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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 March 31, 2015

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: 000-53209

**Adelphia Recovery Trust**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation or  
organization)

**11-6615508**

(I.R.S. Employer Identification No.)

**919 North Market Street, 17th Floor, PO Box 8705  
Wilmington, Delaware 19899**

(Address of principal executive offices) (Zip Code)

**302-652-4100 Attn: Dean Ziehl**

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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 has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Non-accelerated filer

(Do not check if a smaller reporting company)

Accelerated filer

Smaller reporting company

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

**APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY  
PROCEEDINGS DURING THE PRECEDING FIVE YEARS:**

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15 (d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes  No

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**PART 1 - FINANCIAL INFORMATION**

Item 1 Financial Statements

**Adelphia Recovery Trust  
Condensed Balance Sheets**

	<u>As of March 31, 2015 (unaudited)</u>	<u>As of December 31, 2014 (note 2)</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 35,602,629	\$ 36,323,412
Prepaid assets	547,129	581,324
Note and accrued interest receivable	5,674,704	5,604,966
Total assets	<u>\$ 41,824,462</u>	<u>\$ 42,509,702</u>
<b>Liabilities and net assets</b>		
Accrued expenses	\$ 91,146	\$ 83,412
Deferred holder distributions	<u>101,123</u>	<u>101,123</u>
Total liabilities	192,269	184,535
Net assets	<u>41,632,193</u>	<u>42,325,167</u>
<b>Total liabilities and net assets</b>	<u>\$ 41,824,462</u>	<u>\$ 42,509,702</u>

See accompanying notes to condensed financial statements.

**Adelphia Recovery Trust**  
**Unaudited Condensed Statements of Operations**  
**(Unaudited)**

	<u>For the three months ended March 31, 2015</u>	<u>For the three months ended March 31, 2014</u>
<b>Revenues</b>		
Interest income	\$ 78,851	\$ 105,224
Total revenues	<u>78,851</u>	<u>105,224</u>
<b>Operating expenses</b>		
General and administrative expenses	688,841	686,604
Professional expenses	82,984	103,444
Total operating expenses	<u>771,825</u>	<u>790,048</u>
<b>Net loss</b>	<u>\$ (692,974)</u>	<u>\$ (684,824)</u>

See accompanying notes to condensed financial statements.

**Adelphia Recovery Trust**  
**Unaudited Condensed Statements of Cash Flows**  
**(Unaudited)**

	<b>For the three months ended March 31, 2015</b>	<b>For the three months ended March 31, 2014</b>
<b>Operating activities</b>		
Net loss	\$ (692,974)	\$ (684,824)
Adjustments to reconcile net loss to net cash used by operating activities consisting of changes in operating assets and liabilities:		
Prepaid assets	34,195	33,395
Note and accrued interest receivable	(69,738)	(97,505)
Accrued expenses	7,734	65,553
Net cash used by operating activities	<u>(720,783)</u>	<u>(683,381)</u>
<b>Net change in cash and cash equivalents</b>	<b>(720,783)</b>	<b>(683,381)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>36,323,412</b>	<b>36,081,284</b>
<b>Cash and cash equivalents, end of period</b>	<b><u>\$ 35,602,629</u></b>	<b><u>\$ 35,397,903</u></b>

See accompanying notes to condensed financial statements.

ADELPHIA RECOVERY TRUST

Notes to Condensed Financial Statements — March 31, 2015 (Unaudited)

1 Background

The Adelpia Recovery Trust (the “ART”) was formed as a Delaware statutory trust pursuant to that certain First Modified Fifth Amended Joint Chapter 11 Plan of Reorganization (the “Plan”) of Adelpia Communications Corporation (“Adelpia” or “ACC”) and certain of its subsidiaries (collectively the “Debtor”). The purpose of the ART is to prosecute the various causes of action transferred to the ART pursuant to the Plan (the “Causes of Action”) and distribute to the owners (the “Holders”) of the interests in the ART (“Interests”) the net proceeds of such Causes of Action (“Distributions”), according to the relative priorities established pursuant to the Plan, subject to the retention of various amounts to fund the prosecution of those Causes of Action and operations of the ART. Pursuant to the Plan, in addition to the Causes of Action, Adelpia transferred \$25 million in cash to the ART, in connection with its formation, in order to fund the initial expenses of operation.

As set forth in the Plan, and the Declaration of Trust for the ART, as amended (the “Declaration”), the ART is administered by five trustees (the “Trustees”) who are authorized to carry out the purposes of the ART. Quest Turnaround Advisors, L.L.C. (“Quest”) is the plan administrator (in such capacity, the “Plan Administrator”) of Adelpia. Quest and Adelpia together have agreed to provide certain administrative services to the ART. In order to facilitate the provision of such administrative services, the ART has appointed Quest as the trust administrator of the ART (in such capacity, the “Trust Administrator”).

