge against public policy; any common law claims in tort, contract, for quasi-contact, for promissory estoppel, or for violation of the covenant of good faith and fair dealing (hereinafter collectively referred to as

"Individual Claim" or "Individual Claims"), which Individual now has, owns or holds, or claims to have, own or hold, or which Individual at any time heretofore had, owned or held, or claimed to have, own or hold against Company up to and

including the date of payment of the Sale Transaction Closing Special Award (as defined in Amendment No. 3 to the Employment Agreement). Individual acknowledges that upon receipt of payments required to be made under Amendment No. 3 to the Employment Agreement, the obligations of the Company under Sections 8, 9 and 10(a) through (e) (as such sections existed under the Employment Agreement prior to Amendment No. 3 thereto) will be satisfied.

Individual agrees Individual has not filed any Claim, complaint or charge with any local, State, or federal agency or enforcement body, and that if such a Claim, complaint or charge is filed, Individual shall immediately withdraw such Claim, complaint or charge; provided, however, that the foregoing does not affect any right to file an administrative charge with the Equal Employment Opportunity Commission ("EEOC"), subject to the restriction that if any such charge is filed, Individual agrees and covenants that should he or any other person, organization, or other entity file, charge, claim, sue or cause or permit to be filed any charge with the EEOC, civil action, suit or legal proceeding against Company involving any matter occurring at any time in the past, Individual will not seek or accept any personal relief (including, but not limited to, monetary award, recovery, relief or settlement) in such charge, civil action, suit or proceeding.

C. Individual has not disclosed and will not disclose Company Information (defined below) at any time prior to or after the effective date of this Agreement, other than pursuant to his performance of duties for Company. Individual has returned to Company, or will return to Company by the date payment hereunder is due, all Company Property (defined below) not purchased from Company and will return to Company if requested by Company all documents containing Company Information and any copies, duplicates, reproductions or excerpts of Company Information.

1. "Company Information" means any confidential or proprietary legal, financial, marketing, business, technical, management or business plans, business strategies, software, software evaluations, systems designs, trade secrets, personnel information, marketing methods and techniques, customer lists, or other information, including, but not limited to, information which Individual prepared, caused to be prepared, or received in connection with Individual' s employment with Company, as it relates to Company, its employees or its customers. Company Information does not include: information or knowledge: (a) which may subsequently come into the public domain after the Individual' s termination of employment (or is in the public domain prior to Individual' s termination of employment) other than by way of unauthorized disclosure by Individual; (b) which Individual is required to disclose by applicable law, subpoena, or order of a governmental agency or court after ten (10) days notice (if such notice is practicable) has been provided to Company of such order or (c) .

2. "Company Property" shall include, but not be limited to, keys, access cards, files, memoranda, reports, software, credit cards, computer disks, instructional and management manuals, books, cellular phones and computer equipment.

D. Individual and Company have had an adequate opportunity to negotiate these terms, have had an adequate opportunity to consult with counsel if so desired, and this Agreement sets forth the complete agreement between Individual and Company. No other

covenants or representations, express or implied, have been made or relied upon, and no other consideration, other than that set forth herein, is due or owing.

E. Individual acknowledges that Individual has been advised by Company to consult with an attorney prior to executing this Agreement. Individual also acknowledges being given at least twenty-one (21) days within which to consider this Agreement, and Individual has been advised that for a period of seven (7) days following execution of this Agreement, Individual may revoke this Agreement insofar as it relates to age discrimination claims and that it shall not become effective or enforceable as to age discrimination claims until the later of (i) the expiration of said seven (7) day period or (ii) the date this Agreement is approved by the U.S. Bankruptcy Court for the Southern District of New York. Individual agrees that changes in this Agreement will not restart the running of the aforementioned 21-day consideration period. Individual also agrees that Individual may sign this Agreement at any time during the 21-day period, and that any decision by Individual to do so has not been induced by Company through fraud, misrepresentation, coercion, or a threat to withdraw or alter the offer contained in this Agreement prior to the expiration of the 21-day time period, or by offering different terms if the Agreement is signed prior to the expiration of the 21-day time period.

F. Individual represents that Individual has read this Agreement and fully understands each of its terms. Individual further represents that no representations, promises, agreements, stipulations, or other statements have been made by Company to induce this Agreement, beyond those contained herein. Individual further represents that Individual is of sound mind, and knowingly and voluntarily signs this Agreement as Individual' s own free act, and that Individual is not acting under any coercion or duress.

G. If any provision of this Agreement should be declared to be unenforceable by any administrative agency or court of law, the remainder of the Agreement shall remain in full force and effect, and shall be binding upon the parties hereto as if the invalidated provision were not part of this Agreement.

H. As a free and voluntary act, Individual agrees that he will make no written or oral statements that directly or indirectly disparage the Company in any manner whatsoever, including but not limited to: (a) the working conditions or employment practices of Company or (b) Company as a provider of cable television services or other products and services.

I. Subject to Section 14 of the Individual' s Employment Agreement, all payments under this Agreement will be subject to applicable withholding taxes.

J. Any Individual Claims arising under this Agreement, whether arising in contract, statute, tort, fraud, misrepresentation, discrimination, common law or any other legal theory, including, but not limited to disputes relating to the making, performance or interpretation of this Agreement; whenever brought, shall be brought in the United States District Court for the Southern District of New York. **By signing this Agreement, Individual and the Company voluntarily, knowingly and intelligently waive any right they each may have to a jury trial in the event of a breach of this Agreement.**

K. This Agreement shall be governed by and construed in accordance with the laws of the state of New York applicable to contracts made and to be performed entirely within such state, without regard to its conflict of laws rules to the extent such laws are not preempted by federal law including but not limited to federal bankruptcy law.

L. This Agreement constitutes the full and complete integration of the parties' agreement and all statements, negotiations and prior agreements or understandings with respect to the subject matter contained herein are to be deemed fully and completely merged into this Agreement. This Agreement may be modified only by a written instrument signed by all parties hereto. Except as otherwise provided by this Agreement, the Employment Agreement will continue in full force and effect pursuant to its terms. For the avoidance of doubt, paragraph 13 of the Employment Agreement remains in effect though not specifically enumerated in clause B above.

M. This Agreement and all documents to be executed hereunder may be executed in multiple counterparts, each of which may be treated as an original document.

N. This Agreement and all documents to be executed hereunder may be executed by facsimile, and both facsimile and photocopies may be treated as original documents.

O. Each person signing this Agreement represents that he or she has the full authority to bind the party on behalf of whom or which he or she signs to the terms of this Agreement.

