

ADELPHIA RECOVERY TRUST

Final Update

**October 1, 2020 through October 31, 2020
(Unaudited)**

ADELPHIA RECOVERY TRUST
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Adelphia Recovery Trust
Condensed Balance Sheets
Unaudited

	<u>As of</u> <u>October 31, 2020</u>	<u>As of</u> <u>December 31, 2019</u>
Assets		
Cash and cash equivalents	-	\$ 702,558
Prepaid assets	-	407,067
Note and accrued interest receivable	-	7,018,310
Total assets	-	\$ 8,127,935
Liabilities and net assets		
Deferred holder distributions	-	\$ 151,361
Total liabilities	-	151,361
Net assets	-	7,976,574
Total liabilities and net assets	-	\$ 8,127,935

Adelphia Recovery Trust
Condensed Statements of Operations and Changes in Net Assets
Unaudited

	For the one month ended October 31, 2020	For the ten months ended October 31, 2020
Revenues		
Interest income	\$ 5,465	\$ 219,278
Total revenues	5,465	219,278
Operating expenses		
General and administrative expenses	1,241,327	1,435,878
Professional expenses	38,347	169,590
Total operating expenses	1,279,674	1,605,468
Net loss	(1,274,209)	(1,386,190)
Net assets, beginning of year	7,864,593	7,976,574
Interest holder distributions	(6,590,384)	(6,590,384)
Net assets, end of year	\$ -	\$ -

Adelphia Recovery Trust
Condensed Statements of Cash Flows
Unaudited

	<u>For the ten months ended October 31, 2020</u>
Operating activities	
Net loss	\$ (1,386,190)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Changes in operating assets and liabilities:	
Prepaid assets	407,067
Note and accrued interest receivable	7,018,310
Deferred holder distribution	(151,361)
Net cash provided by operating activities	<u>5,887,826</u>
Financing activities	
Interest holder distributions	(6,590,384)
Net cash used by financing activities	<u>(6,590,384)</u>
Net change in cash and cash equivalents	(702,558)
Cash and cash equivalents, beginning of year	<u>702,558</u>
Cash and cash equivalents, end of year	<u><u>\$ -</u></u>

ADELPHIA RECOVERY TRUST

QUARTERLY UPDATE

Background

Adelphia Communications Corporation (“Adelphia” or “ACC”) and certain of its subsidiaries (collectively the “Debtor”) 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 interests (“Interests”) in the Adelphia Recovery Trust or the Adelphia Contingent Value Vehicle (the “ART” or the “CVV”). This agreement was embodied in that certain First Modified Fifth Amended Joint Chapter 11 Plan of Reorganization (the “Plan”) of Adelphia, 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 from Adelphia up to payment in full, and the Interests in the ART.

The ART was formed as a Delaware statutory trust pursuant to the Plan. 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, 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, Adelphia 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. Development Specialists, Inc. (“DSI”) is the plan administrator (in such capacity, the “Plan Administrator”) of Adelphia. DSI and Adelphia 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 DSI as the trust administrator of the ART (in such capacity, the “Trust Administrator”).

The Trust Administrator and Adelphia 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 ART, the Trust Administrator, and Adelphia. The ART financial statements do not reflect any amounts for these services.

The ART maintains internal controls, disclosure controls and procedures. These controls and procedures are designed to ensure that information is accumulated and communicated to ART Trustees and the Trust Administrator as appropriate, to allow timely decisions regarding financial disclosures. During the month ended October 31, 2020 there were no changes to these internal controls, disclosure controls or procedures for the ART. Additionally, during the quarter there were no new accounting standards that the ART is required to adopt which will likely have a material effect on its financial statements.

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 October 31, 2020 that would subject it to federal or state income taxes. Further, the ART has no unrecognized income tax benefits as of October 31, 2020 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.

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 extended the term of the ART through September 23, 2015.

The ART filed a further motion in August 2015 with the Bankruptcy Court to extend the term of the ART to December 31, 2016 in light of the then current status of the Causes of Action. The motion also sought the cancellation of certain Series of CVV Interests as part of a staged wind-down process. The Bankruptcy Court granted the motion on September 22, 2015. Following the cancellation of certain CVV Interests, the ART discontinued SEC reporting, as disclosed in a Form 15 filed on September 28, 2015. The Form 15 is available on the ART Website at Adelphiarestructuring.com.

