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From: Michael J. Gallagher **Reference No.:**
Re: In re: Adelpia Communications Corporation, No. 02-41729 (REG)

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October 18, 2005

BY FACSIMILE

Terence McLaughlin, Esq.
Willkie Farr & Gallagher LLP
787 Seventh Avenue
New York, NY 10019-6099

Re: In re: Adelphia Communications Corporation, No. 02-41729 (REG)

Dear Terence:

On behalf of the Ad Hoc Committee of Arahova Noteholders (the "Arahova Noteholders Committee"), we write to address Debtors' continuing failure to comply with Section 4 of the Order in Aid as it relates to the production of documents through the Data Room and certain other discovery issues.

Data Room. In Chris Shore's September 27 letter, we raised a number of shortcomings with respect to Debtors' compliance with the Order in Aid as it relates to the Data Room. Among other things, we addressed Debtors failure to comply with the following provisions of the Order in Aid:

- Paragraph 4(a)(i)(b), which required Debtors to "provide written certification to all Participants regarding whether any documents responsive to any of the pending document requests filed by Participants with respect to the Plan or the Dispute Issues have been omitted from the Data Room and, if so, state the basis for such omission" by September 1, 2005.
- Paragraph 4(a)(ii), which required Debtors to add to the data room those documents that are relevant to any issue raised in a Preliminary Issues Statement within thirty days of the filing of the applicable Preliminary Issues Statement, or by September 16, 2005.
- Rule 34 of the Federal Rules of Civil Procedure and paragraph 4(a)(viii), which required Debtors at a minimum to produce documents in the Data Room as they are kept in the usual course of business.

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At the meet and confer between the parties on October 3, when these items were addressed, Debtors conceded that they were delinquent in providing the certifications mandated by the Order in Aid, but reported that they were working on adding additional accounting and tax documents to the database, and were coding the Amici database (which apparently contains 28 million pages of documents from other litigations in the bankruptcy) in an effort to produce relevant documents into the Data Room. In fact, with respect to the Amici documents, Debtors noted that historical evidence regarding the fraudulent conveyance transfers (one of the Disputed Issues) would be in the Amici database. Debtors, however, did not provide a firm date for complying with their obligations.

During a subsequent telephone conference with you on October 11 regarding discovery, we learned that Debtors still could not estimate when they would be finished with their production of documents, which already was long overdue. In particular, Debtors confirmed that they did not know when the Amici documents would be available. Although we asked Debtors to determine whether Amici documents could be made available on a rolling basis, we have not yet received a response as to whether this would be possible. See October 11, 2005 Letter from Michael J. Gallagher.

Further, during that same conversation, Debtors confirmed that the Amici database was where most of the pre-petition Adelpia documents likely were located and that crucial documents relating to several issues to be addressed in the Resolution Process likely would be located on that database. Debtors explained, however, that there is no index to the Amici database, and it is unclear to us whether Debtors intend to add the entire contents of the Amici database — about 28 million pages of materials — into the Data Room, without regard to relevance.

It is now clear that Debtors never could have come close to complying with the discovery schedule they proposed and that is embodied in the Order in Aid. Despite knowing that a substantial quantity of documents relevant to the Disputed Issues and responsive to document requests that have been outstanding for months were located in the Amici database, Debtors failed to inform anyone about the substantial problems with that database.

It simply cannot be the case, moreover, that Debtors do not know where the relevant documents are located in the Amici database. Various counsel for Debtors, from Covington & Burling, to Fried Frank, to Boies Schiller, and so on, have been investigating a number of the Disputed Issues that are now subject to the Resolution Process, including the fraudulent Transfers Out and the related co-borrowing facilities. Some counsel for Adelpia at some point in the last three years must have collected the important files relevant to these activities, or at least know where they likely would be on the Amici data base. Yet, despite the fact that Debtors have failed to comply with this Court's deadlines, the interested parties here essentially are being told that if they want the key documents relating to the pre-petition business activities of the Debtor, they may have to wade through 28 million pages of documents with little guidance whatsoever. Especially in light of the very short discovery window *proposed by Debtors*, such a production is patently improper.

Terence McLaughlin, Esq.

October 18, 2005

None of these circumstances are addressed in any meaningful way in Debtors' recent certifications dated October 11. In their 4(a)(i)(b) certification, Debtors concede that relevant and responsive documents are "still in the process of being prepared for inclusion in the Data Room." Furthermore, Debtors' certification gives no indication of when these documents will be produced in the Data Room, noting only that they will be added "shortly." There is similar language in Debtors' 4(a)(ii) certification. On their face, Debtors' certifications are deficient.

Given the current situation, the Arahova Noteholders Committee requests that Debtors fix a date certain by which all relevant and responsive documents, including, but not limited to, the accounting documents and documents in the Amici database, will be produced in the Data Room. Further, to the extent Debtors or their agents, including lawyers, have compilations or collections of documents from the Amici database (or elsewhere) relating to the Disputed Issues, we request access to those materials.

Privilege Log. At the October 3 meet and confer, Debtors agreed to send the Arahova Noteholders Committee a representative sample of their privilege log to provide some definitive context for privilege issues. As of the date of this letter, Debtors have still not provided us with this sample, and we request one as soon as practicable, as well as a date certain for production of the Debtors' completed privilege log.

Responses to Document Requests. The Arahova Noteholders Committee propounded document requests on September 23, many of which called for documents that should have been produced in response to prior requests or that should have been added to the Data Room already, but appeared to be missing. At the meet and confer, we asked Debtors to notify us if they intended to object to any category of documents or to any specific items in the September 23 requests. To date, Debtors have made no objections to any category of documents or to any specific requests. The return date for the requests is October 24, 2005. To the extent that any documents responsive to the Arahova Noteholders Committee's September 23 requests are "still in the process of being prepared for inclusion in the Data Room," we request that Debtors confirm that these documents will be added to the Data Room no later than October 24. Further, to the extent Debtors have been unable to find documents responsive to any particular request, we ask that Debtors provide such information.

Depositions. We continue to object to proceeding with depositions in light of the above-noted deficiencies and the likelihood that witnesses will need to be questioned a second time, after the remaining relevant documents have been produced. Proceeding in such a manner is a waste of resources.

Status Conference. The Order in Aid provided for monthly status conferences with the Court to monitor the progress of the Resolution Process, and we reiterate our prior requests that Debtors schedule such a conference promptly so the above-noted issues and other items can be taken up as necessary with the Court.

Finally, we continue to await a response to the issues discussed during our conference call on October 11 and summarized in my October 11 letter to you.

Terence McLaughlin, Esq.

October 18, 2005

We are available at your convenience to discuss any of the foregoing items.

Very truly yours,

Michael J. Gallagher /ahr

Michael J. Gallagher

MJG:e