P. Notwithstanding anything to the contrary herein, in the event (i) the approval of Amendment No. 3 by the U.S. Bankruptcy Court for the Southern District of New York is not received, (ii) the Company does not pay to Individual when and as required by Amendment No. 3 (x) the Sale Transaction Closing Award (as defined in Section 9 of the Employment Agreement) or (y) the Sale Transaction Closing Special Award (as defined in Section 10(e) of the Employment Agreement), or (iii) Individual does not receive a release and exculpation from each Debtor (a) in the case of a Debtor that emerges from bankruptcy through a plan of reorganization, in that plan in the form of the exculpation and release included in the Fifth Amended Chapter 11 Plan for Adelphia Communications Corporation and Certain of its Affiliates, as filed on August 18, 2006 (the "Plan"), and (b) in the case of each Debtor that emerges from bankruptcy through a liquidation, from a Trustee appointed in that liquidation and in substantially the form of the exculpation and release in the Plan, this Waiver and Release Agreement shall be null and void *ab initio* and without any further force or effect and the occurrence of each of the events described in the preceding clauses (i) through (iii) is a condition to the effectiveness of this Waiver and Release Agreement.

THIS IS A RELEASE − READ CAREFULLY BEFORE SIGNING

By signing below, I acknowledge that I have read, understood and accept the terms and conditions of this AGREEMENT, including the Dispute Resolution Provision set forth in paragraph J above.

IN WITNESS THEREOF, and intending to be legally bound, the parties have executed this Agreement.

/s/ William T. Schleyer

William T. Schleyer

STATE OF NEW YORK)
) ss.
COUNTY OF NEW YORK)

The foregoing instrument was acknowledged before me this 6th day of Sept., 2006, by Rebecca Levine.

Witness my hand and official seal.

My commission expires 2010.

[SEAL]

/s/ Rebecca Levine

Notary Public

ADELPHIA COMMUNICATIONS CORPORATION
"Company"

By: /s/ Vanessa Wittman

STATE OF COLORDO)
) ss.
COUNTY OF ARAPAHOE)

The foregoing instrument was acknowledged before me this 20th day of Sept., 2006, by Vanessa Wittman, duly authorized.

Witness my hand and official seal.

My commission expires 4/27/2010.

[SEAL]

/s/ Patricia A. Conroy

Notary Public

EXHIBIT B

WAIVER AND RELEASE AGREEMENT

This Waiver and Release Agreement (hereinafter "Agreement") is executed on the dates indicated below, by Adelphia Communications Corporation, and any parent, predecessor, or current or former subsidiary or affiliated company of any of them, or successor of any of them, or benefit plan maintained by any of them, and the directors, officers, employees, shareholders (solely in their capacity as such), and agents of any or all of them (collectively, the "Company") and William T. Schleyer individually, and on behalf of all successors, heirs and assigns ("Individual").

A. Individual and Company are party to an employment agreement, as amended on February 21, 2003, March 10, 2003 and , 2006 (the `Employment Agreement").

B. In consideration for the benefits afforded to Individual by Amendment No. 3 to the Employment Agreement, and other than claims for vested benefits and compensation, unemployment compensation, worker' s compensation, indemnification and liability insurance as described in the Employment Agreement, and other payments, compensation and benefits otherwise due to Individual under Amendment No. 3 to the Employment Agreement or under Sections 1, 2, 3, 4, 6, 7, 8, 9, 10(e), 14, 15, 16 and 19 of the Employment Agreement, including reimbursement of any business expenses incurred prior to Individual' s last day of employment with Company and submitted in accordance with Company policy, due to Individual, Individual hereby knowingly and voluntarily fully hereby irrevocably and unconditionally RELEASES, REMISES AND **FOREVER DISCHARGES** Company from any and all charges, complaints, claims (as defined in 11 U.S.C. §105(5)), liabilities, obligations, promises, agreements, controversies, damages, actions, causes of action, suits, rights, demands, costs, losses, debts and expenses (including attorney' s fees and costs actually incurred) of any nature whatsoever, known or unknown, suspected or unsuspected, arising out of or relating in any way to his employment with the Company under the Age Discrimination in Employment Act, as amended ("ADEA"); (hereinafter referred to as "Individual Claim" or "Individual Claims"), which Individual now has, owns or holds, or claims to have, own or hold, or which Individual at any time heretofore had, owned or held, or claimed to have, own or hold against Company up to and including the date indicated below. Individual acknowledges that upon receipt of payments required to be made under Amendment No. 3 to the Employment Agreement, the obligations of the Company under Sections 8, 9 and 10(a) through (e) (as such sections existed under the Employment Agreement prior to Amendment No. 3 thereto) will be satisfied.

Individual agrees Individual has not filed any Claim, complaint or charge with any local, State, or federal agency or enforcement body, and that if such a Claim, complaint or charge is filed, Individual shall immediately withdraw such Claim, complaint or charge; provided, however, that the foregoing does not affect any right to file an administrative charge with the Equal Employment Opportunity Commission ("EEOC"), subject to the restriction that if any such charge is filed, Individual agrees and covenants that should he or any other person, organization, or other entity file, charge, claim, sue or cause or permit to be filed any charge with the EEOC, civil action, suit or legal proceeding against Company involving any matter occurring at any time in the past, Individual will not seek or accept any personal relief (including, but not limited to, monetary award, recovery, relief or settlement) in such charge, civil action, suit or proceeding.

C. Individual and Company have had an adequate opportunity to negotiate these terms, have had an adequate opportunity to consult with counsel if so desired, and this Agreement sets forth the complete agreement between Individual and Company. No other covenants or representations, express or implied, have been made or relied upon, and no other consideration, other than that set forth herein, is due or owing.

D. Individual acknowledges that Individual has been advised by Company to consult with an attorney prior to executing this Agreement. Individual also acknowledges being given at least twenty-one (21) days within which to consider this Agreement, and Individual has been advised that for a period of seven (7) days following execution of this Agreement, Individual may revoke this Agreement with respect to the ADEA claims and that it shall not become effective or enforceable as to the ADEA claims until the later of (i) the expiration of said seven (7) day period or (ii) the date this Agreement is approved by the U.S. Bankruptcy Court for the Southern District of New York. Individual agrees that changes in this Agreement will not restart the running of the aforementioned 21-day consideration period. Individual also agrees that Individual may sign this Agreement at any time during the 21-day period, and that any decision by Individual to do so has not been induced by Company through fraud, misrepresentation, coercion, or a threat to withdraw or alter the offer contained in this Agreement prior to the expiration of the 21-day time period, or by offering different terms if the Agreement is signed prior to the expiration of the 21-day time period.

E. Individual represents that Individual has read this Agreement and fully understands each of its terms. Individual further represents that no representations, promises, agreements, stipulations, or other statements have been made by Company to induce this Agreement, beyond those contained herein. Individual further represents that Individual is of sound mind, and knowingly and voluntarily signs this Agreement as Individual' s own free act, and that Individual is not acting under any coercion or duress.