The ART was dissolved on December 31, 2016 (the "Dissolution Date") pursuant to the Plan, Declaration, and the September 22, 2015 court order. After the Dissolution Date, for purpose of liquidating and winding up the affairs of the ART, the Trustees shall continue, pursuant to the Declaration and the Plan, to act until the Trustees' duties under the Declaration and the Plan have been fully performed.

The Debtors and the ART filed a Motion with the Bankruptcy Court on September 3, 2020 seeking authorization for (i) Adelphia to pay off an interest-bearing note in the outstanding amount of \$7.2 million ("ART Note") previously issued by Adelphia to the ART, (ii) Adelphia to pay ART expenses following the final liquidating distribution by the ART, and (iii) certain procedures relating to the ART's final liquidating distribution and future Adelphia Plan distributions. The Order approving the Motion was entered on October 7, 2020, and the ART Note was paid off on October 8, 2020. The ART announced on October 16, 2020 that it would make a final distribution of all ART assets totaling approximately \$6.7 million, and the final liquidating distribution occurred on October 30, 2020. The final tax return is expected to be filed on or about February 15, 2021. Pursuant to the Plan and the ART's Declaration of Trust, the ART Trustees shall continue to act until the ART Trustees' duties under the Plan have been fully performed. Pursuant to the October 7, 2020 Order, the ART's operating expenses after October 30, 2020 will be paid by the Debtors until such time as the Debtors' estates have been fully administered and the ART has been terminated. Upon completion of the ART's remaining duties, the Institutional Trustee shall file a Certification of Cancellation with the Delaware Secretary of State, thereby terminating the ART.

Distributions

Pursuant to the Plan and the Declaration, prior Distributions to Holders have been 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 have also included fees and expenses of the Trustees, premiums for directors' and officers' insurance, and other insurance and fees and expenses of attorneys and consultants. Distributions have been made only from assets of the ART and only to the extent that the ART had 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.

Prior Distributions were made at the sole discretion of the Trustees in accordance with the provisions of the Plan and the Declaration. On December 21, 2010 the ART made a Distribution of \$215 million in cash payable to Holders of Interests in the ART in accordance with the waterfall priority established in the Plan. A record date of December 13, 2010 was established by the Trust for purposes of this Distribution. The ART made no Distributions in 2011.

In 2012, the Trustees approved two Distributions. The Trustees announced an approved Distribution on February 16, 2012 in the amount of \$30 million in cash. The record date for the Distribution was February 23, 2012 and the Distribution was completed on March 1, 2012. The Distribution fully resolved the Series RF claims. The Trustees announced a second 2012 approved Distribution on December 3, 2012 in the amount of

\$30 million in cash. The record date for the Distribution was December 10, 2012 and the Distribution was completed on December 18, 2012. The per-Interest and the total series amount of each of the prior year Distributions were set forth in the applicable ART 10-K for each of the respective periods.

The ART made no Distributions in 2013 or 2014. On December 8, 2015, the ART made a distribution of \$20 million in cash. A record date of December 1, 2015 was established by the Trust for purposes of this distribution. On October 25, 2016, the Trust made a Distribution of \$8.0 million in cash. A record date of October 18, 2016 was established by the Trust for purposes of this Distribution. On December 14, 2017, the Trust made a Distribution of \$2.0 million in cash. A record date of December 7, 2017 was established by the Trust for purposes of this Distribution. No distributions were made in 2018 or 2019. A final liquidating Distribution to Holders of all remaining ART assets of \$6.7 million in cash was made on October 30, 2020.

Previously issued ART Distributions reverted to the ART in the amounts of approximately \$101,000, \$27,000, and \$22,000 in 2013, 2016, and 2017, respectively. In the quarter ending March 31, 2019, approximately \$1,252 of additional previously issued distributions reverted to the ART as well. 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 on the ART balance sheet. Such funds reverted to the ART for the benefit of Interest Holders in the class of the forfeiting Holders and were distributed to such Interest Holders in the final ART distribution on October 30, 2020.

