

UNITED STATES BANKRUPTCY COURT Hearing Date: _____, 2007 @ ____ a.m./p.m.

SOUTHERN DISTRICT OF NEW YORK

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

**FINAL APPLICATION OF SPENCER STUART,
AS EXECUTIVE SEARCH CONSULTANTS FOR DEBTORS
AND DEBTORS IN POSSESSION, FOR
ALLOWANCE OF COMPENSATION FOR SERVICES RENDERED
AND REIMBURSEMENT OF EXPENSES INCURRED PRIOR TO
FEBRUARY 13, 2007**

TO THE HONORABLE ROBERT E. GERBER,
UNITED STATES BANKRUPTCY JUDGE:

SSI (U.S.) Inc., doing business as “Spencer Stuart” (“Spencer Stuart”), executive search consultant for the above-captioned debtors and debtors in possession in these cases (the “Debtors”), in support of its final application (the “Final Application”) for allowance of compensation for reimbursement of expenses incurred prior to February 13, 2007 (the “Final Application Period”), respectfully represents:

GENERAL BACKGROUND

1. On June 10, 2002, Century Communications Corporation (“CCC”) filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code, and on June 25, 2002 (the “Petition Date”), Adelphia Communications Corporation and certain of its subsidiaries and affiliates (together with CCC, “ACC”) commenced cases under chapter 11 of the Bankruptcy Code. On September 30, 2002, Century/ML Cable Venture (“CML”) filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code.

2. The Debtors are continuing in possession of their respective properties and the management of their respective businesses as debtors in possession pursuant to sections 1107 and 1108 of the Bankruptcy

Code. By order dated June 26, 2002, the Debtors' cases, except for CML, were consolidated for procedural purposes only and are being jointly administered.

3. No trustee or examiner has been appointed in these cases.

4. On July 11, 2002, an Official Committee of Unsecured Creditors was appointed in these cases, and on July 31, 2002, an Official Committee of Equity Security Holders was appointed in these cases (together, the "Committees").

5. In the face of startling revelations indicating serious breaches of duty and financial misconduct by the Rigas family, in March 2002, the Board began a process that resulted in the termination of all the senior executives of the company and a departure from the Board of all Rigas family members.

6. Subsequently, the Board has engaged in a comprehensive search for new independent directors to replace the directors that have left the Board since May 2002 when the Rigases resigned from the Board. The Debtors subsequently filed for bankruptcy on June 25, 2002. Rod Cornelius and Anthony Kronman were named on the Board in October 2002. In January 2003, the Official Committee of Equity Security Holders filed a lawsuit seeking to force the election of new directors on the basis, among other things, that several Board members were holdovers from the Rigas era. In March 2003, William Schleyer was appointed Chairman of the Board. In May 2003, the Debtors appointed Philip Lochner, Jr. and Susan Ness to the Board. Recently, four of the Board's directors, who have been members of the Board since before the Debtors' bankruptcy, have agreed to resign once their successors are found. The Debtors therefore needed to fill these four positions and determined that they required the assistance and expertise of Spencer Stuart in order to recruit effectively the most qualified independent directors.

7. On June 25, 2003, the Debtors filed an application (the "Retention of Spencer Stuart Application") seeking approval of its employment of Spencer Stuart as executive search consultants in connection with the Debtors' search for four new members for its Board of Directors. On July 22, 2003, the Court entered an order (the "Retention Order") approving the Debtors' retention of Spencer Stuart for the purposes stated in the Retention Order to employ, retain, compensate, and reimburse Spencer Stuart as their executive search consultants, nunc pro tunc to April 30, 2003.

SERVICES RENDERED/ 12 FACTORS

8. Pursuant to the Final Compensation Procedures of the Fee Committee of Adelphia Communications Corporation, et al., the following is the list of twelve factors the Committee seeks answered:

(1) Spencer Stuart was retained to find, evaluate, and consult the Debtor regarding potential candidates for four positions on the Board. Debtor outlined criteria sought for its Board Members then Spencer Stuart searched for candidates, identifying, and evaluating each one. Those candidates that met or exceeded the specified client criteria were then presented as possible candidates to interview. If the candidate reached the final stage of the search assignment, referencing was completed and a decision was made by the client Debtor concerning the hiring procedure. Spencer Stuart was responsible for the placement of two members to the Board. The two other searches were cancelled part of the way through the search consistent with the Retention of Spencer Stuart Application and Retention Order.

(2) Spencer Stuart was retained by the Debtor on a flat-fee per executive search basis. Fees for the first two searches were capped at Spencer Stuart's standard \$100,000 rate. Fees for a third and subsequent searches were capped at \$50,000. Additionally, Spencer Stuart assisted in evaluating and closing an internal candidate from Debtor's existing pool of candidates at no charge given Debtor's Chapter 11 status. Indirect expenses were charged at 10% the retainer fee for that particular search. Direct expenses were charged at cost.