F. If any provision of this Agreement should be declared to be unenforceable by any administrative agency or court of law, the remainder of the Agreement shall remain in full force and effect, and shall be binding upon the parties hereto as if the invalidated provision were not part of this Agreement.

G. As a free and voluntary act, Individual agrees that he will make no written or oral statements that directly or indirectly disparage the Company in any manner whatsoever, including but not limited to: (a) the working conditions or employment practices of Company or (b) Company as a provider of cable television services or other products and services.

H. Subject to Section 14 of the Individual' s Employment Agreement, all payments under this Agreement will be subject to applicable withholding taxes.

I. Any Individual Claims arising under this Agreement, whether arising in contract, statute, tort, fraud, misrepresentation, discrimination, common law or any other legal theory, including, but not limited to disputes relating to the making, performance or interpretation of this Agreement; whenever brought, shall be brought in the United States District Court for the Southern District of New York. **By signing this Agreement, Individual and the Company voluntarily, knowingly and intelligently waive any right they each may have to a jury trial in the event of a breach of this Agreement.**

J. This Agreement shall be governed by and construed in accordance with the laws of the state of New York applicable to contracts made and to be performed entirely within such state, without regard to its conflict of laws rules to the extent such laws are not preempted by federal law including but not limited to federal bankruptcy law.

K. This Agreement constitutes the full and complete integration of the parties' agreement and all statements, negotiations and prior agreements or understandings with respect to the subject matter contained herein are to be deemed fully and completely merged into this

Agreement. This Agreement may be modified only by a written instrument signed by all parties hereto. Except as otherwise provided by this Agreement, the Employment Agreement will continue in full force and effect pursuant to its terms. For the avoidance of doubt, paragraph 13 of the Employment Agreement remains in effect though not specifically enumerated in clause B above.

L. This Agreement and all documents to be executed hereunder may be executed in multiple counterparts, each of which may be treated as an original document.

M. This Agreement and all documents to be executed hereunder may be executed by facsimile, and both facsimile and photocopies may be treated as original documents.

N. Each person signing this Agreement represents that he or she has the full authority to bind the party on behalf of whom or which he or she signs to the terms of this Agreement.

O. Notwithstanding anything to the contrary herein, in the event (i) the approval of Amendment No. 3 by the U.S. Bankruptcy Court for the Southern District of New York is not received, (ii) the Company does not pay to Individual when and as required by Amendment No. 3 (x) the Sale Transaction Closing Award (as defined in Section 9 of the Employment Agreement) or (y) the Sale Transaction Closing Special Award (as defined in Section 10(e) of the Employment Agreement), or (iii) Individual does not receive a release and exculpation from each Debtor (a) in the case of a Debtor that emerges from bankruptcy through a plan of reorganization, in that plan in the form of the exculpation and release included in the Fifth Amended Chapter 11 Plan for Adelphia Communications Corporation and Certain of its Affiliates, as filed on August 18, 2006 (the "Plan"), and (b) in the case of each Debtor that emerges from bankruptcy through a liquidation, from a Trustee appointed in that liquidation and in substantially the form of the exculpation and release in the Plan, this Waiver and Release Agreement shall be null and void *ab initio* and without any further force or effect and the occurrence of each of the events described in the preceding clauses (i) through (iii) is a condition to the effectiveness of this Waiver and Release Agreement.

THIS IS A RELEASE − READ CAREFULLY BEFORE SIGNING

By signing below, I acknowledge that I have read, understood and accept the terms and conditions of this AGREEMENT, including the Dispute Resolution Provision set forth in paragraph I above.

IN WITNESS THEREOF, and intending to be legally bound, the parties have executed this Agreement.

/s/ William T. Schleyer

William T. Schleyer

STATE OF NEW YORK)
) ss.
COUNTY OF NEW YORK)

The foregoing instrument was acknowledged before me this 7th day of September, 2006, by Rebecca Levine.

Witness my hand and official seal.

My commission expires 2010.

[SEAL]

/s/ Rebecca Levine

Notary Public

ADELPHIA COMMUNICATIONS CORPORATION
"Company"

By: /s/ Vanessa Wittman

STATE OF COLORDO)
) ss.
COUNTY OF ARAPAHOE)

The foregoing instrument was acknowledged before me this 20th day of Sept., 2006, by Vanessa Wittman, duly authorized.

Witness my hand and official seal.

My commission expires 4/27/2010.

[SEAL]

/s/ Patricia A. Conroy
Notary Public

FIRST AMENDMENT TO
EMPLOYMENT AGREEMENT

This FIRST AMENDMENT (this "First Amendment") to the Employment Agreement, made and entered into by and between Adelphia Communications Corporation, a Delaware corporation (together with its successors and assigns, the "Company"), and Vanessa Wittman (the "Executive") is effective as of the 31st day of May 2006 (the "Effective Date").

WHEREAS, the Executive and the Company entered into that certain Employment Agreement dated May 8, 2003 (the "Employment Agreement"), attached hereto as Exhibit A; and

WHEREAS, the Company and the Executive now desire to amend the Employment Agreement to provide for the payment of severance benefits in a lump sum and to comply with Section 409A of the Internal Revenue Code of 1986, as amended.

NOW, THEREFORE, in consideration of the premises and the mutual agreements hereinafter contained, the parties do hereby amend the Employment Agreement as follows, effective as of the Effective Date:

1. Section 9(c)(v) shall be amended in its entirety to provide as follows:

"(v) payment of an amount equal to two times the Base Salary (based on such Base Salary in effect immediately prior to Executive' s termination); such amount to be paid to Executive in a lump sum within 15 days following Executive' s termination date; and"

2. Section 9(c)(vi) shall be amended in its entirety to provide as follows:

"(vi) payment of an amount equal to the COBRA premiums for Company-paid health insurance for Executive (on the same basis as provided to Executive immediately prior to Executive' s termination) for the one-year period following Executive' s termination, such amount to be paid to Executive in a lump sum within 15 days following Executive' s termination date."

3. New Section 9(f) shall be added to the Employment Agreement and shall read as follows:

"(f) Delayed Payments. Notwithstanding any provision herein to the contrary, any payment otherwise required to be made hereunder to Executive at any date as a result of the termination of Executive' s employment shall be delayed for such period of time as may be necessary to satisfy Section 409A(a)(2)(B)(i) of the Internal Revenue Code of 1986, as amended (the "Code"). On the earliest date on which such payments can be made without violating the requirements of section 409A(a)(2)(B)(i) of the Code,

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there shall be paid to Executive, in a single cash lump sum, an amount equal to the aggregate amount of all payments delayed pursuant to the preceding sentence."