Below is a summary of ART Distributions by year:

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Distribution Amount (\$ millions)	\$ 215	\$ -	\$ 60	\$ -	\$ -	\$ 20	\$ 8	\$ 2	\$ -	\$ -	\$ 7	\$ 312

All remaining issued and outstanding ART CVV Interest were cancelled upon completion of the final liquidating distribution of cash on October 30, 2020.

CVV Series of Interest:	As of October 31, 2020
Series RF	-
Series Arahova	-
Series FrontierVision	-
Series FPL	-
Series Olympus	-
Series ACC-1	-
Series ACC-2	-
Series ACC-3	-
Series ESL (1)	-
Series ACC-4 (1)	-
Series ACC-5 (1)	-
Series ACC-6B (1)	-
Series ACC-6B1 (1)	-
Series ACC-6D (1)	-
Series ACC-6D1 (1)	-
Series ACC-6E/F (1)	-
Series ACC-6E/F1 (1)	-
Series ACC-7 (1)	-
Series ACC-7A (1)	-

(1) These Interests were cancelled in accordance with the Order Further Extending the Term of the Adelphia Recovery Trust and Authorizing Certain Wind-Down Steps dated September 22, 2015.

The October 30, 2020 final liquidating Distribution was distributed to Holders of Interests in accordance with the Distribution priority waterfall chart as of September 30, 2020.

ART Distribution Waterfall Chart ⁽¹⁾
September 30, 2020⁽²⁾

Remaining Aggregate Distribution ⁽³⁾	Distribution Description ⁽⁴⁾	ART Distribution Recipient	
0	RF Holders Paid In Full	RF	0.00%
		Arahova	0.00%
		ACC-1	0.00%
		Olympus	0.00%
		FrontierVision	0.00%
		ACC-2	0.00%
		ACC-3	0.00%
		FPL	0.00%
0 - \$416,000,000	Until Series Olympus has received aggregate distributions of \$16 million plus the Olympus Fees, plus accrued post-Effective Date dividends	Arahova	45.87%
		ACC-1	42.75%
		Olympus	5.00%
		FrontierVision	2.50%
		ACC-2	2.23%
		ACC-3	0.90%
		FPL	0.75%

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

⁽¹⁾ This waterfall chart is being presented in an abbreviated version to reflect that the ART was dissolved on December 31, 2016 and is liquidating and winding up its' affairs. All funds remaining after the ART's obligations have been paid (and the winding up process completed) shall be distributed to the ART Interest holders at the sharing percentages reflected for "Series Olympus". Given the remaining assets available for distribution upon termination, the only meaningful tier (tranche) that reflects the recoveries for each of the CVV Series entitled to a distribution is the Series Olympus tier. Therefore, for purposes of the eligible recoveries, the chart has been modified and simplified to reflect the remaining payout percentages.

⁽²⁾ Remaining aggregate distribution and ART distribution percentages are as of September 30, 2020.

⁽³⁾ 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, the \$20 million cash distribution on December 8, 2015, the \$8 million cash distribution on October 25, 2016, the \$2 million cash distribution on December 14, 2017 as well as distributions made by Adelpia for excess reserves and for refunds of reserves established for Settlement Party Fee Claims.

⁽⁴⁾ Unless otherwise stated, post-Effective Date dividends accrue at a rate of 8.9% per annum.

Results of Operations (The 2017 audited financial statements for the ART are available at Adelphiarestructuring.com)

The ART operated pursuant to the Plan and the Declaration. The ART was formed as a Delaware statutory trust. Following a final Distribution of all ART assets on October 30, 2020, the ART has not retained any cash or other assets.

One month ended October 31, 2020

Total revenues consist solely of interest income.

Total operating expenses consist of success fee bonuses related to the final liquidating distribution, exercise of the D&O tail, and legal expenses related to the final liquidation.

The ART expects that the ART Trustees shall continue to act until the Debtors' estates have been fully administered. Pursuant to the October 7, 2020 Order, future ART expenses shall be paid by the Debtors. No further financial activity by the ART is expected to take place and, consistent with the October 7, 2020 Order, no further financial reporting shall be made.