

ORIGINAL

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

Hearing Date: September 8, 2004 at 9:45 a.m.
Objection Deadline: September 3, 2004 at 4:00 p.m.

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In re _____)
Adelphia Communications Corporation, et al.)
Debtors. _____)

Chapter 11 Cases

Case No. 02-41729 (REG)

(Jointly Administered)

COMMISSION
CLERK

**NOTICE OF HEARING ON APPLICATION OF CENTURY
COMMUNICATIONS CORPORATION FOR ORDER AUTHORIZING
THE EMPLOYMENT AND RETENTION OF LAZARD FRÈRES & CO.
LLC AS INVESTMENT BANKER PURSUANT TO SECTIONS 327(a)
AND 328 OF THE BANKRUPTCY CODE**

TO ALL CREDITORS OF CENTURY COMMUNICATIONS CORPORATION:

PLEASE TAKE NOTICE that on July 21, 2004, Century Communications Corporation, one of the above-captioned debtors and debtors in possession ("Century" or the "Debtor") filed an Application for an Order Authorizing Employment and Retention of Lazard Frères & Co. LLC ("Lazard") as Investment Banker for the Debtors and Debtors in Possession pursuant to sections 327(a) and 328(a) of the Bankruptcy Code (the "Application").

PLEASE TAKE FURTHER NOTICE that a hearing on the Application is scheduled for Wednesday, September 8, 2004 at 9:45 a.m. prevailing Eastern Time before the Honorable Robert E. Gerber, United States Bankruptcy Judge, United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"), One Bowling Green, Room

CMP _____ 621, New York, New York 10004.

COM _____

CTR _____

ECR _____ by the Application must be filed with the Court, One Bowling Green, New York, New York

GCL _____ 10004-1408, by no later than September 3, 2004 at 4:00 p.m. (with a copy delivered directly to

OPC _____ Chambers) and served on: (a) the Office of the United States Trustee, 33 Whitehall Street, 21st

MMS _____

RCA _____

SCR _____

SEC 1

OTH Grant

PLEASE TAKE FURTHER NOTICE that any objection to the relief requested

DOCUMENT NUMBER-DATE

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FPSU-COMMISSION CLERK

Floor, New York, New York 10004, Attention: Tracy Hope Davis, Esq.; (b) and Willkie Farr & Gallagher LLP, 787 Seventh Avenue, New York, NY 10019, Attention: Shelley C. Chapman, Esq.; and (c) Lazard Frères & Co., LLC, 30 Rockefeller Plaza, New York, New York 10020, Attention: M. Said Armutcuoglu, so as to be actually received by such filing deadline.

PLEASE TAKE FURTHER NOTICE that any objections to the Application must be in writing, shall conform to the Federal Rules of Bankruptcy Procedure and the Local Rules of the Bankruptcy Court, and shall be filed with the Bankruptcy Court electronically in accordance with General Order M-242 (General Order M-242 and the User's Manual for the Electronic Case Filing System can be found at www.nysb.uscourts.gov, the official website for the Bankruptcy Court) by registered users of the Bankruptcy Court's case filing system and, by all other parties in interest, on a 3.5 inch disk, preferably in Portable Document Format (PDF), Wordperfect or any other Windows-based word processing format.

PLEASE TAKE FURTHER NOTICE that by the Application, Century seeks an order authorizing the employment and retention of Lazard as its sole investment banker in connection with the possible sale, directly or indirectly, of Century/ML Cable Venture ("Century/ML"), any partial interest in Century/ML or a subsidiary or division of Century/ML to another corporation or business entity or recapitalization of Century/ML, which transaction may take the form of a merger or sale of assets or equity securities or other interests (the "Century/ML Sale Transaction").

PLEASE TAKE FURTHER NOTICE that pursuant to the Application, the Debtor seeks to retain Lazard to (a) assist Century in identifying and evaluating candidates for a potential Century/ML Sale Transaction, (b) advise Century in connection with negotiations, and (c) assist in the consummation of such a Century/ML Sale Transaction.

PLEASE TAKE FURTHER NOTICE that, if the Application is approved, as set forth in the proposed order annexed to the Application and hereto as Exhibit A, Lazard will be entitled to receive the following compensation:

- (a) In the event Century/ML Sale Transaction involves a sale of less than or equal to 55% of the equity in Century/ ML, Lazard shall be paid a fee equal to \$2 million.
- (b) In the event that a Century/ML Sale Transaction involves a sale of more than 55% of the equity of Century/ML, Lazard shall be entitled to a fee equal to the applicable percentage of the aggregate consideration received in such transaction as set forth in Schedule A which is annexed to the Application as Exhibit A and hereto as Exhibit B.
- (c) One-half of any fee payable to Lazard in connection with a Century/ML Sale Transaction will be credited against any fees subsequently payable pursuant to section 2(b) of the ACC Engagement Letter between ACC and Lazard dated June 1, 2002.
- (d) In addition to any fees that may be payable to Lazard and, regardless of whether any transaction occurs, the Debtor shall promptly reimburse Lazard for all: (i) reasonable out-of pocket expenses (including travel and lodging, data processing and communications charges, courier services and other appropriate expenditures) and (ii) other reasonable fees and expenses, including expenses of counsel, if any. Lazard will comply with the guidelines promulgated by the Office of the United States Trustee as well as applicable Federal and Local Rules of Bankruptcy Procedure relating to professional compensation.