4. Defined terms used herein and not otherwise defined in this First Amendment shall have the same meaning ascribed to them in the Employment Agreement.

5. Except as amended and modified hereby, the terms of the Employment Agreement shall remain in full force and effect.

6. THIS FIRST AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF COLORADO APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED ENTIRELY WITHIN SUCH STATE, WITHOUT REGARD TO ITS CONFLICT OF LAWS RULES TO THE EXTENT SUCH LAWS ARE NOT PREEMPTED BY FEDERAL BANKRUPTCY LAW.

The parties hereby (i) submit to the exclusive jurisdiction of the courts of the State of Colorado and the U.S. federal courts sitting in Colorado, provided that until the consummation of the Plan, the Bankruptcy Court shall have exclusive jurisdiction for any action or proceeding relating to this First Amendment, (ii) consent that any such action or proceeding may be brought in any such venue, (iii) waive any objection that any such action or proceeding, if brought in any such venue, was brought in any inconvenient forum and agree not to claim the same, (iv) agree that any judgment in any such action or proceeding may be enforced in other jurisdictions, (v) consent to service of process at the address set forth in Section 22 of the Employment Agreement (or to such other addresses as Party may designate by notice to the other Party), and (vi) to the extent applicable, waive their respective rights to a jury trial of any claim or cause of action based on or arising out of this First Amendment or any dealings between them relating to the subject matter of this First Amendment.

7. This First Amendment may be executed in one or more counterparts (including by facsimile), each of which shall be deemed an original and all of which together shall be considered one and the same instrument.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have entered into the First Amendment to the Employment Agreement as of the day and year first written above.

VANESSA WITTMAN

/s/ Vanessa Wittman

ADELPHIA COMMUNICATIONS CORPORATION

/s/ David R. Brunick
By: David R. Brunick
Title: SVP HR

EXHIBIT 10.10

FIRST AMENDMENT TO
EMPLOYMENT AGREEMENT

This FIRST AMENDMENT (this “First Amendment”) to the Employment Agreement, made and entered into by and between Adelphia Communications Corporation, a Delaware corporation (together with its successors and assigns, the “Company”), and Brad Sonnenberg (the “Executive”) is effective as of the 31st day of May 2006 (the “Effective Date”).

WHEREAS, the Executive and the Company entered into that certain Employment Agreement dated July 21, 2003 (the “Employment Agreement”), attached hereto as Exhibit A; and

WHEREAS, the Company and the Executive now desire to amend the Employment Agreement to provide for the payment of severance benefits in a lump sum and to comply with Section 409A of the Internal Revenue Code of 1986, as amended.

NOW, THEREFORE, in consideration of the premises and the mutual agreements hereinafter contained, the parties do hereby amend the Employment Agreement as follows, effective as of the Effective Date:

1. Section 9(c)(v) shall be amended in its entirety to provide as follows:

“(v) payment of an amount equal to two times the Base Salary (based on such Base Salary in effect immediately prior to Executive’ s termination); such amount to be paid to Executive in a lump sum within 15 days following Executive’ s termination date; and”

2. Section 9(c)(vi) shall be amended in its entirety to provide as follows:

“(vi) payment of an amount equal to the COBRA premiums for Company-paid health insurance for Executive (on the same basis as provided to Executive immediately prior to Executive’ s termination) for the one-year period following Executive’ s termination, such amount to be paid to Executive in a lump sum within 15 days following Executive’ s termination date.”

3. New Section 9(f) shall be added to the Employment Agreement and shall read as follows:

“(f) Delayed Payments. Notwithstanding any provision herein to the contrary, any payment otherwise required to be made hereunder to Executive at any date as a result of the termination of Executive’ s employment shall be delayed for such period of time as may be necessary to satisfy Section 409A(a)(2)(B)(i) of the Internal Revenue Code of 1986, as amended (the “Code”). On the earliest date on which such payments can be made without violating the requirements of section 409A(a)(2)(B)(i) of the Code, there shall be paid to Executive, in a single cash lump sum, an amount equal to the aggregate amount of all payments delayed pursuant to the preceding sentence."

4. Defined terms used herein and not otherwise defined in this First Amendment shall have the same meaning ascribed to them in the Employment Agreement.

5. Except as amended and modified hereby, the terms of the Employment Agreement shall remain in full force and effect.

6. THIS FIRST AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF COLORADO APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED ENTIRELY WITHIN SUCH STATE, WITHOUT REGARD TO ITS CONFLICT OF LAWS RULES TO THE EXTENT SUCH LAWS ARE NOT PREEMPTED BY FEDERAL BANKRUPTCY LAW.

The parties hereby (i) submit to the exclusive jurisdiction of the courts of the State of Colorado and the U.S. federal courts sitting in Colorado, provided that until the consummation of the Plan, the Bankruptcy Court shall have exclusive jurisdiction for any action or proceeding relating to this First Amendment, (ii) consent that any such action or proceeding may be brought in any such venue, (iii) waive any objection that any such action or proceeding, if brought in any such venue, was brought in any inconvenient forum and agree not to claim the same, (iv) agree that any judgment in any such action or proceeding may be enforced in other jurisdictions, (v) consent to service of process at the address set forth in Section 22 of the Employment Agreement (or to such other addresses as Party may designate by notice to the other Party), and (vi) to the extent applicable, waive their respective rights to a jury trial of any claim or cause of action based on or arising out of this First Amendment or any dealings between them relating to the subject matter of this First Amendment.

7. This First Amendment may be executed in one or more counterparts (including by facsimile), each of which shall be deemed an original and all of which together shall be considered one and the same instrument.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have entered into the First Amendment to the Employment Agreement as of the day and year first written above.

BRAD SONNENBERG

/s/ Brad Sonnenberg

ADELPHIA COMMUNICATIONS
CORPORATION

/s/ David R. Brunick

By: David R. Brunick

Title: SVP HR

EXHIBIT 10.11

SECOND AMENDMENT TO
EMPLOYMENT AGREEMENT

This SECOND AMENDMENT (this “Second Amendment”) to the Employment Agreement, made and entered into by and between Adelphia Communications Corporation, a Delaware corporation (together with its successors and assigns, the “Company”), and Vanessa Wittman (the “Executive”) is effective as of the 11th day of October, 2006 (the “Effective Date”).