The Plan provides that the ART shall dissolve upon the earlier of the distribution of all of its assets to the Holders or the fifth anniversary of its creation which was on February 13, 2012, subject to the right of the Trustees to extend the ART’s term with the approval of the Bankruptcy Court. In November 2011, the ART filed a motion to extend the term of the ART through December 31, 2014 because several Causes of Action were unlikely to be resolved prior to February 13, 2012. In December 2011 the motion was granted by the Bankruptcy Court. In July 2014, the ART filed a second motion to extend the term of the ART in light of the current status of the Causes of Action and the administrative tasks to be performed after the Causes of Action are resolved. On September 23, 2014 the Bankruptcy Court approved an extension through September 23, 2015. The Bankruptcy Court may approve additional extensions to resolve the Causes of Action, distribute the net proceeds to Holders or complete the administration of the ART.

2 Basis of Presentation

The accompanying interim unaudited condensed financial statements of the ART have been prepared in accordance with generally accepted accounting principles in the United States of America (“US GAAP”) for interim periods and with the instructions to Form 10-Q. As such, they do not include all of the information and disclosures required by US GAAP for complete financial statements. In the opinion of the Trustees, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the interim unaudited condensed financial statements have been included. These condensed financial statements should be read in conjunction with the ART’s audited financial statements for the year ended December 31, 2014 included in its Form 10-K filed with the Securities and Exchange Commission (“SEC”) on March 2, 2015. Interim results are not necessarily indicative of the results for the complete fiscal year. The condensed balance sheet as of December 31, 2014 was derived from the audited financial statements for the year then ended.

3 Related Party Transactions

The Trust Administrator and Adelpia continue to provide administrative support to the ART including maintaining electronic data and paper documents used in prosecuting the Causes of Action, financial reporting and support for Distributions when they might occur (including maintenance of data related to the implementation of Plan provisions). These services have and will continue to be provided at no cost to the

ART under the terms of various agreements between the Trust Administrator and Adelphia. The ART financial statements do not reflect any amounts for these services.

4 Pending Causes of Action

The pending causes of action described in the ART's 2014 Form 10-K filed on March 2, 2015 are set forth below together with the material developments in those proceedings through the date of this filing.

**FPL Litigation**

On June 24, 2004, the Creditors' Committee filed a fraudulent conveyance complaint against FPL Group, Inc. and West Boca Security, Inc. (collectively, "FPL") in the Bankruptcy Court for the Southern District of New York relating to pre-petition transactions. The FPL action seeks to recover an alleged fraudulent transfer arising out of Adelphia's repurchase of certain of its stock from FPL in January 1999 for \$149.5 million. Pursuant to the Plan, the claims asserted in the FPL Litigation were transferred to the ART.

On July 13, 2011, the Bankruptcy Court denied FPL's motion for leave to amend its answer to add a new defense. FPL filed an appeal of the Bankruptcy Court's July 13, 2011 decision, which was denied September 18, 2012. On September 28, 2011, FPL moved to withdraw the reference to Bankruptcy Court. The District Court denied FPL's motion to withdraw the reference on January 30, 2012. Trial began April 30, 2012 and testimony concluded on May 3, 2012. The parties submitted post-trial briefs on June 22, 2012. The Bankruptcy Court heard closing arguments on July 25, 2012. On May 6, 2014, the Bankruptcy Court issued proposed Findings of Fact and Conclusions of Law (the "Proposed Findings"), which recommend that the District Court enter judgment in favor of FPL. The District Court for the Southern District of New York accepted the Bankruptcy Court's recommendations over the objections filed by the ART, and entered judgment in favor of FPL on March 20, 2015. The ART filed its Notice of Appeal with the Second Circuit Court of Appeal on April 3, 2015.

At this time, the ART cannot predict the outcome of the FPL Litigation or estimate the possible financial effect of this proceeding on the ART's financial statements.

**Avoidance Actions**

On July 31, 2003, Adelphia and its debtor affiliates filed with the Bankruptcy Court their Statements of Financial Affairs, which included a schedule of payments to insider entities made within one year prior to Adelphia's filing for bankruptcy and payments to non-insider entities made within ninety days prior to Adelphia's filing for bankruptcy. Subsequently, Adelphia engaged in extensive analysis of all such payments to determine if they could be avoided pursuant to certain provisions of the Code.

On April 20, 2004, Adelphia filed a motion seeking to abandon most of the potential actions to avoid the pre-petition payments because, among other reasons, (i) Adelphia believed that pursuing certain of such actions against parties with whom Adelphia was continuing to do business could have a significant adverse impact on important, ongoing business relationships, and (ii) the costs associated with pursuing such actions far outweighed any potential benefit to the Adelphia debtors' estates that might otherwise result from bringing such actions. In response to certain objections to Adelphia's motion, Adelphia amended its initial motion.