PLEASE TAKE FURTHER NOTICE that all capitalized terms contained in the foregoing paragraphs are defined in the engagement letter dated as of July 20, 2004, between Lazard and Debtor (the "Engagement Letter"), and attached as an exhibit to the Application.

PLEASE TAKE FURTHER NOTICE that if the Application is granted, the Debtor will indemnify and hold Lazard harmless against liabilities arising out of or in connection with its retention by Debtor except for any such liability for such liability for losses, claims, damages or liabilities incurred by the Debtor that are finally judicially determined by a court of competent jurisdiction to have primarily resulted from the bad faith, self-dealing, gross negligence or willful misconduct of Lazard.

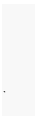
PLEASE TAKE FURTHER NOTICE that the foregoing summary of certain elements of the proposed retention is not complete and that the full terms of the retention are contained in the Application and the Engagement Letter, which are available for inspection at the clerk's office for the Bankruptcy Court and on the Bankruptcy Court's Internet site at www.nysb.uscourts.gov, through an account obtained from Pacer Service Center at 1-800-676-6856. To the extent that the summary of the retention terms set forth in this notice conflict with the terms of the Engagement Letter, the terms of the Engagement Letter control.

PLEASE TAKE FURTHER NOTICE that if you wish to receive a copy of the Application, you should contact Rachel Rubin at (212) 728-3583.

Dated: July 21, 2004
New York, New York

WILLKIE FARR & GALLAGHER LLP
Attorneys for Debtors and Debtors in Possession
787 Seventh Avenue
New York, New York 10019
(212) 728-8000

EXHIBIT A



UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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

**ORDER AUTHORIZING EMPLOYMENT AND RETENTION OF
LAZARD FRÈRES & CO. LLC AS INVESTMENT BANKER FOR
CENTURY COMMUNICATIONS CORPORATION PURSUANT
TO SECTIONS 327(a) AND 328 OF THE BANKRUPTCY CODE**

Upon the application (the “Application”)¹ of Century Communications Corporation, one of the above-captioned debtors and debtors in possession (“Century” or the “Debtor”) and its controlled subsidiaries for an order, pursuant to sections 327(a), 328 and 1107 of title 11 of the United States Code (the “Bankruptcy Code”), authorizing the employment and retention of Lazard Frères & Co. LLC (“Lazard”) as its investment banker; and notice of the Application having been given as set forth in the Application; and it appearing that such notice is due and sufficient and that no further or other notice is required; and upon consideration of the Armutcuoglu Affidavit, the Court being satisfied that Lazard does not hold or represent an interest adverse to the Debtor’s estate and that Lazard is a “disinterested person” as such term is defined under section 101(14), as modified by section 1107(b), of the Bankruptcy Code, and that the employment and retention of Lazard, as set forth in the Application, is necessary and in the best interests of the Debtor and its estate, creditors and interest holders; and the Court having reviewed the Application and having heard the statements in support of the relief requested therein at a hearing before the Court (the “Hearing”); and the Court having determined that the legal and factual bases set forth in the Application and at the Hearing establish just cause for the

¹ Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Application.

relief granted herein; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor, it is hereby

ORDERED, that subject to the terms and conditions of this Order, the Application is granted; and it is hereby

ORDERED, that Century is authorized to employ and retain Lazard to provide the services set forth in the Engagement Letter relating to a sale transaction involving Century/ML Cable Venture; and it is further

ORDERED, that Lazard shall be entitled to compensation for a Century/ML Sale Transaction in accordance with the compensation structure set forth in the Engagement Letter, subject to the standard of review set forth in section 328(a) of the Bankruptcy Code; and it is further

ORDERED, that the Office of the United States Trustee retains all rights to review Lazard's interim and final fee applications (including transaction fees and expense reimbursement) on all grounds, including section 330 of the Bankruptcy Code; and it is further

ORDERED, that Century is authorized to indemnify and hold harmless Lazard and its affiliates, their respective directors, officers, agents, employees and controlling persons, and each of their respective successors and assigns (collectively the "Indemnified Persons"), pursuant to the indemnification provisions contained in the Engagement Letter during the pendency of these bankruptcy proceedings, subject to the following conditions:

- (a) all requests of Indemnified Persons for payment of indemnity, contribution or otherwise pursuant to the indemnification provisions of the Engagement Letter shall be made by means of an interim or final fee application and shall be subject to the approval of, and review by, the Court to ensure that such payment conforms to the terms of the Engagement Letter, the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules, and the orders of this Court and is reasonable based upon the circumstances of the litigation or settlement in respect of

which indemnity is sought; provided, however, that in no event shall an Indemnified Person be indemnified or receive contribution to the extent that any claim or expense has resulted from the bad faith, self-dealing, breach of fiduciary duty, if any, gross negligence or willful misconduct on the part of that or any other Indemnified Person; and