WHEREAS, the Executive and the Company entered into that certain Employment Agreement dated May 8, 2003, as amended on May 31, 2006 (together, the “Employment Agreement”);

WHEREAS, on September 21, 2006, the United States Bankruptcy Court for the Southern District of New York, such court having jurisdiction over the chapter 11 cases currently pending with respect to the Company and those of its affiliates that are debtors and debtors in possession under Chapter 11 of the Bankruptcy Code whose cases are jointly administered under case number 02-41729 (REG) (the “Debtors”), issued an order (the “Order”) authorizing and approving the implementation of the Debtors’ extended post-closing incentive plan for the Executive, including certain amendments to the Employment Agreement; and

WHEREAS, the Company and the Executive now desire to amend the Employment Agreement in accordance with the Order.

NOW, THEREFORE, in consideration of the premises and the mutual agreements hereinafter contained, the parties do hereby amend the Employment Agreement as follows, effective as of the Effective Date:

1. Effective August 1, 2006, Executive’ s annual Base Salary shall be $2,359,800 to be paid in bi-weekly installments (net of any amounts required to be withheld under applicable federal, state or local income tax laws).

2. The following shall be added to the end of Section 1(i) of the Employment Agreement:

“For purposes of this Agreement, voluntary termination by Executive pursuant to the Effective Date Termination provision of the Extended EVP Post Close Incentive Program shall be deemed to be a termination by the Executive for Good Reason.”

3. The following definitions shall be added to Section 1 of the Employment Agreement:

“Debtors” shall mean the Company and those of its affiliates that are debtors and debtors in possession under Chapter 11 of the Bankruptcy Code whose cases are jointly administered under case number 02-41729 (REG).

“Extended EVP Post Close Incentive Program” shall mean that certain Extended EVP Post Close Incentive Program, as adopted and approved by the United States Bankruptcy Court for the Southern District of New York on September 21, 2006.

“Effective Date Termination” shall have the meaning ascribed to such term in the Extended EVP Post Close Incentive Program.

4. Defined terms used herein and not otherwise defined in this Second Amendment shall have the same meaning ascribed to them in the Employment Agreement.

5. Except as amended and modified hereby, the terms of the Employment Agreement shall remain in full force and effect, provided that such terms shall not impair Executive' s rights and benefits under the Extended EVP Post Close Incentive Program.

6. THIS SECOND AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF COLORADO APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED ENTIRELY WITHIN SUCH STATE, WITHOUT REGARD TO ITS CONFLICT OF LAWS RULES TO THE EXTENT SUCH LAWS ARE NOT PREEMPTED BY FEDERAL BANKRUPTCY LAW.

The parties hereby (i) submit to the exclusive jurisdiction of the courts of the State of Colorado and the U.S. federal courts sitting in Colorado, provided that until the consummation of the Plan, the Bankruptcy Court shall have exclusive jurisdiction for any action or proceeding relating to this Second Amendment, (ii) consent that any such action or proceeding may be brought in any such venue, (iii) waive any objection that any such action or proceeding, if brought in any such venue, was brought in any inconvenient forum and agree not to claim the same, (iv) agree that any judgment in any such action or proceeding may be enforced in other jurisdictions, (v) consent to service of process at the address set forth in Section 22 of the Employment Agreement (or to such other addresses as Party may designate by notice to the other Party), and (vi) to the extent applicable, waive their respective rights to a jury trial of any claim or cause of action based on or arising out of this Second Amendment or any dealings between them relating to the subject matter of this Second Amendment.

7. This Second Amendment may be executed in one or more counterparts (including by facsimile), each of which shall be deemed an original and all of which together shall be considered one and the same instrument.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have entered into the Second Amendment to the Employment Agreement as of the day and year first written above.

VANESSA WITTMAN

/s/ Vanessa Wittman

ADELPHIA COMMUNICATIONS CORPORATION

/s/ Jerry Rybin

By: Jerry Rybin

Title: VP − Human Resources

EXHIBIT 10.12

SECOND AMENDMENT TO
EMPLOYMENT AGREEMENT

This SECOND AMENDMENT (this "Second Amendment") to the Employment Agreement, made and entered into by and between Adelphia Communications Corporation, a Delaware corporation (together with its successors and assigns, the "Company"), and Brad Sonnenberg (the "Executive") is effective as of the 11th day of October, 2006 (the "Effective Date").

WHEREAS, the Executive and the Company entered into that certain Employment Agreement dated July 21, 2003, as amended on May 31, 2006 (together, the "Employment Agreement");

WHEREAS, on September 21, 2006, the United States Bankruptcy Court for the Southern District of New York, such court having jurisdiction over the chapter 11 cases currently pending with respect to the Company and those of its affiliates that are debtors and debtors in possession under Chapter 11 of the Bankruptcy Code whose cases are jointly administered under case number 02-41729 (REG) (the "Debtors"), issued an order (the "Order") authorizing and approving the implementation of the Debtors' extended post-closing incentive plan for the Executive, including certain amendments to the Employment Agreement; and

WHEREAS, the Company and the Executive now desire to amend the Employment Agreement in accordance with the Order.

NOW, THEREFORE, in consideration of the premises and the mutual agreements hereinafter contained, the parties do hereby amend the Employment Agreement as follows, effective as of the Effective Date:

1. Effective August 1, 2006, Executive's annual Base Salary shall be $1,278,225 to be paid in bi-weekly installments (net of any amounts required to be withheld under applicable federal, state or local income tax laws).

2. The following shall be added to the end of Section 1(i) of the Employment Agreement:

"For purposes of this Agreement, voluntary termination by Executive pursuant to the Effective Date Termination provision of the Extended EVP Post Close Incentive Program shall be deemed to be a termination by the Executive for Good Reason."

3. The following definitions shall be added to Section 1 of the Employment Agreement:

"Debtors" shall mean the Company and those of its affiliates that are debtors and debtors in possession under Chapter 11 of the Bankruptcy Code whose cases are jointly administered under case number 02-41729 (REG).

"Extended EVP Post Close Incentive Program" shall mean that certain Extended EVP Post Close Incentive Program, as adopted and approved by the United States Bankruptcy Court for the Southern District of New York on September 21, 2006.

"Effective Date Termination" shall have the meaning ascribed to such term in the Extended EVP Post Close Incentive Program.

4. Defined terms used herein and not otherwise defined in this Second Amendment shall have the same meaning ascribed to them in the Employment Agreement.

5. Except as amended and modified hereby, the terms of the Employment Agreement shall remain in full force and effect, provided that such terms shall not impair Executive' s rights and benefits under the Extended EVP Post Close Incentive Program.

6. THIS SECOND AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF COLORADO APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED ENTIRELY WITHIN SUCH STATE, WITHOUT REGARD TO ITS CONFLICT OF LAWS RULES TO THE EXTENT SUCH LAWS ARE NOT PREEMPTED BY FEDERAL BANKRUPTCY LAW.