On May 27, 2004, the Bankruptcy Court entered an order tolling all claims to avoid inter-debtor payments and authorizing the abandonment of potential actions to avoid (i) transfers to taxing authorities; (ii) transfers to human resource providers engaged in business with Adelphia; (iii) transfers determined to have been made in the ordinary course of business; and (iv) certain transfers deemed *de minimis*. As to the remainder of the transfers made by Adelphia during the relevant one-year and ninety-day periods prior to the bankruptcy filing, Adelphia either (i) entered into tolling agreements with the transferee extending Adelphia's time to initiate an action, or (ii) filed a complaint and initiated an adversary proceeding against the transferee.

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As of June 25, 2004, Adelpia secured approximately 250 tolling agreements with various transferees, including members of the Rigas family, the Rigas family entities, former executives James Brown and Michael Mulcahey, and former directors Erland Kailbourne, Dennis Coyle, Leslie Gelber, and Peter Metros, among others. Certain of these tolling agreements have been amended from time to time. In addition, Adelpia filed approximately 150 complaints in the Bankruptcy Court commencing actions to avoid certain pre-petition transfers and payments. Most of those complaints have since been dismissed or resolved after further investigation.

At this time, the ART cannot predict the outcome of the remaining claims or estimate the possible financial effect of these proceedings on the ART's financial statements.

### 5 Fair Value of Financial Instruments

The ART was a party to the settlement between Leonard and Claire Tow and Adelpia. As a result of that settlement Adelpia agreed to pay the ART \$4.875 million plus 8% simple interest when certain life insurance policies mature. A first to die rider in one of the insurance policies triggered a total payment of \$2.1 million from Adelpia to the ART in October 2014. The \$2.1 million was prorated between principal and interest as a partial payment of amounts outstanding at that time.

The fair value of the note receivable and accrued interest has been determined using unobservable inputs (i.e. Level 3, as defined in Accounting Standards Codification 820-10) and approximates \$5.0 million as of March 31, 2015 and \$5.0 million as of December 31, 2014. The fair value was derived by discounting to March 31, 2015 and December 31, 2014 the projected maturity value of the note including accrued interest. The projected maturity value, including interest was calculated using life expectancy tables. The discount rate is based on the yield on the notes issued by the life insurance companies underwriting the life insurance policies and various risk factors associated with the note. The discount rate was less than the interest rate on the note during the first quarter of 2015.

The carrying values were approximately \$5.7 million as of March 31, 2015 and approximately \$5.6 million as of December 31, 2014. The note bears 8% simple interest and is recourse only to the proceeds of various life insurance policies on Mr. Leonard Tow.

### 6 Interest Holder Distribution

The Trustees have not authorized or completed any Distributions for the ART in 2015 or 2014. During 2013, previously issued ART Distributions reverted to the ART in the amount of approximately \$101,000. These funds were returned to the ART in accordance with Plan provisions regarding unclaimed Distributions and have been recorded as a deferred holder distributions liability. Such funds have reverted to the ART for the benefit of Interest Holders in the class of the forfeiting Holders and will be distributed to such Interest Holders at a time determined by the Trustees.

The ART Trustees will continue to retain cash in reserve to administer the ART and fund the prosecution of the Causes of Action and will continue to assess the adequacy of funds held for all potential costs and expenses of the ART and will distribute ART excess assets, if any, to Holders. No Distributions are currently planned. If and when future Distributions occur, they will be made according to the waterfall priority established in the Plan and discussed herein. Any assets not previously distributed by the ART, and that are not required for remaining costs and expenses, will be distributed in accordance with the Trust Declaration upon the dissolution of the ART.

### 7 Subsequent Events

Events subsequent to March 31, 2015 have been evaluated through May 4, 2015, the date the accompanying financial statements were issued. Other than as discussed herein, there have been no subsequent events that would be material to the financial statements of the ART, including Cause of Action settlements or judgments or Distributions or decisions concerning future Distributions.



**Item 2 Management’s Discussion and Analysis of Financial Condition and Results of Operations**

Overview

The ART was formed as a Delaware statutory trust pursuant to that certain First Modified Fifth Amended Joint Chapter 11 Plan of Reorganization of Adelphia and certain of its subsidiaries. The purpose of the ART is to prosecute the various Causes of Action transferred to the ART pursuant to the Plan and distribute to the owners of the Interests in the ART the net proceeds of such Causes of Action, according to the relative priorities established pursuant to the Plan, subject to the retention of various amounts to fund the prosecution of those Causes of Action and operations of the ART. Pursuant to the Plan, in addition to the Causes of Action, Adelphia transferred \$25 million in cash to the ART in connection with its formation in 2007 in order to fund the initial expenses of operation.

The ART is not subject to federal or state income taxes. The ART is not aware of any transactions or events up to and including March 31, 2015 that would subject it to federal or state income taxes. Further, the ART has no unrecognized income tax benefits as of March 31, 2015 nor are there any amounts required to be included in the financial statements for interest or penalties on unrecognized income tax benefits. Items of income, gain, loss, deduction and other tax items have been and will be allocated to the Holders that would be entitled to receive such items if they constituted cash distributions or reductions therefrom. The Holders are responsible for the payment of taxes on a current basis that result from such allocations whether or not cash is distributed.

