

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-K

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2011

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

Adelpia 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, P.O. Box 705
Wilmington, Delaware 19899**

(Address of Principal Executive Offices) (Zip Code)

302-652-4100 Attn: Dean Ziehl

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(g) of the Act:

CVV Series ACC-7 Interests

(Title of Classes)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes
No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes
No

Note — Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Exchange Act from their obligations under those Sections.

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 Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

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

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter.

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DOCUMENTS INCORPORATED BY REFERENCE

None

PART I**Item 1. Business.**Overview

The Adelpia Recovery Trust (the "ART") was formed in 2007 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") 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 (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, 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 and paid certain expenses of the ART, in order to fund the initial expenses of operation. The ART has no purpose other than to prosecute its Causes of Action and to distribute net proceeds to Holders.

Adelpia and certain of its subsidiaries filed for bankruptcy protection under Chapter 11 of the Bankruptcy Code (the "Code") in June 2002. During the bankruptcy, on July 31, 2006 substantially all of the assets of Adelpia were sold for a combination of cash and stock in Time Warner Cable ("TWC"). In late 2006, representatives of 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. Under the Plan, the creditors and equity holders of Adelpia and certain of its subsidiaries received one or more of the following: cash, TWC stock, rights to future distributions from Adelpia excess reserves up to payment in full and the Interests.

Interests allocated to holders of disputed claims and equity interests were deemed transferred to a reserve that is a "disputed ownership fund" for tax purposes (pursuant to the Plan and U.S. Treasury Regulations Section 1.468B-9(c)). The disputed ownership fund (the "ART DOF") is a separate taxable entity. The ART DOF and issues relating to the ART DOF are not the subject of this Form 10-K.

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 for the Southern District of New York (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. 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 of Trust for the ART, as amended (the "Declaration"), the ART is administered by five trustees (the "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 amounts withheld from distribution 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 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) 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 (per Holder class, name and address), 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 and are payable to Holders of Interests in the Trust in accordance with the waterfall priority established in the Plan. On December 21, 2010 the ART made a distribution of \$215 million in cash. A record date of December 13, 2010 was established by the Trust for purposes of this distribution. The ART made no distributions in 2011. 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. No other distributions are currently anticipated.

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. If and when such future distributions occur, they will be made according to the waterfall priority established in the Plan and discussed herein.

ART Operations and Management

Overview

The Trustees are Mr. Bryan E. Bloom, Mr. Lee S. Hillman, Mr. David P. Stowell, Mr. Ralph J. Takala and Mr. Dean A. Ziehl. The Trustees were appointed by various groups of creditors of the Adelphia estate. The Trustees have authority to carry out the purposes of the ART.

The ART is required to have a Delaware Trustee, and also has an Institutional Trustee. The Delaware Trustee of the ART is Bank of New York Mellon (Delaware) and has been appointed for the purpose of fulfilling the requirements of the Delaware Statutory Trust Act. The Institutional Trustee of the ART is Bank of New York Mellon. The Institutional Trustee is responsible for authentication of ART certificates (for Interests) distributed to Holders, the distribution through a paying agent of amounts due to Holders and the taking of all actions that may be necessary or appropriate for the preservation and the continuation of the ART's valid existence, rights, franchises, and privileges as a statutory trust. Quest Turnaround Advisors, L.L.C. ("Quest") is the plan administrator (the "Plan Administrator") of the debtors named in the Plan (the "Debtors").

Pursuant to the terms of the Plan Administrator Agreement between Quest and the Debtors, Quest and the Debtors agreed with each other 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 that capacity, the "Trust Administrator"). The Bankruptcy Court has retained exclusive jurisdiction over all matters relating to the ART.

The Trustees

The ART does not have directors, executive officers or employees. The Trustees have the duty and authority to take actions necessary to protect, maintain, liquidate to cash and maximize the value of its Causes of Action, whether by litigation, settlement or otherwise. The Declaration includes the following material duties and powers of the Trustees:

- taking any action necessary or desirable to carry out the purposes of the ART;
- maintaining the value of the assets of the ART;
- making distributions to the Holders;
- determining reserves to cover future costs and expenses associated with the ART;
- causing the ART to retain professionals or employees or agents as they may deem necessary to aid in the performance of their responsibilities pursuant to the terms of the Declaration and the Plan, including the prosecution of Causes of Action and the liquidation and distribution of the assets of the ART;
- causing the ART to pay all costs and expenses incurred in connection with the prosecution of Causes of Action and the administration of the ART;
- filing any and all tax returns with respect to the ART;
- causing valuations of property transferred to and held by the ART to be made for all United States federal income tax purposes; and
- winding up the affairs and liquidation of the ART.

A Trustee may be removed, but only by (i) the creditor(s) who appointed such Trustee or (ii) Bankruptcy Court order made after such notice and hearing as the Bankruptcy Court may direct. Any motion to remove a Trustee must be for cause shown and can only be brought by the Official Committee of Unsecured Creditors of Adelpia Communications Corporation (the "Creditors Committee").

Upon the death, resignation, removal or incompetency (determined by a court of competent jurisdiction) of a Trustee, the applicable creditor(s) who initially appointed such Trustee will have the authority to appoint a successor Trustee, provided, however, that if such creditor(s) does not make such appointment within 40 days of such death, resignation, removal or determination of incompetency, a majority of the remaining Trustees will have the power to appoint a successor Trustee. If a successor Trustee has not been appointed within 60 days of such written notice, the remaining Trustees may petition the Bankruptcy Court to appoint a successor Trustee.