The parties hereby (i) submit to the exclusive jurisdiction of the courts of the State of Colorado and the U.S. federal courts sitting in Colorado, provided that until the consummation of the Plan, the Bankruptcy Court shall have exclusive jurisdiction for any action or proceeding relating to this Second Amendment, (ii) consent that any such action or proceeding may be brought in any such venue, (iii) waive any objection that any such action or proceeding, if brought in any such venue, was brought in any inconvenient forum and agree not to claim the same, (iv) agree that any judgment in any such action or proceeding may be enforced in other jurisdictions, (v) consent to service of process at the address set forth in Section 22 of the Employment Agreement (or to such other addresses as Party may designate by notice to the other Party), and (vi) to the extent applicable, waive their respective rights to a jury trial of any claim or cause of action based on or arising out of this Second Amendment or any dealings between them relating to the subject matter of this Second Amendment.

7. This Second Amendment may be executed in one or more counterparts (including by facsimile), each of which shall be deemed an original and all of which together shall be considered one and the same instrument.

[signature page follows]

IN WITNESS WHEREOF, the parties hereto have entered into the Second Amendment to the Employment Agreement as of the day and year first written above.

BRAD SONNENBERG

/s/ Brad Sonnenberg

ADELPHIA COMMUNICATIONS CORPORATION

/s/ Jerry Rybin
By: Jerry Rybin
Title: VP – Human Resources

EXHIBIT 10.13

CONFIDENTIAL

Terms of Extended EVP Post Close Incentive Program

Participants: Vanessa Wittman and Brad Sonnenberg ("EVPs")

Existing Program: The Extended EVP Post Close Incentive Program outlined herein is intended to be in lieu of the PKERP.(1) The Extended EVP Post Close Incentive Program is in addition to, and not in lieu of, any applicable compensation and benefits programs of the Company, other than the PKERP, in which the EVPs participate prior to the Post Close Period.

Employment Period: The Post Close Period will be from August 1, 2006 through December 31, 2006 (the "Post Close Period"). In the event the Company is required to file a Form 10-K, at the sole discretion of the Creditors' Committee, the EVPs may continue to be employed by the Company from January 1, 2007 through March 31, 2007 (the "Extended Post Close Period"). If it seeks to employ the EVPs during the Extended Post Close Period, the Creditors' Committee or Plan Administrator (as applicable) must notify the EVPs, in writing, no later than November 15, 2006.

EVP Bonus: Subject to the termination provisions below, EVPs employed during the Post Close Period will receive a bonus (the "Post-Close Bonus") equal to five months of Adjusted Base Salary (as defined in the PKERP Motion).

Subject to the termination provisions below, EVPs employed during the Extended Post Close Period will receive a bonus (the "Extended Post-Close Bonus") equal to three months of Adjusted Base Salary.

Such bonuses shall be paid net of any amounts required to be withheld under applicable federal, state, or local income tax laws.

Payment of such bonuses will be conditioned on execution and delivery by the EVP of a general release of claims against the Company and the Plan Administrator relating to claims, if any, accrued up to the execution of such release, and shall provide that such release does not extend to (a) compensation or benefits to be provided by, or any other obligation otherwise due to be performed by, the Company or the Plan Administrator

(1) The "PKERP" refers to the incentive program that was the subject of the Debtors' Motion for Order Pursuant to Sections 105(a) and 363(b) of the Bankruptcy Code Authorizing Implementation of Post-Closing Incentive Program and Granting Related Relief, which was approved by the Bankruptcy Court on July 26, 2006 (the "PKERP Order"). The other relief granted pursuant to the PKERP Order (e.g., the payment of Adjusted Base Salary) shall remain in effect and is not intended to be superseded by the terms herein.

in the future, and (b) claims for indemnification or the like, including without limitation, any claims based on indemnification agreements, the Company's by-laws, plan of reorganization, or other governance documents, as well as any claims under the Company's directors' and officers' insurance policies. The Company and Plan Administrator shall simultaneously execute and deliver to the EVPs general releases of claims, if any, accrued up to the execution of such release, and shall provide that such release does not extend to any obligation otherwise due to be performed by the EVPs in the future.

Timing of Payment: Subject to the termination provisions below:

- 50% of an EVP's Post Close Bonus will be paid on the date that is the earlier of: (i) the end of the Post Close Period; and (ii) the Effective Date of a Plan of Reorganization for substantially all of the Debtors (the "Effective Date"); and
- The remaining 50% of each EVP's Post Close Bonus will be paid at the end of the Post Close Period.

- 100% of an EVP' s Extended Post-Close Bonus (if applicable) will be paid at the end of the Extended Post Close Period.

Termination: The Company or Plan Administrator (as applicable) may terminate one or both EVPs prior to the end of the Post Closing Period (or the end of the Extended Post Close Period, as applicable) only (i) for cause, (ii) upon mutual agreement between the EVP and the Company ("Mutual Termination"), or (iii) as a result of the EVP' s death or disability. The terms "cause" and "disability" shall have the meanings assigned to them in the EVPs' existing employment agreements (the "Existing EVP Agreements"). Following any termination by an EVP, the Company, or Plan Administrator, each EVP will be entitled to receive his or her accrued but unpaid Adjusted Base Salary and benefits through the date of termination, such amount to be paid not later than 8 days following the date of such termination. Following a Mutual Termination or termination for death or disability, an EVP will be entitled to receive his or her aggregate Post-Close Bonus (and Extended Post-Close Bonus, as applicable) not later than 8 days following the date of termination.

In the event the Company or Plan Administrator seeks to terminate one or both EVPs without cause and such EVPs do not agree to a Mutual Termination, the Company or Plan Administrator may, at any time during the Post Closing Period (or the Extended Post Close Period, as applicable), require the EVP not to attend his or her work provided that the EVP shall be entitled to receive his or her Adjusted Base Salary and benefits during any such period and for purposes of this Extended EVP Post Close

Incentive Program will remain an employee of the Company during such period.

If the Effective Date occurs prior to the end of either the Post Close Period or the Extended Post Close Period, as applicable, the EVPs may elect to voluntarily terminate their employment (an "Effective Date Termination"). In such case and at the sole discretion of the Creditors' Committee, the EVPs shall remain available to consult for the Company from the date of the Effective Date Termination through the three month anniversary of the Effective Date Termination. In the event of an Effective Date Termination, the Creditors' Committee will notify the EVPs if they will be required to serve as a consultant on the date of such termination. In the event of an Effective Date Termination, the EVPs shall be entitled to receive the *pro rata* share of their Post-Close Bonus and/or Extended Post-Close Bonus, as applicable, that relates to the period between 8/01/06 and the date of Effective Date Termination. In the event an EVP terminates his or her employment for "Good Reason" (other than an Effective Date Termination), such EVP shall be entitled to be paid on such termination date his or her aggregate Post-Close Bonus (and Extended Post-Close Bonus, as applicable) and his or her aggregate Adjusted Base Salary from such termination through the end of the Post Close Period (and Extended Post Close Period, as applicable).