Adelphia and certain of its subsidiaries filed for Chapter 11 bankruptcy protection in June 2002. During the bankruptcy, on July 31, 2006 the assets of Adelphia were sold for a combination of cash and stock in Time Warner Cable, Inc. (“TWC”). In late 2006, representatives of the various groups of creditors reached agreement on the allocation and distribution of the cash, TWC stock, other proceeds from the sale of estate assets and relative priorities to any Distributions arising from the Causes of Action contributed to the ART. This agreement was embodied in the Plan, which was confirmed in January 2007 and became effective on February 13, 2007 (the “Effective Date”). Under the Plan, the creditors and equity holders of Adelphia and certain of its subsidiaries received one or more of the following: cash, TWC stock, rights to future Distributions up to payment in full and the Interests.

The Plan provides that the ART shall dissolve upon the earlier of the distribution of all of its assets to the Holders or the fifth anniversary of its creation which was on February 13, 2012, subject to the right of the Trustees to extend the ART’s term with the approval of the Bankruptcy Court. In November 2011, the ART filed a motion to extend the term of the ART through December 31, 2014 because several Causes of Action were unlikely to be resolved prior to February 13, 2012. In December 2011 the motion was granted by the Bankruptcy Court. In July 2014, the ART filed a second motion to extend the term of the ART in light of the current status of the Causes of Action and the administrative tasks to be performed after the Causes of Action are resolved. On September 23, 2014 the Bankruptcy Court granted an extension through September 23, 2015. The Bankruptcy Court may approve additional extensions to resolve the Causes of Action, distribute the net proceeds to Holders or complete the administration of the ART.

As set forth in the Plan and the Declaration, the ART is administered by five Trustees. These Trustees are authorized to carry out the purposes of the ART. In particular, the Trustees are responsible for protecting, maintaining, liquidating to cash and maximizing the value of the Causes of Action contributed to the ART, whether by litigation, settlement or otherwise.

Distributions

Pursuant to the Plan and the Declaration, Distributions to Holders are net of any costs and expenses incurred by the ART in connection with administering, litigating or otherwise resolving the various Causes of Action. Such costs and expenses may also include fees and expenses of the Trustees, premiums for directors and officers insurance, and other insurance and fees and expenses of attorneys and consultants. Distributions

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will be made only from assets of the ART and only to the extent that the ART has sufficient assets (over amounts retained for contingent liabilities and future costs and expenses, among other things) to make such payments in accordance with the Plan and the Declaration. No Distribution is required to be made to any Holder unless such Holder is to receive in such Distribution at least \$25.00 or unless such Distribution is the final Distribution to such Holder pursuant to the Plan and the Declaration.

Distributions are made at the sole discretion of the Trustees in accordance with the provisions of the Plan and the Declaration. The Trust made no Distributions in 2015 or 2014. During 2013 previously issued ART Distributions reverted to the ART in the amount of approximately \$101,000. These funds were returned to the ART in accordance with Plan provisions regarding unclaimed Distributions and have been recorded as a deferred holder distributions liability. Such funds have reverted to the ART for the benefit of Interest Holders in the class of the forfeiting Holders and will be distributed to such Interest Holders at a time determined by the Trustees.

The ART Trustees will continue to retain cash in reserve to administer the ART and fund the prosecution of the Causes of Action and will continue to assess the adequacy of funds held for all potential costs and expenses of the ART and will distribute ART excess assets, if any, to Holders. No Distributions are currently planned. If and when future Distributions occur, they will be made according to the waterfall priority established in the Plan and discussed herein. Any assets not previously distributed by the ART, and that are not required for remaining costs and expenses, will be distributed in accordance with the Trust Declaration upon the dissolution of the ART.

As of March 31, 2015, the number of Interests outstanding in each series eligible to receive a Distribution is as follows:

<b>CVV Series of Interest:</b>	<b>As of March 31, 2015</b>
Series RF (1)	115,000,000
Series Arahova	722,580,866
Series FrontierVision	86,600,001
Series FPL	25,575,129
Series Olympus	17,000,001
Series ACC-1	4,839,988,165
Series ACC-2	339,207,075
Series ACC-3	119,430,302
Series ESL (2)	17
Series ACC-4	1,790,968,272
Series ACC-5 (2)	458
Series ACC-6B	150,000,000
Series ACC-6B1 (2)	3
Series ACC-6D	575,000,000
Series ACC-6D1 (2)	229,004
Series ACC-6E/F	935,812,456
Series ACC-6E/F1 (2)	277,210
Series ACC-7	217,022,640
Series ACC-7A (2)	1,537,766,752

(1) Series RF Interests are outstanding, but were paid in full with the March 1, 2012 Distribution and are not eligible for future Distributions.

(2) For each of these categories of Interests (which include disputed claims), each holder of a disputed claim was awarded one Interest. The underlying claims have been expunged or conditionally expunged and these corresponding Interests which are held by the ART Disputed Ownership Fund will be cancelled upon dissolution of the ART.