Trust Administrator

The Plan Administrator Agreement between Quest and the Debtors provides that the Plan Administrator will, among other things, cause the Debtors to perform bookkeeping, accounting, financial reporting and other administrative functions of the ART, as reasonably requested by the Trustees and necessary or desirable to support the ART. In addition, the Plan Administrator will

cause the Debtors to provide support for the Causes of Action, including: maintaining and providing the ART with access to the books, records and other documents of the Debtors and providing the ART with access to those employees of the Debtors that perform such administrative services. The Plan Administrator also supervises the Debtors in performing the foregoing functions for the ART. Finally, the Plan Administrator assists the ART in the preparation of and execution of required reports, forms or applications for filing with the SEC or other governmental authorities.

In order to facilitate the provision of the services described above, the ART has appointed Quest as the Trust Administrator of the ART. In that capacity, the ART has requested that the Trust Administrator, under direction of the Trustees, provide the following services:

- assist in the preparation of the financial statements of the ART, including quarterly and annual statements;
- assist with establishing, maintaining and evaluating disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (“Exchange Act”) and internal controls over financial reporting as defined in Exchange Act Rules 13a-15(f) and 15d-15(f), as applicable to the ART;
- assist the ART in the preparation and submission of all filings required of the ART under the Exchange Act;
- sign Exchange Act filings (Form 10, Form 10-Q, Form 10-K and otherwise) in its capacity as Trust Administrator, including the certifications required by Sections 302 and 906 of the Sarbanes-Oxley Act of 2002; and
- assist the ART in such other matters as reasonably requested by the Trustees to enable the ART to comply with the Exchange Act and the Exchange Act Rules.

For its role as Plan Administrator, Quest is compensated exclusively by the Debtors. The ART does not pay Quest any additional amounts of compensation for serving as either Plan Administrator or Trust Administrator. The ART is required to reimburse Quest and the Debtors for out-of-pocket expenses incurred in performance of services on behalf of the ART.

Pursuant to the Plan Administrator Agreement, Quest may be removed as Plan Administrator of the Debtors by the Trustees for cause, upon notice, or without cause, upon 30 day notice. The Trustees may remove Quest as Trust Administrator at any time.

Item 1A. Risk Factors.

The ART is controlled by the Trustees and the Holders have no authority regarding decisions made on behalf of the ART

All decisions concerning the conduct of the Causes of Action and distribution of assets of the ART are to be made by the Trustees, in accordance with the terms of the Plan and Declaration. A decision to settle a Cause of Action requires the approval of a majority of the Trustees. Generally, the Holders have no right to elect or remove a Trustee. A Trustee may be removed, but only by (i) the creditor (s) who appointed such Trustee or (ii) Bankruptcy Court order made after such notice and hearing as the Bankruptcy Court may direct. Any motion to remove a Trustee must be for cause shown and can only be brought by the Creditors Committee.

The ART may not be successful in litigating the remaining Causes of Action or if the ART is successful, there could be a significant delay before any recovery is obtained and distributed

It is not possible to predict whether any further distributions will be made to the Holders or, if any such distributions are made, the timing and amount of those distributions. The ART will only make distributions to the Holders if and to the extent that it receives proceeds from the Causes of Action or other sources, and then only to the extent that the proceeds from the Causes of Action or other sources exceed any amounts withheld by the Trustees to fund the prosecution of remaining Causes of Action and operations of the ART. There can be no assurance that the ART will obtain a favorable judgment or settlement with respect to any particular Cause of Action. In addition, if there is a recovery, there can be no assurance as to the timing of any such recovery. To the extent the Causes of Action do not ultimately result in a judgment or settlement favorable to the ART, the value of the Interests will decrease.

Holders will have only limited rights against the Trustees and the Trustees have limited liability to the ART

The Declaration provides that the Institutional Trustee, the Delaware Trustee and the Trustees (and their respective affiliates, directors, officers, employees and representatives) and any officer, employee or agent of the ART or its affiliates will have no liability to the ART or the Holders except for (i) acts or omissions of the Trustees undertaken with the deliberate intent to injure the Holders or with reckless disregard for the best interests of the Holders and (ii) acts or omissions of the Institutional Trustee or Delaware Trustee undertaken with gross negligence, willful misconduct or bad faith. Any liability of the Trustees will be limited to actual, proximate and quantifiable damages.

The Declaration further provides that, with certain exceptions, no Holder has the right to institute any action or proceeding against the Trustees or otherwise under the Declaration unless the Holder has given the Institutional Trustee written notice of default and unless the requisite Holders have joined in the request for such action or proceeding. "Requisite Holders" means the Holders holding Interests that would be entitled to receive more than fifty percent of a hypothetical \$50 million distribution of the ART, if such distribution were made as of a date for such determination as reasonably fixed by the Trustees.

The Declaration provides that the Holders have no voting rights (except in connection with certain amendments to the Declaration and except for limited rights in connection with the appointment of a successor Institutional Trustee or Delaware Trustee) and no rights to dividends, liquidation preferences or other distributions other than their pro rata share of the net proceeds of the Causes of Action actually distributed by the Trustees pursuant to the Plan and Declaration.

Even if there are additional recoveries from the remaining Causes of Action, there can be no assurances that there will be sufficient funds to make any additional distributions to Holders

Even if the ART obtains a settlement or award based on the Causes of Action, there can be no assurance that the Holders will receive any proceeds from such settlement or award. Prior to Holders receiving any payments, the Trustees will pay all of the expenses of the ART and may set aside funds for future expenses or contingencies of the ART. Furthermore, distributions (if any) to a

particular class of Interests is contingent upon payment in full (or in some cases, in part) to classes of Interests with higher distribution priorities.

Potential conflicts of interest exist among the classes of Interests

The existence of separate classes of Interests and the different distribution priority of each class could give rise to occasions when the interests of the Holders could diverge, conflict or appear to diverge or conflict. Operational and financial decisions by the Trustees regarding the litigation could favor one group of Holders over another, adversely affecting the market value of a particular class of Interests or the distribution to that particular class of Interests. For example, the decision to settle a Cause of Action for a smaller amount than that which could potentially be recovered through litigation could favor those classes of Interests with a higher distribution priority in the waterfall, as those classes would be more likely to ultimately receive a distribution with respect to such a settlement as opposed to those with a lower distribution priority in the waterfall.