(3) Spencer Stuart provided services within the scope of employment as prescribed by the Retention of Spencer Stuart Application and Retention Order given that Spencer Stuart was retained by the Debtor on a flat-fee per executive search basis and that the goals – to obtain candidates for four open positions - were clear and obvious.

(4) The services were not duplicative in that Spencer Stuart was the sole and exclusive executive search service provider used in assisting the Debtor with the four positions on the

Board in which it was retained pursuant to the Retention of Spencer Stuart Application and Retention Order.

(5) The services were necessary and beneficial to the Debtors in that the Debtors needed independent directors to sit on the Board.

(6) The services were performed within a reasonable amount of time commensurate with the complexity, importance, and nature of searching, evaluating, and consulting with the Debtor over the qualified candidates for the role of Director.

(7) No opposition was encountered nor any problems. The fourth search for a director was subsequently suspended and cancelled by the Debtor for internal restructuring purposes and fees were paid on a prorated basis per the Retention of Spencer Stuart Application and the Retention Order.

(8) Spencer Stuart at all times complied with Fee Committee Memorandum.

(9) No fee amounts were reduced voluntarily with respect to an Interim Application or otherwise prior to the submission to or review by the Fee Committee.

(10) No fee amounts were reduced by recommendation of the Fee Committee with respect to an Interim Application or otherwise.

(11) Spencer Stuart voluntarily reduced a total of \$947.52 in direct expenses - \$206.17 during the Fourth Fee Period (Spencer Stuart's Second Application) and \$741.52 during the Fifth Fee Period (Spencer Stuart's Third Application).

(12) No expense amounts were reduced at the recommendation of the Fee Committee with respect to an Interim Application or otherwise.

(13) Given the education, experience, and expertise of the Spencer Stuart professionals rendering the services in this case, the fees charged are reasonable and comparable to those typically charged by Spencer Stuart to clients for similar services. Additionally, in incurring expenses on behalf of the estate, Spencer Stuart made reasonable efforts to use the most economical means and methods that are available and appropriate under the circumstances. All

expenses incurred for which reimbursement is sought were incurred for and on behalf of the estate and not for any other person or entity. The expenses charged are necessary, reasonable, and are comparable to those typically charged by Spencer Stuart to clients for similar services.

SPENCER STUART’S FEES AND EXPENSES

9. Spencer Stuart’s services to the estate for which it seeks compensation, between March 1, 2003 through February 13, 2007, totals in the amount of \$326,782.00 with fees totaling \$312,000.00. (the “Services Period”).

10. In rendering services pursuant to the Agreement during the Services Period, Spencer Stuart incurred expenses totaling \$15,729.52.

11. Spencer Stuart has made voluntary reductions of expenses incurred in performing services under its Search Agreement with the Debtors as follows:

Fee Period	Reduction Amount
Fourth Fee Period (Spencer Stuart’s Second Application)	\$206.17
Fifth Fee Period (Spencer Stuart’s Third Application)	\$741.35
Total: \$947.52	

12. To date, Spencer Stuart has received reimbursement in the total amount of **\$326,782.00** for fees and expenses incurred during the Services Period as represented in the following chart:

Fee Total:	\$312,000.00
Expense Total:	\$15,729.52
Voluntary Reductions:	-\$741.35 (Fourth Fee Period) -\$206.17 (Fifth Fee Period)
Total: \$326,782.00	

13. The Debtor has paid in full and no further amounts are requested.

SPENCER STUART’S REQUEST FOR COMPENSATION

14. Given the education, experience, and expertise of the Spencer Stuart professionals rendering the services in this case, the fees charged are reasonable and comparable to those typically charged by Spencer Stuart to clients for similar services.

15. In incurring expenses on behalf of the estate, Spencer Stuart made reasonable efforts to use the most economical means and methods that are available and appropriate under the circumstances.

16. All expenses incurred for which reimbursement is sought were performed or incurred for and on behalf of the estate and not for any other person or entity. The expenses charged are necessary, reasonable, and are comparable to those typically charged by Spencer Stuart to clients for similar services.

17. No agreement or understanding exists between Spencer Stuart and any other entity for the sharing of compensation to be received for services rendered in or in connection with this case. See Affidavit of Jason Feehan, Esq. annexed hereto as Exhibit A.

CONCLUSION

WHEREFORE, Spencer Stuart respectfully requests the Court enter an order awarding Spencer Stuart:

- a) Reimbursement in the total amount of **\$326,782.00** for fees and expenses incurred during the Services Period (of which the Debtor has been paid in full);
- b) That such amounts be allowed as priority administrative expenses of the estate pursuant to 11 U.S.C. §§ 503(b)(2) and 507(a)(1); and
- c) That the Debtors be ordered and authorized, pursuant to 11. U.S.C. §§ 330 and 331, to pay such amounts from estate as set forth herein.
- d) Such other and further relief as may be just.

SSI (U.S.) Inc. d/b/a Spencer Stuart



Jason Feehan, Assistant General Counsel
401 N. Michigan Avenue, Suite 2600
Chicago, Illinois 60611