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A schedule summarizing the Distribution priority waterfall as of March 31, 2015 is set forth below:

**ART Distribution Waterfall Chart  
March 31, 2015 (1)**

Remainig Aggregate Distribution (2)	Distribution Description (3)	ART Distribution Recipient (4)	
		RF	0.00%
		Arahova	0.00%
		ACC-1	0.00%
		Olympus	0.00%
		FrontierVision	0.00%
		ACC-2	0.00%
		ACC-3	0.00%
0	RF Holders Paid In Full	FPL	0.00%
		Arahova	45.87%
		ACC-1	42.73%
		Olympus	5.00%
		FrontierVision	2.50%
		ACC-2	2.25%
		ACC-3	0.90%
		FPL	0.75%
0 - 370,000,000	Until Series Olympus has received aggregate distributions of \$16 million plus the Olympus Fees, plus accrued post-Effective Date dividends	Arahova	48.37%
		ACC-1	45.06%
		FrontierVision	2.50%
		ACC-2	2.37%
		ACC-3	0.95%
		FPL	0.75%
370,000,001 - 890,000,000	Until cumulative distribution is \$1,165 million	ACC-1	76.60%
		Arahova	14.51%
		ACC-2	4.03%
		FrontierVision	2.50%
		ACC-3	1.61%
		FPL	0.75%
890,000,001 - 5,230,000,000	Until Series Arahova has received \$625 million plus the Arahova Fees plus accrued post-Effective Date dividends	ACC-1	90.11%
		ACC-2	4.74%
		FrontierVision	2.50%
		ACC-3	1.90%
		FPL	0.75%
5,230,000,001 - 5,625,000,000	Until Series FPL has received aggregate distributions of \$6.2 million plus Default Interest, plus accrued post-Effective Date dividends (ACC-1, ACC-2 and ACC-3 paid in full)	Series Arahova	96.75%
		FrontierVision	2.50%
		FPL	0.75%
5,625,000,001 - 5,648,000,000	Until Series FPL has received aggregate distributions of \$6.2 million plus Default Interest, plus accrued post-Effective Date dividends	Series Arahova	97.50%
		FrontierVision	2.50%
5,648,000,001 - 5,670,000,000	Until Series FrontierVision has received aggregate distributions of \$85 million plus 80% of the FrontierVision Fees, plus accrued post-Effective Date dividends	FrontierVision	2.50%
		Series Arahova	100.00%
5,670,000,001 - 5,697,000,000	Until the additional distribution to the Series Arahova Interests equals \$50 million plus accrued post-Effective Date dividends at a rate of 5% per annum		
Not Quantifiable	Until ESL holders have received Payment in Full of their Claims and Case 8% interest plus accrued post-Effective Date dividends		
Not Quantifiable	Until ACC-4 holders have received the full amount of their Allowed Claims plus Case Contract Interest plus accrued post-Effective Date dividends		
Not Quantifiable	Until ACC-5 holders have received the full amount of their Allowed Claims plus Case 8% interest plus accrued post-Effective Date dividends		
Not Quantifiable	Until ACC-6 holders receive distributions in accordance with the relative priorities established by the Liquidation Preferences governing the shares of ACC Preferred Stock and the Bankruptcy Code		
Not Quantifiable	Each ACC-7 holder is entitled to receive a pro rata share of any distributions remaining		

Capitalized terms used in this chart but not otherwise defined have the respective meaning given to them under the Plan.

(1) Remaining aggregate distributions and ART distribution percentages are as of March 31, 2015.

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(2) Pursuant to the terms of the Plan, certain series of Interests are entitled to post-Effective Date dividends on certain amounts due to the corresponding class of claims. For purposes of calculating the reference amount on which post-Effective Date dividends accrue, the distribution of the True-Up Holdback is treated as if it occurred on the Effective Date. Remaining aggregate distributions have been reduced as a result of the \$215 million cash distribution to certain CVV Holders as of December 21, 2010, the \$30 million cash distribution on March 1, 2012, the \$30 million cash distribution on December 18, 2012 as well as distributions made by Adelpia for excess reserves and for refunds of reserves established for Settlement Party Fee Claims.

(3) Unless otherwise stated, post-Effective Date dividends accrue at a rate of 8.9% per annum.

(4) This chart is adjusted in accordance with Plan sections 5.1 and 5.2 with regard to pay-off priorities between the ACC Senior Notes, Trade and Other Unsecured Classes and the Subsidiary Notes Classes due to the magnitude of distributions by Adelpia to the ACC Senior Notes, Trade and Other Unsecured Classes as a result of the release of escrows, reserves and holdbacks. Sharing percentages portrayed reflect sharing relationships at the entry point of the individual breakpoints illustrated and do not reflect all changes in sharing relationships when multiple classes have concurrent pay-offs.