There is no trading market for the Interests, which could limit liquidity, and it may be difficult to establish a price per Interest

There is no current established trading market for the Interests and the ART does not intend to seek to have the Interests listed on an exchange or a national market. There is minimal trading in the over the counter market as quoted by Pink OTC Markets, Inc., which has limited liquidity.

The price of the Interests may depend on a number of factors, including (but not limited to) the nature of court decisions, speculation about the outcome of the Causes of Action and the sufficiency of the funds available to the ART to prosecute the Causes of Action.

There may be wide fluctuations in the price of the Interests. See Management's Discussion and Analysis of Financial Condition and Results of Operations included in Item 7 of this Form 10-K.

The outcome of litigation is inherently speculative and limited information regarding the developments and potential outcomes of litigation will be available; therefore, it may be difficult for Holders to assess the final amount of recovery

The ART files annual reports on Form 10-K and quarterly reports on Form 10-Q that will include an overview of the status of the pending Causes of Action. The ART will also advise Holders if there is a material final judicial decision in any of the Causes of Action or any material settlements. The ART's ability to disclose details of the Causes of Action in this filing or in future public filings may be limited, however, by the inherent nature and rules of judicial proceedings, including, among other things, proceedings and filings that are sealed by a court, matters involving attorney-client and work product privilege and proceedings that are conducted on a confidential basis by agreement of the parties, such as settlement negotiations. Furthermore, due to the speculative nature of litigation, it may be difficult for Holders to make a meaningful determination of the potential outcome on any Cause of Action.

A Holder's tax liability could exceed distributions

If the ART has income for a taxable year, the appropriate portion of that income may be includable in a Holder's taxable income, whether or not any cash is actually distributed to the Holder by the

ART. The Plan and Declaration permit the Trustees to reserve certain amounts to fund, among other things, operating and other expenses, and do not contain a mandatory tax distribution provision. Therefore, for any particular year there may be no distribution or a distribution that is less than a Holder's tax liability on its share of the income of the ART.

Certain tax positions are subject to challenge by the Internal Revenue Service

For tax purposes, the ART's assets were deemed transferred by the bankruptcy estate to the Holders, who then contributed them to the ART, in 2007. The ART was required to value the assets transferred to it on the formation of the trust and to notify Holders of those valuations. The Holders were then responsible for determining their individual tax consequences of the transfer. Because the assets are litigation claims against third parties, they are difficult to value with precision. The Internal Revenue Service could disagree with the value determined by the ART, and if the IRS were to sustain a higher valuation that could result in additional taxable income to the Holders in 2007. In addition, the ART has taken the position that recoveries from settlements and litigation constitute basis recovery first, and any additional recoveries will be treated as gain. The Internal Revenue Service could take a different position with respect to basis recovery, which if successful would accelerate the timing of income recognition.

The ART's ability to recover a judgment or settlement payment may be affected by the financial condition of a defendant

Adverse economic conditions affecting, or the financial condition of, a defendant may affect the ART's ability to collect a judgment or settlement payment from that defendant or may cause a delay in such collection.

Item 1B. Unresolved Staff Comments.

Not applicable.

Item 2. Properties.

The ART does not own or lease any physical properties.

Item 3. Legal Proceedings.

Pending Causes of Action

Goldman Sachs Litigation

On July 6, 2003, the Creditors Committee filed a complaint in the Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") against Adelphia's pre-petition commercial banks and lenders, Adelphia's former investment bankers and financial advisors, and assignees of Adelphia's pre-petition bank debt (the "Bank Litigation"). On February 9, 2006, the United States District Court for the Southern District of New York (the "District Court") granted a motion filed by certain defendants to withdraw the reference to the Bankruptcy Court.

The complaint included a claim for intentional fraudulent transfer against Goldman Sachs, Inc. arising from Adelphia Communications Corporation's pre-petition repayment of the Rigases' personal margin loans in an amount of approximately \$63 million. On May 6, 2009, the Court denied Goldman Sachs' motion to dismiss. Goldman moved for summary judgment on March 2, 2010. Following argument in August 2010, Goldman supplemented its motion on November 12, 2010. On April 7, 2011, the District Court granted Goldman's summary judgment motion and judgment was entered on April 13, 2011. On May 6, 2011, the ART timely filed its notice of appeal to the Court of Appeals for the Second Circuit. The appeal has been fully briefed. Oral argument has not yet been scheduled.

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

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. FPL's appeal has been briefed by the parties and is under submission to the District Court. 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 is scheduled to begin April 30, 2012.

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.

Sabres Litigation

The Sabres action involves claims for fraudulent conveyance, aiding and abetting breach of fiduciary duty, and equitable subordination or disallowance against Key Bank, N.A. ("Key Bank"), Fleet National Bank ("Fleet"), and HSBC Bank USA, N.A. ("HSBC") (collectively, the "Sabres Banks") arising from (i) Adelphia's purchase of and payments on certain loans made by the Sabres Banks to a Rigas Family partnership that owned the Buffalo Sabres hockey team and (ii) John Rigas' purchase of the team using Adelphia financing. HSBC has asserted counterclaims against Adelphia for "post-petition tort," contribution and indemnification.

The District Court for the Western District of New York granted a permanent injunction against the ART's prosecution of the fraudulent conveyance claims against the Sabres Banks and the Second Circuit affirmed that decision. The ART's claims against Fleet were resolved as part of the settlement between the ART and Fleet and other defendants in the Bank Litigation.