- (b) in no event shall an Indemnified Person be indemnified or receive contribution or other payment under the indemnification provisions of the Engagement Letter if the Debtor, its estate, or the statutory committee of unsecured creditors assert a claim, to the extent that the Court determines by final order that such claim arose out of bad-faith, self-dealing, breach of fiduciary duty, if any, gross negligence, or willful misconduct on the part of that or any other Indemnified Person; and
- (c) Lazard agrees that, without the prior written consent of the Debtor (which will not be unreasonably withheld), Lazard will not settle, compromise or consent to the entry of any judgment in any pending or threatened claim, action, or proceeding or investigation in respect of which indemnification or contribution could be sought hereunder; and
- (d) in the event an Indemnified Person seeks reimbursement for attorneys' fees from the Debtor pursuant to the Engagement Letter, the invoices and supporting time records from such attorneys shall be annexed to Lazard's own interim and final fee applications, and such invoices and time records shall be subject to the United States Trustee's guidelines for compensation and reimbursement of expenses and the approval of the Bankruptcy Court under the standards of section 330 of the Bankruptcy Code without regard to whether such attorney has been retained under section 327 of the Bankruptcy Code;

and it is further

ORDERED, that this Court will retain jurisdiction to construe and enforce the terms of the Engagement Letter, Initial Order, Expanded Scope Order and this Order; and it is further

ORDERED, that except for the relief granted hereby, the terms of the Initial Order and the Expanded Scope Order shall remain in full force and effect; and it is further

ORDERED, that to the extent that there may be any inconsistency between the terms of the Engagement Letter, the Initial Order, the Expanded Scope Order or this Order, the terms of the Initial Order, Expanded Scope Order and this Order shall govern; and it is further

ORDERED, that the requirement pursuant to Local Rule 9013-1(b) that the Debtor file a memorandum of law in support of the Application is hereby waived; and it is further

ORDERED, that this Court shall retain jurisdiction with respect to all matters arising from or related to the implementation of this Order.

Dated: New York, New York
August __, 2004

UNITED STATES BANKRUPTCY JUDGE

EXHIBIT B

SCHEDULE I

Fees for Sale Transactions

Aggregate Consideration Involved in Transaction ² (Millions)	Amount (Thousands)	Percent of Transaction
\$20,000 or higher	\$30,000 or higher	0.150
15,000	27,000	0.180
12,500	25,000	0.200
10,000	23,000	0.230
9,000	21,600	0.240
8,000	20,000	0.250
7,500	19,875	0.265
7,000	19,250	0.275
6,000	18,000	0.300
5,000	16,000	0.320
4,000	14,400	0.360
3,000	12,000	0.400
2,000	9,000	0.450
1,000	6,000	0.600
900	5,625	0.625
800	5,200	0.650
700	4,900	0.700
600	4,500	0.750
500	4,000	0.800
400	3,600	0.900
300	3,000	1.000
200	2,400	1.200
100	1,500	1.500
50 or lower	1,000 or lower	2.000

For purposes hereof, the term "Aggregate Consideration" means (x) the total amount of cash and the fair market value (on the date of payment) of all of the property paid or payable to the Company, Century/ML or their respective affiliates or security holders (including amounts paid into escrow) in connection with the Sale Transaction (or any related transaction), including amounts paid or payable in respect of convertible securities, preferred equity securities, warrants, stock appreciation rights, option or similar rights, whether or not vested, plus (y) the principal amount of all indebtedness for borrowed money or other liabilities related to Century/ML and any subsidiary as set forth on the most recent balance sheet, or, in case of the sale of assets, all indebtedness for borrowed money or other liabilities assumed by the third party. Aggregate Consideration shall also include the aggregate amount of any dividends or other distributions

² For a transaction size in between the aggregate considerations specified above, the fee would be determined by interpolating between the two closest percentages.

declared by or related to Century/ML and any relevant subsidiary after the date hereof other than normal quarterly cash dividends, and, in the case of the sale of assets, the net value of any current assets not sold by or related to Century/ML and any relevant subsidiary. For purposes of calculating Aggregate Consideration, (i) all shares will be deemed transferred where a Sale Transaction is effected by the transfer of shares, (a) constituting more than 55% of the then outstanding equity securities of or equity interest in the Company, or (b) possessing more than 55% of the then outstanding voting power of the outstanding equity securities of or equity interest in the Company, and (ii) the value of securities (whether debt or equity) that are freely tradable in an established public market will be determined on the basis of the average closing price in such market for the 10 trading days prior to the closing of the Sale Transaction (the "Valuation Date"); and the value of securities that have no established public market or other property will be the fair market value of such securities or other property on such Valuation Date and any restricted stock (i.e., stock in a public company not freely tradeable) received shall be valued at 85% of the public market price of such stock. Aggregate Consideration shall also be deemed to include pension liabilities and guarantees of monies borrowed assumed directly or indirectly by the third party. If the Aggregate Consideration is subject to increase by contingent payments related to future events, the portion of our fee relating thereto shall be calculated by us in good faith and paid to us upon consummation of the Sale Transaction.