Except in the event of an Effective Date Termination or termination for "Good Reason," EVPs who voluntarily terminate their employment prior to the end of either the Post Close Period or Extended Post Close Period, as applicable, will forfeit any unpaid bonus amounts.

If interim bonus payments previously have been made pursuant to the section captioned "Timing" above, the bonus payments provided for in this section on "Termination" shall be paid only to the extent of the excess of such bonuses payable on termination over such previously paid interim bonuses.

Consulting Period: At the sole discretion of the Creditors' Committee, and in the event that the EVPs will not be employed by the Company throughout the Extended Post Close Period, each EVP agrees to consult for the Company for a period beginning at termination of employment and ending the earlier of (a) three months following the termination of employment and (b) March 31, 2007 (the "Consulting Period"). Except in the event of an Effective Date Termination, the Creditors' Committee will notify the EVPs if they will be required to serve as consultants during the Consulting Period no later than 30 days prior to the end of the Post Close Period. The Consulting Period may be terminated by the Company or the Plan Administrator by delivering written notice to the EVP no less than 30 days prior to the date on which the Consulting Period will terminate.

Consulting Fees:	In consideration of the agreement to consult, EVPs will continue to be paid the *pro rata* portion of their annual Adjusted Base Salary every two weeks. The Company and the EVP will enter into a customary consulting agreement which contains customary expense reimbursement and indemnity provisions.
Severance:	On the date on which the Court approves the Extended EVP Post Close Incentive Program, the Company will pay to each EVP the severance (the "Severance Payments") provided for in the Existing EVP Agreements in cases of a termination by the Company without cause. The Existing EVP Agreements will be amended to provide that an Effective Date Termination will be included in the definition of "Good Reason." Notwithstanding anything herein to the contrary, upon receipt of the Severance Payments, the EVPs shall not be entitled to any additional severance payment pursuant to the Existing EVP Agreements or otherwise.
Indemnity:	The Company shall (a) provide indemnification agreements to the EVPs containing customary terms (in no event less favorable to the EVPs than those provided to the Company' s directors) and (b) maintain by-laws that provide for exculpation and indemnification to the maximum extent permitted by Delaware law.
Miscellaneous:	The EVPs will remain on the Company' s health plan until the date that their employment is terminated. Thereafter, the EVPs will be entitled to COBRA coverage under the terms of their Existing EVP Agreements for the period specified in their existing employment agreements plus an additional period equal to the length of time during which the EVP serves as a consultant.
Court Approval:	The Creditors' Committee and the Debtors shall file a joint motion seeking approval of the relief related to the EVPs.

Please acknowledge your agreement with the foregoing terms.

____

Authorized Representative of the
Official Committee of Unsecured Creditors

Agreed to:

ADELPHIA COMMUNICATIONS CORPORATION

By: /s/ Jerry Rybin, VP - HR

Date:10-10-06

VANESSA WITTMAN

/s/ Vanessa Wittman

Date: 9/26/06

CONFIDENTIAL

Terms of Extended EVP Post Close Incentive Program

Participants: Vanessa Wittman and Brad Sonnenberg ("EVPs")

Existing Program: The Extended EVP Post Close Incentive Program outlined herein is intended to be in lieu of the PKERP.(1) The Extended EVP Post Close Incentive Program is in addition to, and not in lieu of, any applicable compensation and benefits programs of the Company, other than the PKERP, in which the EVPs participate prior to the Post Close Period.

Employment Period: The Post Close Period will be from August 1, 2006 through December 31, 2006 (the "Post Close Period"). In the event the Company is required to file a Form 10-K, at the sole discretion of the Creditors' Committee, the EVPs may continue to be employed by the Company from January 1, 2007 through March 31, 2007 (the "Extended Post Close Period"). If it seeks to employ the EVPs during the Extended Post Close Period, the Creditors' Committee or Plan Administrator (as applicable) must notify the EVPs, in writing, no later than November 15, 2006.

EVP Bonus: Subject to the termination provisions below, EVPs employed during the Post Close Period will receive a bonus (the "Post-Close Bonus") equal to five months of Adjusted Base Salary (as defined in the PKERP Motion).

Subject to the termination provisions below, EVPs employed during the Extended Post Close Period will receive a bonus (the "Extended Post-Close Bonus") equal to three months of Adjusted Base Salary.

Such bonuses shall be paid net of any amounts required to be withheld under applicable federal, state, or local income tax laws.

Payment of such bonuses will be conditioned on execution and delivery by the EVP of a general release of claims against the Company and the Plan Administrator relating to claims, if any, accrued up to the execution of such release, and shall provide that such release does not extend to (a) compensation or benefits to be provided by, or any other obligation otherwise due to be performed by, the Company or the Plan Administrator

(1) The "PKERP" refers to the incentive program that was the subject of the Debtors' Motion for Order Pursuant to Sections 105(a) and 363(b) of the Bankruptcy Code Authorizing Implementation of Post-Closing Incentive Program and Granting Related Relief, which was approved by the Bankruptcy Court on July 26, 2006 (the "PKERP Order"). The other relief granted pursuant to the PKERP Order (e.g., the payment of Adjusted Base Salary) shall remain in effect and is not intended to be superseded by the terms herein.

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in the future, and (b) claims for indemnification or the like, including without limitation, any claims based on indemnification agreements, the Company's by-laws, plan of reorganization, or other governance documents, as well as any claims under the Company's directors' and officers' insurance policies. The Company and Plan Administrator shall simultaneously execute and deliver to the EVPs general releases of claims, if any, accrued up to the execution of such release, and shall provide that such release does not extend to any obligation otherwise due to be performed by the EVPs in the future.

Timing of Payment: Subject to the termination provisions below:

- 50% of an EVP's Post Close Bonus will be paid on the date that is the earlier of: (i) the end of the Post Close Period; and (ii) the Effective Date of a Plan of Reorganization for substantially all of the Debtors (the "Effective Date"); and
- The remaining 50% of each EVP's Post Close Bonus will be paid at the end of the Post Close Period.

- 100% of an EVP' s Extended Post-Close Bonus (if applicable) will be paid at the end of the Extended Post Close Period.