The remaining Sabres Banks have moved to dismiss the ART's claims for aiding and abetting breach of fiduciary duty and equitable subordination or disallowance. That motion has been fully briefed

and is pending. The ART has moved to dismiss HSBC's counterclaims, and that motion also has been fully briefed and is pending. The District Court heard argument on the motions on February 23, 2012, and the motions are under submission.

At this time, the ART cannot predict the outcome of the Sabres Litigation against Key Bank and HSBC or estimate the possible financial effect of this proceeding on the ART's financial statements.

Prestige Litigation

On June 24, 2004, the Creditors' Committee filed an adversary action against Prestige Communications of NC, Inc., Jonathan J. Oscher, Lorraine Oscher McClain, Robert F. Buckfelder, Buckfelder Investment Trust, and Anverse, Inc. in the Bankruptcy Court for the Southern District of New York. In a decision dated January 8, 2008, the District Court withdrew the reference to the Bankruptcy Court in the Prestige action and transferred the case to the District Court.

The Prestige action seeks to recover fraudulent transfers in connection with Adelphia's purchase of the assets of Prestige Communications of N.C., Inc., an acquisition that closed on July 5, 2000, as well as a claim that the owners of the Prestige Cable Systems aided and abetted breaches of fiduciary duty on the part of the Rigas family in connection with the transaction. Pursuant to the Plan, which became effective on February 13, 2007, the claims asserted in the Prestige Litigation were transferred to the ART.

On October 27, 2009, Defendants moved for summary judgment on the ART's claims. On June 27, 2011, the District Court granted Defendants' summary judgment motion and judgment was entered on June 28, 2011. The ART timely filed its notice of appeal to the Court of Appeals for the Second Circuit. The parties are briefing the appeal.

At this time, the ART cannot predict the outcome of the Prestige 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.

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. Some of those complaints have since been dismissed after further investigation.

On July 21, 2004, the Bankruptcy Court temporarily stayed all activity in the avoidance actions commenced by Adelphia and approved notice and service procedures in connection therewith.

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

Tolled Causes of Action

Buchanan Ingersoll

Adelphia and Buchanan Ingersoll & Rooney P.C. agreed to toll the statute of limitations on any claims between them as of March 26, 2004. Buchanan Ingersoll & Rooney P.C. was corporate counsel to Adelphia prior to the filing of Adelphia's bankruptcy petition in June 2002. That tolling agreement remains in effect and is terminable by either party upon notice. At this time, the ART cannot predict whether any recovery will be obtained from Buchanan Ingersoll or estimate the possible financial effect of these proceedings on the ART's financial statements.

Settled Matters

Bank Litigation

The complaint in the Bank Litigation, as subsequently amended, asserted claims seeking (a) recovery as fraudulent transfers of the principal and interest paid by Adelphia to defendants, (b) avoidance as fraudulent obligations of Adelphia's obligations, if any, to repay the defendants, (c) recovery of damages for fraud and breaches of fiduciary duties to Adelphia and for aiding and abetting fraud and breaches of fiduciary duties by members of the Rigas family relating to Adelphia's credit facilities, (d) equitable disallowance, subordination or recharacterization of each of the defendants' claims in Adelphia's bankruptcy cases, (e) avoidance and recovery of preferential transfers made to certain defendants shortly prior to Adelphia's bankruptcy filing, and (f) recovery of damages for violations of the Bank Holding Company Act ("BHCA"). Claims against several Defendants were dismissed

in a June 18, 2008 ruling by the District Court that was affirmed by the Second Circuit on May 26, 2010.

On November 18, 2010, the District Court approved a settlement pursuant to which the ART's claims against the Agent Bank and Investment Bank Defendants were released in exchange for a payment of \$175 million. On February 14, 2011, the District Court approved a settlement agreement between the ART and the Non-Agent Lenders and Additional Non-Agent Lenders.

Motorola Litigation

On June 22, 2006, Adelphia filed an adversary complaint against Motorola, Inc. and certain of its subsidiaries ("Motorola"), as well as transferees of claims filed by Motorola in the Adelphia bankruptcy cases in the Bankruptcy Court for the Southern District of New York. The complaint seeks recovery for (a) Motorola's aiding and abetting breaches of fiduciary duty by members of the Rigas family in manipulating Adelphia's financial statements and performance results for the fiscal years 2000 and 2001; (b) avoidance and recovery of preferential and fraudulent transfers made to Motorola of more than \$60 million; (c) avoidance of purported (but unperfected) liens asserted by Motorola; and (d) equitable disallowance or subordination of Motorola's claims in the Adelphia bankruptcy cases (the total face amount of which is approximately \$66.6 million). The ART was added as a co-plaintiff with Adelphia after February 13, 2007.

On October 26-30, 2009, the Bankruptcy Court conducted a trial on the sole issue of Adelphia's claim to equitably subordinate or disallow the Motorola claim against the estate. Before the Bankruptcy Court issued its decision, a settlement was reached among ART, Adelphia, and Motorola. The Bankruptcy Court entered an order approving the settlement on December 14, 2009. Pursuant to the settlement, Motorola made a payment of \$40 million to the ART on December 29, 2009. In connection with the settlement with Motorola, the ART issued a total of 57,274,499 ACC-2 Interests to Bear, Stearns & Co. Inc., DK Acquisition Partners L.P. and Varde Investment Partners, L.P. on December 30, 2009.

Deloitte & Touche Litigation

On November 6, 2002, Adelphia filed a lawsuit against Deloitte & Touche LLP ("Deloitte"), Adelphia's former independent auditor, for accounting malpractice in Pennsylvania state court. Adelphia alleged that Deloitte (i) failed to conduct an audit in accordance with generally accepted auditing standards and (ii) provided an opinion that Adelphia's financial statements conformed with generally accepted accounting principles when Deloitte allegedly knew or should have known that those financial statements did not so conform.