### **Results of Operations**

The ART operates pursuant to the Plan and the Declaration. The ART was formed as a Delaware statutory trust to prosecute various claims originally owned by Adelpia and, if any of the prosecutions are successful or are settled in a manner which provides economic benefit to the ART, to distribute excess proceeds over amounts retained to fund the prosecution of the Causes of Action and operations of the ART, to the Holders. The Trustees will retain enough cash in reserve to administer the ART and fund the prosecution of the Causes of Action.

Due to the nature of the ART's operations both revenue and operating expenses may fluctuate between and among reporting periods caused by activities and results related to the Causes of Action.

#### *First Quarter 2015 versus First Quarter 2014*

Total revenues consisting solely of interest decreased to approximately \$79,000 in the first quarter of 2015 from approximately \$105,000 in the first quarter of 2014. The revenue decrease of approximately \$26,000 was caused primarily by a reduction in principal of \$1.3 million on the Adelpia note receivable from a payment in October 2014. The note accrues interest at 8% simple. There were no court approved settlements for the first quarter of 2015 or 2014.

Total operating expenses for the ART decreased to approximately \$772,000 in the first quarter of 2015 from approximately \$790,000 in the first quarter of 2014. The operating expense decrease of approximately \$18,000 was caused by an increase in general and administrative expenses of approximately \$2,000 and a decrease in professional expenses of approximately \$20,000.

General and administrative expenses increased primarily due to increased insurance costs, bank fees, Trustee expenses and tax compliance costs for the ART in the first quarter of 2015 when compared to the first quarter of 2014.

Professional expenses decreased in the first quarter of 2015 compared to the first quarter of 2014 due to decreased miscellaneous costs and expenses associated with the pending Causes of Action as described herein.

As a result of the decrease in total revenues of approximately \$26,000 and the decrease in total operating expenses of approximately \$18,000 in the first quarter of 2015 compared to the first quarter of 2014, the net loss of approximately \$693,000 for the quarter ended March 31, 2015 was approximately \$8,000 more than the net loss of approximately \$685,000 for the quarter ended March 31, 2014.

### **Financial Condition and Cash Flows: Liquidity**

The ART's sources of liquidity are from (a) the \$25 million transferred to the ART by Adelpia pursuant to the Plan on the Effective Date, (b) the successful resolution of Causes of Action and (c) earnings on invested cash balances. Receipts from these sources are used to pay professional and operating expenses of the ART and to fund Distributions to the Holders after reserving cash required to pay future professional and operating expenses of the ART. The Trustees regularly evaluate the future financial needs of the ART. The Trustees will retain sufficient cash to administer the ART and fund the prosecution of the Causes of Action.

Based upon cash and cash equivalent balances as of March 31, 2015 totaling approximately \$35.6 million along with expected expenses and other potential disbursements, the ART expects to meet its obligations as they come due during the next twelve months if the term of the ART is extended beyond September 23, 2015. Due to the uncertain nature of future revenues and expenses beyond twelve months, it is not possible to be certain that cash will be available to cover all the future financial needs of the ART. Incurring debt, creating contingent obligation agreements and seeking methods to reduce legal, professional and administrative expenses are all strategies that could be undertaken to address liquidity issues should they arise. These strategies could impact the ART's ability to maximize recoveries from settlements.

The nature of the ART's operation does not give rise to capital expenditures and there are no current or expected commitments for capital expenditures in the next twelve months. Should a need for capital expenditures arise, the ART would fund the requirement from existing assets.

Cash and cash equivalent balances at March 31, 2015 of \$35.6 million are approximately \$721,000 less than as of December 31, 2014. This decrease is due to the uses of cash and cash equivalents by operating activities of approximately \$721,000.

The \$721,000 use of cash by operating activities included a net loss for the three months ended March 31, 2015 of approximately \$693,000. Other uses of cash by operating activities include the accrual of interest on a note receivable of approximately \$70,000 which was offset by cash provided by operating activities from a decrease in prepaid assets of approximately \$34,000 and an increase in accrued expenses of approximately \$8,000 during the three months ended March 31, 2015.

As of March 31, 2015, the ART has a total of \$35.6 million of cash and cash equivalents which include investments in three-month or shorter FDIC fully-insured bank CDs in the amount of \$30.0 million, a U.S. Treasury and government agency securities money market fund in the amount of approximately \$1.8 million and deposit accounts in the amount of \$3.8 million. The ART considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. As such, the three-month CDs have been classified as cash equivalents as of March 31, 2015. All investments during the quarter were fully compliant with the ART investment policy.

The ART has adequate liquidity to meet its obligations as of March 31, 2015.

### **Cautionary Statement Regarding Risks and Uncertainties That May Affect Future Results**

This report on Form 10-Q contains forward-looking statements about the business, financial condition and prospects of the ART. The actual results of the ART could differ materially from those indicated by the forward-looking statements because of various risks and uncertainties, including, without limitation, the number of and proceeds from litigations and/or settlements which are successful, delays in obtaining proceeds, the amount of funding required for the litigations and other operating expenses, economic conditions, changes in tax and other governmental rules and regulations applicable to the ART, and other risks identified and described in the Form 10-K filed with the SEC on March 2, 2015. These risks and uncertainties are beyond the ability of the ART to control, and in many cases, the ART cannot predict the risks and uncertainties that could cause its actual results to differ materially from those indicated by the forward-looking statements. When used in this report the words "believes," "estimates," "plans," "expects," "anticipates," "future", "may" and "will" and similar expressions as they relate to the ART or its management are intended to identify forward-looking statements.

