

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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

**ORDER PURSUANT TO 11 U.S.C. § 363 AUTHORIZING AND APPROVING
DEBTORS' EMPLOYMENT AND COMPENSATION OF WILLIAM SCHLEYER AS
CHAIRMAN AND CHIEF EXECUTIVE OFFICER AND RONALD COOPER AS
PRESIDENT AND CHIEF OPERATING OFFICER OF
ADELPHIA COMMUNICATIONS CORPORATION**

Upon the motion (the "Motion") of the debtors and debtors in possession (the "Debtors") in the above-captioned cases, for entry of order authorizing and approving Debtors' employment and compensation of William Schleyer as Chairman and Chief Executive Officer and Ronald Cooper as President and Chief Operating Officer of Adelphia Communications Corporation; and due and sufficient notice having been given as described in the Motion; and it appearing that no other or further notice is required or necessary; and upon the objections of the Official Committee of Equity Holders, John Rigas, Timothy Rigas, Michael Rigas and James Rigas, the City of Los Angeles and the Communications Workers of America (collectively, the "Objections"); and upon the record of the hearings held before the Court on February 24, 26, 27 and 28, 2003; and upon the Bench Decision of the Court, dated March 4, 2003 (the "Opinion"); and the Court having determined that the relief requested in the Motion is in the best interests of the Debtors, their estates, their creditors and other parties-in-interest; and on the record of these cases; and after due deliberation and sufficient cause appearing therefor,

ORDERED, that the Motion is granted and the Objections are overruled except to the extent set forth in the Opinion; and it is further

ORDERED, that capitalized terms not otherwise defined herein have the meanings given to them in the Motion; and it is further

ORDERED, that the Debtors are authorized to employ William Schleyer as Chief Executive Officer and Chairman of the Board and Ronald Cooper as Chief Operating Officer and President on the terms and condition set forth in the respective Employment Agreements, as amended by the first amendment dated February 21, 2003, and subject to the modification required by the Court as set forth in the Opinion ~~and embodied in the form of second amendment attached hereto as Exhibit A~~, pursuant to section 363 of the Bankruptcy Code; and it is further

ORDERED, that the Debtors are authorized, but not directed, to pay the Executive Compensation, including, but not limited to any related tax obligations and benefits (as provided for in the Employment Agreements, as amended) without further order of this Court; and it is further

ORDERED, that the Debtors are authorized, but not directed, to pay all amounts due at any time to Mr. Schleyer or Mr. Cooper under the indemnification agreements without further order of this Court; and it is further

ORDERED, that neither of Messrs. Schleyer and Cooper shall be required to submit separate fee applications or otherwise apply to the Court for approval of any of the Executive Compensation in these cases; and it is further

ORDERED, that the Executive Compensation shall be treated as an administrative expense of the Debtors' chapter 11 cases and shall be paid by the Debtors in the ordinary course of business pursuant to the terms of the respective Employment Agreements, as amended; and it is further

ORDERED, that the Executive Compensation is reasonable compensation for the services to be rendered pursuant to the Employment Agreements, as amended; and it is further

ORDERED that the Court now passes on Amendment 2 to the Terms and Conditions of Employment between William T. Schleyer (“WTS”) and Adelphia Communications Corporation (the “Company”), attached to this Order as Exhibit A (“Amendment No. 2”), to the extent, but only the extent, set forth in this decretal paragraph. As the Court is satisfied that paragraphs 1, 2 and 4 of Amendment No. 2 satisfactorily implement the conditions to approval set forth in the Opinion and above, those paragraphs are approved. As the Court is of the view that paragraph 3 of Amendment No. 2 includes matters of substance and/or obligation going beyond those addressed in, or considered in connection with, the Opinion, the Court is not approving or otherwise passing on paragraph 3 at this time. Any amendment substantially in the form of Amendment No. 2 which includes paragraphs 1, 2 and 4 (but omits paragraph 3) may be deemed to have been approved by the Court without further application to, or approval by, the Court. Though the Court has some uncertainty as to the need for paragraph 3 or the application it contemplates, and as to whether approval thereof would be in the Debtors’ best interests, this Order is without prejudice to a subsequent application for approval of paragraph 3, *provided* that any request for approval of paragraph 3 shall be made only after the hearing and determination of the Equity Committee’s shareholder vote motion, and only after appropriate motion, notice and opportunity for any dissenting parties to be heard; and it is further

ORDERED, that this Court will retain jurisdiction to construe and enforce the terms of the Motion, the Employment Agreements, as amended, any further amendments thereto (including, without limitation, any disputes as to whether Amendment No. 2, or any portion thereof, conforms to, or goes beyond, this Court's Opinion) and this Order.

Dated: New York, New York
March 7, 2003

S/ Robert E. Gerber

HONORABLE ROBERT E. GERBER
UNITED STATES BANKRUPTCY JUDGE