On August 3, 2007, the ART announced that it had reached a settlement with Deloitte to resolve the claims between Adelphia, the ART, and Deloitte in exchange for a payment of \$167.5 million, subject to the approval of the Bankruptcy Court. The Bankruptcy Court entered an order approving the settlement on August 16, 2007.

Rosensweig and Tow Litigation

On August 3, 2007, the ART announced the settlement of various pending adversary actions and bankruptcy claims pending in the Bankruptcy Court for the Southern District of New York

involving Leonard Tow, his wife, and David Rosensweig, the Trustee of two trusts created in connection with Tow's exercise of his right to terminate his employment as the Chief Executive Officer of Century Communications Corporation when Adelphia acquired Century in 1999. The settlement provided for a cash payment to the ART of approximately \$15.8 million and an interest-bearing note in the principal amount of approximately \$4.9 million issued by Adelphia with simple, non-compounding, interest thereon at the rate of 8%. That note is recourse only to Adelphia's proceeds from life insurance policies on the lives of Mr. Tow and his wife, the proceeds of which policy shall not be paid until the death of the last to die of Mr. Tow and his wife. The Bankruptcy Court entered an order approving the settlement on September 6, 2007.

Litigation Indemnification Fund Litigation

Pursuant to the Third Modified Fourth Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code for Century-TCI Debtors and Parnassos Debtors (the "JV Plan"), which became effective on July 31, 2006; the Plan, which became effective on February 13, 2007; and certain other orders entered by the Bankruptcy Court, litigation indemnification funds (each, a "LIF") were created and held by Adelphia to provide certain defendants in the Bank Litigation (see above) provisional and conditional reimbursement of legal fees and expenses expected to be incurred in connection with defending litigation involving certain credit facilities.

The LIF created under the JV Plan (the "JV LIF"), established in the initial amount of \$10 million, was created to fund certain allowable claims for indemnification arising under the Parnassos and Century-TCI prepetition credit facilities. Subject to certain conditions, the JV LIF is "evergreen"; in other words, the JV Plan provides the JV LIF will be replenished by the ART under certain conditions, such as "upon the receipt . . . of net proceeds of any Designated Litigation" after first deducting any required distribution to the government.

The LIFs created under the Plan (the "Plan LIFs") are fixed in amounts and not subject to replenishment. Because the JV LIF is evergreen, whereas the Plan LIFs are capped, the allocation of defense costs among the categories of LIFs is a matter of economic significance.

Certain entities (the "JV Claimants") submitted formal claims that through September 30, 2011 aggregated approximately \$26.9 million in excess of the \$10.0 million initially deposited in the JV Litigation Indemnification Fund by Adelphia. Thus, claims against the JV LIF totaled approximately \$36.9 million and certain of the JV Claimants indicated an intention to submit additional claims in the future. Adelphia and the ART asserted that the JV LIF claims were improper.

On November 13, 2008, certain of the JV claimants filed, or subsequently joined in, the *Motion of the Bank of Nova Scotia, Citibank N.A. and The Ad Hoc Committee of Non-Agent Secured Lenders in the Parnassos and Century-TCI Facilities for Payment of Bank Lender Post Effective Date Fee Claims and to Compel Compliance of the Plan Administrator (defined in the JV Plan as Adelphia) and the Art with the Third Modified Fourth Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code and the Century TCI Stipulation* (the "LIF Motion"). Adelphia and the ART moved to disallow Bank Lender Post-Effective Date Fee Claims against the claimants.

The JV LIF claims involving Societe Generale, S.A. were resolved by settlement in 2010. The claims of the remaining JV LIF Claimants were resolved by settlement in 2011. The ART

contributed \$1.2 million to the JV evergreen LIF in connection with the final settlement of the JV LIF claims. Those settlements fully resolved all claims asserted against the JV LIF.

Item 4. Mine Safety Disclosures.

Not Applicable

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

On June 4, 2008, the Bankruptcy Court granted the ART's motion for approval to amend the Declaration to remove the ART's obligation to list the Interests on any national exchange. The amendment was a condition to the ART's receipt of a private letter ruling from the Internal Revenue Service confirming the ART's treatment for tax purposes as a pass-through grantor trust so that litigation proceeds generally will not be subject to taxation at the trust level.

There is no established market for any class of Interests. The Interests have not been quoted in the automated quotation system of a registered securities association nor have there been any quotations of any bids for the Interests.

As of December 31, 2011, the approximate number of record holders in each class of Interests was as follows:

Class	Holders (#)
RF	1
Arahova	54
FrontierVision	16
FPL	4
Olympus	14
ESL	1
ACC-1	78
ACC-2	186
ACC-3	29
ACC-4	59
ACC-5	1
ACC-6B	30
ACC-6B1	1
ACC-6D	41
ACC-6D1	2
ACC-6E/F	48
ACC-6E/F1	3
ACC-7	2,661
ACC-7A	28
Total	3,257

The Interests were issued to certain creditors of the Adelpia bankruptcy estate pursuant to the Plan and their issuance was exempt from the registration requirements of the Securities Act of 1933, as amended, pursuant to Section 1145 of the Code. Generally, a creditor received one Interest for each dollar of such creditor's claim deficiency as of the effective date of the Plan, February 13, 2007

(“Effective Date”). The deficiency was equal to the amount of such creditor’s allowed claim plus, in some cases, post-petition accrued interest, less any distributions to such creditor pursuant to the Plan. In the case of CVV Series ACC-7 Interests, each creditor received one Interest for each share of Adelphia Class A Common Stock owned with no regard to dollar value.

Description of Securities

Nineteen classes of claimants and equity groups received Interests in the ART. A description of the 19 classes that received Interests is set forth in the table below.