Termination: The Company or Plan Administrator (as applicable) may terminate one or both EVPs prior to the end of the Post Closing Period (or the end of the Extended Post Close Period, as applicable) only (i) for cause, (ii) upon mutual agreement between the EVP and the Company ("Mutual Termination"), or (iii) as a result of the EVP' s death or disability. The terms "cause" and "disability" shall have the meanings assigned to them in the EVPs' existing employment agreements (the "Existing EVP Agreements"). Following any termination by an EVP, the Company, or Plan Administrator, each EVP will be entitled to receive his or her accrued but unpaid Adjusted Base Salary and benefits through the date of termination, such amount to be paid not later than 8 days following the date of such termination. Following a Mutual Termination or termination for death or disability, an EVP will be entitled to receive his or her aggregate Post-Close Bonus (and Extended Post-Close Bonus, as applicable) not later than 8 days following the date of termination.

In the event the Company or Plan Administrator seeks to terminate one or both EVPs without cause and such EVPs do not agree to a Mutual Termination, the Company or Plan Administrator may, at any time during the Post Closing Period (or the Extended Post Close Period, as applicable), require the EVP not to attend his or her work provided that the EVP shall be entitled to receive his or her Adjusted Base Salary and benefits during any such period and for purposes of this Extended EVP Post Close

Incentive Program will remain an employee of the Company during such period.

If the Effective Date occurs prior to the end of either the Post Close Period or the Extended Post Close Period, as applicable, the EVPs may elect to voluntarily terminate their employment (an "Effective Date Termination"). In such case and at the sole discretion of the Creditors' Committee, the EVPs shall remain available to consult for the Company from the date of the Effective Date Termination through the three month anniversary of the Effective Date Termination. In the event of an Effective Date Termination, the Creditors' Committee will notify the EVPs if they will be required to serve as a consultant on the date of such termination. In the event of an Effective Date Termination, the EVPs shall be entitled to receive the *pro rata* share of their Post-Close Bonus and/or Extended Post-Close Bonus, as applicable, that relates to the period between 8/01/06 and the date of Effective Date Termination. In the event an EVP terminates his or her employment for "Good Reason" (other than an Effective Date Termination), such EVP shall be entitled to be paid on such termination date his or her aggregate Post-Close Bonus (and Extended Post-Close Bonus, as applicable) and his or her aggregate Adjusted Base Salary from such termination through the end of the Post Close Period (and Extended Post Close Period, as applicable).

Except in the event of an Effective Date Termination or termination for "Good Reason," EVPs who voluntarily terminate their employment prior to the end of either the Post Close Period or Extended Post Close Period, as applicable, will forfeit any unpaid bonus amounts.

If interim bonus payments previously have been made pursuant to the section captioned "Timing" above, the bonus payments provided for in this section on "Termination" shall be paid only to the extent of the excess of such bonuses payable on termination over such previously paid interim bonuses.

Consulting Period: At the sole discretion of the Creditors' Committee, and in the event that the EVPs will not be employed by the Company throughout the Extended Post Close Period, each EVP agrees to consult for the Company for a period beginning at termination of employment and ending the earlier of (a) three months following the termination of employment and (b) March 31, 2007 (the "Consulting Period"). Except in the event of an Effective Date Termination, the Creditors' Committee will notify the EVPs if they will be required to serve as consultants during the Consulting Period no later than 30 days prior to the end of the Post Close Period. The Consulting Period may be terminated by the Company or the Plan Administrator by delivering written notice to the EVP no less than 30 days prior to the date on which the Consulting Period will terminate.

Consulting Fees:	In consideration of the agreement to consult, EVPs will continue to be paid the *pro rata* portion of their annual Adjusted Base Salary every two weeks. The Company and the EVP will enter into a customary consulting agreement which contains customary expense reimbursement and indemnity provisions.
Severance:	On the date on which the Court approves the Extended EVP Post Close Incentive Program, the Company will pay to each EVP the severance (the "Severance Payments") provided for in the Existing EVP Agreements in cases of a termination by the Company without cause. The Existing EVP Agreements will be amended to provide that an Effective Date Termination will be included in the definition of "Good Reason." Notwithstanding anything herein to the contrary, upon receipt of the Severance Payments, the EVPs shall not be entitled to any additional severance payment pursuant to the Existing EVP Agreements or otherwise.
Indemnity:	The Company shall (a) provide indemnification agreements to the EVPs containing customary terms (in no event less favorable to the EVPs than those provided to the Company' s directors) and (b) maintain by-laws that provide for exculpation and indemnification to the maximum extent permitted by Delaware law.
Miscellaneous:	The EVPs will remain on the Company' s health plan until the date that their employment is terminated. Thereafter, the EVPs will be entitled to COBRA coverage under the terms of their Existing EVP Agreements for the period specified in their existing employment agreements plus an additional period equal to the length of time during which the EVP serves as a consultant.
Court Approval:	The Creditors' Committee and the Debtors shall file a joint motion seeking approval of the relief related to the EVPs.

Please acknowledge your agreement with the foregoing terms.

____

Authorized Representative of the
Official Committee of Unsecured Creditors

Agreed to:

ADELPHIA COMMUNICATIONS CORPORATION

By: /s/ Jerry Rybin, VP - HR

Date: 10/4/06

BRAD SONNENBERG

/s/ Brad M. Sonnenberg

Date 10/4/06

EXHIBIT 31.1

CERTIFICATION

I, William T. Schleyer, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Adelphia Communications Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant' s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the registrant' s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the registrant' s internal control over financial reporting that occurred during the registrant' s most recent fiscal quarter (the registrant' s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant' s internal control over financial reporting; and

5. The registrant' s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant' s auditors and the audit committee of the registrant' s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant' s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant' s internal control over financial reporting.

Date: November 14, 2006

/s/ William T. Schleyer
William T. Schleyer
Chairman and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION

I, Vanessa A. Wittman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Adelphia Communications Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant' s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the registrant' s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the registrant' s internal control over financial reporting that occurred during the registrant' s most recent fiscal quarter (the registrant' s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant' s internal control over financial reporting; and

5. The registrant' s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant' s auditors and the audit committee of the registrant' s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant' s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant' s internal control over financial reporting.

Date: November 14, 2006

/s/ Vanessa A. Wittman

Vanessa A. Wittman
Chief Financial Officer

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Adelphia Communications Corporation ("Adelphia") on Form 10-Q for the quarterly period ended September 30, 2006 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, William T. Schleyer, Chairman and Chief Executive Officer of Adelphia, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Adelphia.

Date: November 14, 2006

/s/ William T. Schleyer
William T. Schleyer
Chairman and Chief Executive Officer

EXHIBIT 32.2

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Adelphia Communications Corporation ("Adelphia") on Form 10-Q for the quarterly period ended September 30, 2006 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Vanessa A. Wittman, Chief Financial Officer of Adelphia, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Adelphia.

Date: November 14, 2006

/s/ Vanessa A. Wittman
Vanessa A. Wittman
Chief Financial Officer