## **New Accounting Guidance Pending Adoption**

There are no new accounting standards that the ART is required to adopt which will likely have a material effect as its financial statements.

### Item 3 **Quantitative and Qualitative Disclosures about Market Risk**

The ART invests cash in either FDIC insured deposit accounts, FDIC insured bank CDs or a money market fund invested in short-term U.S. Treasury and government agency securities including repurchase agreements collateralized fully by U.S. Treasury and government agency securities. The CDs have 3 month or less maturity terms as of March 31, 2015 and the money market fund has a 42 day weighted average maturity for the underlying securities. Interest income from these investments is subject to interest rate fluctuations.

### Item 4 **Controls and Procedures**

#### *Evaluation of Disclosure Controls and Procedures*

The ART maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in its 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 ART Trustees and the Trust Administrator as appropriate, to allow timely decisions regarding required financial disclosure.

The Trustees and the Trust Administrator have completed an evaluation of the effectiveness of the design and operation of disclosure controls and procedures as of March 31, 2015 . Based on their evaluation, the Trustees and the Trust Administrator concluded that as of March 31, 2015 , the ART's disclosure controls and procedures were effective.

#### *Limitations on the Effectiveness of Controls*

The Trustees and the Trust Administrator do not expect that the ART's disclosure controls will prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the ART have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with associated policies or procedures. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

#### *Changes in Internal Control over Financial Reporting*

During the quarter ended March 31, 2015, there were no changes in the ART's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the ART's internal control over financial reporting.

## PART II

### Item 1 Legal Proceedings

#### Pending Causes of Action

The pending causes of action described in the ART's 2014 Form 10-K filed on March 2, 2015 are set forth below together with the material developments in those proceedings through the date of this filing.

#### **FPL Litigation**

On June 24, 2004, the Creditors' Committee filed a fraudulent conveyance complaint against FPL Group, Inc. and West Boca Security, Inc. (collectively, "FPL") in the Bankruptcy Court for the Southern District of New York relating to pre-petition transactions. The FPL action seeks to recover an alleged fraudulent transfer arising out of Adelphia's repurchase of certain of its stock from FPL in January 1999 for \$149.5 million. Pursuant to the Plan, the claims asserted in the FPL Litigation were transferred to the ART.

On July 13, 2011, the Bankruptcy Court denied FPL's motion for leave to amend its answer to add a new defense. FPL filed an appeal of the Bankruptcy Court's July 13, 2011 decision, which was denied September 18, 2012. On September 28, 2011, FPL moved to withdraw the reference to Bankruptcy Court. The District Court denied FPL's motion to withdraw the reference on January 30, 2012. Trial began April 30, 2012 and testimony concluded on May 3, 2012. The parties submitted post-trial briefs on June 22, 2012. The Bankruptcy Court heard closing arguments on July 25, 2012. On May 6, 2014, the Bankruptcy Court issued proposed Findings of Fact and Conclusions of Law (the "Proposed Findings"), which recommend that the District Court enter judgment in favor of FPL. The District Court for the Southern District of New York accepted the Bankruptcy Court's recommendations over the objections filed by the ART, and entered judgment in favor of FPL on March 20, 2015. The ART filed its Notice of Appeal with the Second Circuit Court of Appeal on April 3, 2015.

At this time, the ART cannot predict the outcome of the FPL Litigation or estimate the possible financial effect of this proceeding on the ART's financial statements.

#### **Avoidance Actions**

On July 31, 2003, Adelphia and its debtor affiliates filed with the Bankruptcy Court their Statements of Financial Affairs, which included a schedule of payments to insider entities made within one year prior to Adelphia's filing for bankruptcy and payments to non-insider entities made within ninety days prior to Adelphia's filing for bankruptcy. Subsequently, Adelphia engaged in extensive analysis of all such payments to determine if they could be avoided pursuant to certain provisions of the Code.

On April 20, 2004, Adelphia filed a motion seeking to abandon most of the potential actions to avoid the pre-petition payments because, among other reasons, (i) Adelphia believed that pursuing certain of such actions against parties with whom Adelphia was continuing to do business could have a significant adverse impact on important, ongoing business relationships, and (ii) the costs associated with pursuing such actions far outweighed any potential benefit to the Adelphia debtors' estates that might otherwise result from bringing such actions. In response to certain objections to Adelphia's motion, Adelphia amended its initial motion.