Description of Classes of Interests in the Adelphia Recovery Trust

Series	Description
RF	Restitution Fund administered by US Attorney General and the SEC for investors harmed by the activities of prior management
Subsidiary Debtor Claims	<p>Arahova Senior Notes issued by Century Communications prior to an assumption of the company’s debt by Adelphia Communications Corporation (“ACC”) in an acquisition of Century Communications</p> <p>FrontierVision Senior Notes issued by FrontierVision Holdings prior to the assumption of the company’s debt by ACC in an acquisition of FrontierVision</p> <p>FPL Claims arising in connection with a note issued by Ft. Myers Acquisition Limited Partnership to Olympus Communications, L.P., assigned to West Boca Security, Inc., and further assigned to Lehman Commercial Paper, Inc.</p> <p>Olympus Senior Notes issued by Olympus Communications, L.P. (a joint venture between ACC and unaffiliated third parties that was eventually wholly-owned by ACC) and Olympus Capital Corporation</p>
**	ESL(1) Subsidiary debtor Existing Securities Law claims
ACC Debtor Claims	<p>ACC-1 Senior Notes issued by ACC</p> <p>ACC-2 ACC Trade claims</p> <p>ACC-3 ACC Other Unsecured claims</p> <p>ACC-4 Convertible Subordinated Notes issued by ACC</p>
ACC Equity Interests	<p>ACC-5(1) ACC Existing Securities Law claims</p> <p>ACC-6B ACC Series B Preferred Stock</p> <p>ACC-6B1(1) ACC Series B Preferred Stock Existing Securities Law claims</p> <p>ACC-6D ACC Series D Preferred Stock</p> <p>ACC-6D1(1) ACC Series D Preferred Stock Existing Securities Law claims</p> <p>ACC-6EF ACC Series E/F Preferred Stock</p> <p>ACC-6EF1(1) ACC Series E/F Preferred Stock Existing Securities Law claims</p> <p>ACC-7 ACC Common Stock</p> <p>ACC-7A(1) ACC Common Stock Existing Securities Law claims</p>

** Subsidiary-preexisting equity claims

(1) For each of these categories of Interests, each holder of a disputed claim was awarded one unit.

Each class of Interest has a different distribution priority. As set forth in the distribution priority waterfall below, distributions (if any) to certain classes of Interests are contingent upon payment in full (or in some cases, in part) to classes of Interests with higher distribution priorities. In connection with a distribution, Holders are entitled to receive their pro rata portion of a stated amount and

dividends on such stated amount, the rate of which is set forth in the Plan for each class of Interests. However, Holders of CVV Series RF Interests, CVV Series ACC-6B, CVV Series ACC-6B1, CVV Series ACC-6D, CVV Series ACC-6D1, CVV Series ACC-6E/F, CVV Series ACC-6E/F1, CVV Series ACC-7 and CVV Series ACC-7A Interests do not earn dividends on their stated amount. A schedule summarizing the distribution priority waterfall is set forth below as of December 31, 2011 and should be read in conjunction with the Interest Holder Distribution data on page 20.

**ART Distribution Waterfall Chart
December 31, 2011 (1)**

Remainig Aggregate Distribution (2)	Distribution Description (3)	ART Distribution Recipient	
Up to 15,000,000	Until RF holders have received an aggregate \$115 million	RF	50.00%
		Arahova	22.94%
		ACC-1	21.36%
		Olympus	2.50%
		FrontierVision	1.25%
		ACC-2	1.12%
		ACC-3	0.45%
15,000,001 - 376,000,000	Until Series Olympus has received aggregate distributions of \$16 million plus the Olympus Fees, plus accrued post-Effective Date dividends	FPL	0.38%
		Arahova	45.87%
		ACC-1	42.73%
		Olympus	5.00%
		FrontierVision	2.50%
376,000,001 - 950,000,000	Until cumulative distribution is \$1,165 million	ACC-2	2.25%
		ACC-3	0.90%
		FPL	0.75%
		Arahova	48.37%
		ACC-1	45.06%
950,000,001 - 4,092,000,000	Until Series Arahova has received \$625 million plus the Arahova Fees plus accrued post-Effective Date dividends	FrontierVision	2.50%
		ACC-2	2.37%
		ACC-3	0.95%
		FPL	0.75%
		ACC-1	76.60%
4,092,000,001 - 4,731,000,000	Until Series FPL has received aggregate distributions of \$6.2 million plus Default Interest, plus accrued post-Effective Date dividends (ACC-1 and ACC-3 paid in full)	Arahova	14.51%
		ACC-2	4.03%
		FrontierVision	2.50%
		ACC-3	1.61%
		FPL	0.75%
4,731,000,001 - 4,768,000,000	Until Series FPL has received aggregate distributions of \$6.2 million plus Default Interest, plus accrued post-Effective Date dividends	ACC-1	90.11%
		ACC-2	4.74%
		FrontierVision	2.50%
		ACC-3	1.90%
4,768,000,001 - 4,781,000,000	Until Series FPL has received aggregate distributions of \$6.2 million plus Default Interest, plus accrued post-Effective Date dividends	FPL	0.75%
		ACC-2	96.75%
		FrontierVision	2.50%
4,781,000,001 - 4,782,000,000	Until the holders of Claims in Class ACC Notes and in Classes ACC Trade and ACC Other Unsecured have been paid in full including Case Contract Interest (ACC Notes) and Case 8% Interest (ACC Trade and ACC Other Unsecured) and accrued post-Effective Date dividends	FPL	0.75%
		ACC-2	97.50%
4,782,000,001 - 4,844,000,000	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%
		FrontierVision	100.00%
Not Quantifiable	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	Series Arahova	100.00%
		Series Arahova	100.00%
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 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 December 31, 2011.

(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 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.

The Declaration does not provide the Holders any voting rights (except in connection with certain amendments to the Declaration and except for limited rights in connection with the appointment of a successor Institutional Trustee or Delaware Trustee). The beneficial interests are freely transferable and tradable, although they are not listed on any exchange.

Distributions will be made to the Holders from amounts recovered through resolution of the Causes of Action, and any other cash held by the ART, subject to, among other things, the establishment of reasonable reserves for contingent liabilities and future costs and expenses. Pursuant to the Plan and the Declaration, all distributions are net of any costs and expenses incurred by the ART in connection with administering, litigating or otherwise resolving the various Causes of Action of the ART and operating the ART.

Amounts withheld and not distributed 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 will be made only from assets of the ART and only to the extent that the ART has sufficient assets (over reserves for contingent liabilities and future costs and expenses) 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 (per Holder class, name and address), or unless such distribution is the final distribution to such Holder pursuant to the Plan and the Declaration.

The Interests only represent a right to receive a pro rata portion of the distributions from the ART to each respective class of Interests, pursuant to the terms of the Plan and the Declaration. The Holders have no right with respect to, or interest in, (i) the Causes of Action, (ii) the Debtors or (iii) any amount with respect to the Causes of Action, including any judgment or settlement proceeds.

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

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. If and when such future distributions occur, they will be made according to the waterfall priority established in the Plan and discussed herein.

Interest Holder Distributions

On December 21, 2010 the ART made a distribution of \$215 million in cash payable to Holders of Interests in the Trust 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. 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 per-Interest amount of the distribution and the total amount of the distribution by series of Interest is set forth below. The distribution fully resolved the Series RF claims.

Adelpia Recovery Trust
\$30 Million Cash Distribution per Interest to Holders of Record as of February 23, 2012

	CUSIP Number	DISTRIBUTION PER INTEREST:		
		Column A	Column B	Column C
		Distribution Amount per Interest	Number of Interests	Total Distribution Amount
CVV Series RF	00685R 84 7	\$ 0.0652173913 x	115,000,000 = \$	7,500,000
CVV Series Arahova Interests	00685R 10 2	\$ 0.0142832267 x	722,639,681 = \$	10,321,626
CVV Series FrontierVision Interests	00685R 20 1	\$ 0.0064953810 x	86,600,001 = \$	562,500
CVV Series FPL Interests	00685R 86 2	\$ 0.0066176470 x	25,575,129 = \$	169,247
CVV Series Olympus Interests	00685R 30 0	\$ 0.0661764667 x	17,000,001 = \$	1,125,000
CVV Series ACC-1 Interests	00685R 40 9	\$ 0.0019863666 x	4,839,988,165 = \$	9,613,991
CVV Series ACC-2 Interests	00685R 50 8	\$ 0.0014899223 x	339,207,075 = \$	505,392
CVV Series ACC-3 Interests	00685R 60 7	\$ 0.0016934014 x	119,430,302 = \$	202,244
CVV Series ESL Interests	00685R 85 4	\$ 0 x	17 = \$	0
CVV Series ACC-4 Interests	00685R 70 6	\$ 0 x	1,790,968,272 = \$	0
CVV Series ACC-5 Interests	00685R 80 5	\$ 0 x	458 = \$	0
CVV Series ACC-6B Interests	00685R 83 9	\$ 0 x	150,000,000 = \$	0
CVV Series ACC-6B1 Interests	00685R 82 1	\$ 0 x	3 = \$	0
CVV Series ACC-6D Interests	00685R 81 3	\$ 0 x	575,000,000 = \$	0
CVV Series ACC-6D1 Interests	00685R 79 7	\$ 0 x	229,004 = \$	0
CVV Series ACC-6E/F Interests	00685R 78 9	\$ 0 x	935,812,456 = \$	0
CVV Series ACC-6E/F1 Interests	00685R 77 1	\$ 0 x	277,210 = \$	0
CVV Series ACC-7 Interests	00685R 87 0	\$ 0 x	217,022,640 = \$	0
CVV Series ACC-7A Interests	00685R 76 3	\$ 0 x	1,537,766,752 = \$	0
TOTALS			11,472,517,166	\$ 30,000,000

A schedule summarizing the distribution priority waterfall updated to reflect the effects of the \$30 million distribution that was completed on March 1, 2012 is set forth below.

**ART Distribution Waterfall Chart After the Effects of the \$30 Million Distribution
March 1, 2012(1)**

Remainig Aggregate Distribution (2)	Distribution Description (3)	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%		
0 - 349,000,000	Until Series Olympus has received aggregate distributions of \$16 million plus the Olympus Fees, plus accrued post-Effective Date dividends	FPL	0.00%		
		Arahova	45.87%		
		ACC-1	42.73%		
		Olympus	5.00%		
		FrontierVision	2.50%		
		ACC-2	2.25%		
		ACC-3	0.90%		
349,000,001 - 920,000,000	Until cumulative distribution is \$1,165 million	FPL	0.75%		
		Arahova	48.37%		
		ACC-1	45.06%		
		FrontierVision	2.50%		
		ACC-2	2.37%		
		ACC-3	0.95%		
		FPL	0.75%		
920,000,001 - 4,126,000,000	Until Series Arahova has received \$625 million plus the Arahova Fees plus accrued post-Effective Date dividends	ACC-1	76.60%		
		Arahova	14.51%		
		ACC-2	4.03%		
		FrontierVision	2.50%		
		ACC-3	1.61%		
		FPL	0.75%		
		4,126,000,001 - 4,747,000,000	Until Series FPL has received aggregate distributions of \$6.2 million plus Default Interest, plus accrued post-Effective Date dividends (ACC-1 and ACC-3 paid in full)	ACC-1	90.11%
ACC-2	4.74%				
FrontierVision	2.50%				
ACC-3	1.90%				
FPL	0.75%				
4,747,000,001 - 4,787,000,000	Until Series FPL has received aggregate distributions of \$6.2 million plus Default Interest, plus accrued post-Effective Date dividends			ACC-2	96.75%
				FrontierVision	2.50%
		FPL	0.75%		
		4,787,000,001 - 4,798,000,000	Until the holders of Claims in Class ACC Notes and in Classes ACC Trade and ACC Other Unsecured have been paid in full including Case Contract Interest (ACC Notes) and Case 8% Interest (ACC Trade and ACC Other Unsecured) and accrued post-Effective Date dividends	ACC-2	97.50%
FrontierVision	2.50%				
4,798,000,001 - 4,799,000,000	Until Series FrontierVision has received aggregate distributions of \$85 million plus 80% of the FrontierVision Fees, plus accrued post-Effective Date dividends	FrontierVision	100.00%		
4,799,000,001 - 4,861,000,000	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	Series Arahova	100.00%		
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 1, 2012.