On May 27, 2004, the Bankruptcy Court entered an order tolling all claims to avoid inter-debtor payments and authorizing the abandonment of potential actions to avoid (i) transfers to taxing authorities; (ii) transfers to human resource providers engaged in business with Adelphia; (iii) transfers determined to have been made in the ordinary course of business; and (iv) certain transfers deemed *de minimis*. As to the remainder of the transfers made by Adelphia during the relevant one-year and ninety-day periods prior to the bankruptcy filing,

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Adelphia either (i) entered into tolling agreements with the transferee extending Adelphia's time to initiate an action, or (ii) filed a complaint and initiated an adversary proceeding against the transferee.

As of June 25, 2004, Adelphia secured approximately 250 tolling agreements with various transferees, including members of the Rigas family, the Rigas family entities, former executives James Brown and Michael Mulcahey, and former directors Erland Kailbourne, Dennis Coyle, Leslie Gelber, and Peter Metros, among others. Certain of these tolling agreements have been amended from time to time. In addition, Adelphia filed approximately 150 complaints in the Bankruptcy Court commencing actions to avoid certain pre-petition transfers and payments. Most of those complaints have since been dismissed or resolved after further investigation.

At this time, the ART cannot predict the outcome of the remaining claims or estimate the possible financial effect of these proceedings on the ART's financial statements.

Item 1A.

**Risk Factors**

As of the date of this filing there have been no material changes from the risk factors previously disclosed in our "Risk Factors" in the ART's Form 10-K for the year ended December 31, 2014 as filed with the SEC on March 2, 2015.



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Item 6 **Exhibits**

- 2.1\* First Modified Fifth Amended Joint Chapter 11 Plan of Reorganization of Adelpia Communications Corporation and Certain of its Affiliated Debtors, effective February 13, 2007
- 3.1\* Restated Certificate of Trust, dated February 13, 2007
- 3.2\* Amendment to Restated Certificate of Trust, dated March 15, 2007
- 3.3\* Second Amended and Restated Declaration of Trust, dated June 4, 2008
- 3.4\* Rules and Procedures of Adelpia Recovery Trust
- 4.1\* Form of Certificate Evidencing Undivided Beneficial Interests in the Assets of the Adelpia Recovery Trust (Global Certificate)
- 4.2\* Form of Certificate Evidencing Undivided Beneficial Interests in the Assets of the Adelpia Recovery Trust (Book Entry Certificate)
- 10.1\* Plan Administrator Agreement, dated February 12, 2007
- 10.2\* Trustee Compensation Agreement

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\*Incorporated by reference to the Form 10 of Adelpia Recovery Trust (File No. 000-53209) filed April 30, 2008 and the amended Form 10 filed July 2, 2008.

- 31.1 Section 302 Certification of Trustee
- 31.2 Section 302 Certification of Trust Administrator
- 32.1 Certification of Trustee pursuant to 18 U.S.C. 1350 Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002
- 32.2 Certification Trust Administrator pursuant to 18 U.S.C. 1350 Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002
- 101 The following materials from Adelpia Recovery Trust's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2014, formatted in XBRL: (i) Condensed Balance Sheets (ii) Condensed Statements of Operations (iii) Condensed Statements of Cash Flows; and (iv) Notes to Condensed Financial Statements as detailed tags.

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**SIGNATURES**

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.

Date: May 4, 2015

By: Quest Turnaround Advisors, LLC  
as Trust Administrator of the Adelpia Recovery Trust

/s/ Jeffrey A. Brodsky  
Jeffrey A. Brodsky  
Member

## SECTION 302 CERTIFICATION

I, Ralph J. Takala, certify that:

1. I have reviewed this report for the period ended March 31, 2015 on Form 10-Q of Adelpia Recovery Trust;
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 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; and
  - (c) 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
  - (d) Disclosed in this report any changes 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 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: May 4, 2015

/s/ Ralph J. Takala

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Ralph J. Takala

Trustee

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## SECTION 302 CERTIFICATION

I, Jeffrey A. Brodsky, certify that:

1. I have reviewed this report for the period ended March 31, 2015 on Form 10-Q of Adelpia Recovery Trust;
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 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)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) 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) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; and
  - (c) 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
  - (d) Disclosed in this report any changes 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 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: May 4, 2015

By: Quest Turnaround Advisors, LLC  
as Trust Administrator of the Adelpia Recovery Trust

/s/ Jeffrey A. Brodsky

Jeffrey A. Brodsky  
Member

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**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 Adelpia Recovery Trust (the "Trust") on Form 10-Q for the period ended March 31, 2015 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ralph J. Takala, Trustee of the Trust, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

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 the Trust.

/s/ Ralph J. Takala

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Ralph J. Takala  
Trustee

Date: May 4, 2015

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**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 Adelpia Recovery Trust (the "Trust") on Form 10-Q for the period ended March 31, 2015 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jeffrey A. Brodsky, a member of Quest Turnaround Advisors, LLC, Trust Administrator of the Trust, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

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 the Trust.

By: Quest Turnaround Advisors, LLC  
as Trust Administrator of the Adelpia Recovery Trust

/s/ Jeffrey A. Brodsky

Jeffrey A. Brodsky  
Member

Date: May 4, 2015

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