(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 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.

Item 6. Selected Financial Data.**Selected Financial Data**

The Selected Financial Data should be read in conjunction with the financial statements and related notes, which are included in Item 8 below, and "Management's Discussion and Analysis of Financial Statements and Results of Operations" included in Item 7.

Summary of Changes in Net Assets

<u>(millions)</u>	<u>For year ended December 31, 2011</u>	<u>For year ended December 31, 2010</u>
Net assets, beginning of year	\$ 91.0	\$ 167.4
Revenues	0.5	175.6
Expenses	11.5	37.0
Net income (loss)	(11.0)	138.6
Distributions to Interest Holders	0.0	(215.0)
Net assets, end of year	\$ 80.0	\$ 91.0

Summary of Balance Sheet Items

<u>(millions)</u>	<u>As of December 31, 2011</u>	<u>As of December 31, 2010</u>
Total assets	\$ 80.4	\$ 92.9
Total liabilities	\$ 0.3	\$ 1.9

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.Overview

The Adelphia Recovery Trust 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 \$25.0 million in cash to the ART and paid certain expenses of the ART, in order to fund the initial expenses of operation.

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 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 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 excess reserves 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 for the Southern District of New York (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. 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. The recoveries from settled Causes of Action and preferences from the Effective Date through December 31, 2011 have amounted to \$404.6 million. The recoveries from settled Causes of Action and preferences for the years ended December 31, 2011, 2010, 2009 and for the period from February 13, 2007 to December 31, 2008 are set forth below (all amounts in millions).

(millions)	Year ended December 31, 2011	Year ended December 31, 2010	Year ended December 31, 2009	For the period from February 13, 2007 (date established) to December 31, 2008
Bank	\$ 0.0	\$ 175.0	\$ 0.0	\$ 0.0
Motorola	0.0	0.0	40.0	0.0
Tow / Rosenweig	0.0	0.0	0.0	20.9
Deloitte	0.0	0.0	0.0	167.5
Various preference claims	0.0	0.0	0.0	1.2
Total	\$ 0.0	\$ 175.0	\$ 40.0	\$ 189.6

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 amounts withheld before distribution may also include fees and expenses of the Trustees, premiums for directors and officers insurance, taxes and other insurance and fees and expenses of attorneys and consultants. Distributions 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) 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 (per Holder class, name and address), 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 and are payable to Holders of Interests in the Trust in accordance with the waterfall priority established in the Plan. On December 21, 2010 the ART made a distribution of \$215.0 million in cash. A record date of December 13, 2010 was established by the Trust for purposes of this distribution. No distributions were made in 2011. The Trustees announced an approved distribution on February 16, 2012 in the amount of \$30.0 million in cash. The record date for the distribution was February 23, 2012 and the distribution was completed on March 1, 2012.

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 the ART's excess assets, if any, to Holders. If and when such future distributions occur, they will be made according to the waterfall priority established in the Plan and discussed herein.

As of December 31, 2011, the number of Interests outstanding in each series eligible to receive a Distribution is as follows:

CVV Series of Interest:	As of December 31, 2011
Series RF	115,000,000
Series Arahova	722,639,681
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 (1)	17
Series ACC-4	1,790,968,272
Series ACC-5 (1)	458
Series ACC-6B	150,000,000
Series ACC-6B1 (1)	3
Series ACC-6D	575,000,000
Series ACC-6D1 (1)	229,004
Series ACC-6E/F	935,812,456
Series ACC-6E/F1 (1)	277,210
Series ACC-7	217,022,640
Series ACC-7A (1)	1,537,766,752

(1) For each of these categories of Interests (which include disputed claims), each holder of a disputed claim was awarded one Interest. The number of Interests is expected to change based on the resolution of disputed claims.

Results of Operations

Year ended December 31, 2011 versus year ended December 31, 2010

Total revenues as set forth below, decreased to \$0.5 million in 2011 compared to \$175.6 million in 2010 due to the settlement of the Bank Litigation in 2010. Settlement recoveries should not be considered as an indicator of future revenue performance of the ART as the ART's revenue derived from Cause of Action settlements, if they occur, will be highly variable and unpredictable. The related legal proceedings could continue for years.

(millions)	For the year ended December 31, 2011	For the year ended December 31, 2010
Revenues		
Litigation - court approved settlements	\$ 0.0	\$ 175.0
Interest income	0.5	0.6
Total revenues	<u>\$ 0.5</u>	<u>\$ 175.6</u>

There were no settlement revenues in 2011 compared to settlement revenues of \$175.0 million in 2010. No causes of action were settled or otherwise resolved in 2011. In 2010, revenue from recoveries was \$175.0 million due to the settlement of the Bank Litigation discussed in Item 3

above. The Bank Litigation had been in process since the Effective Date and was settled in December 2010.

As of the date of this Form 10-K, there remain other Causes of Action as described in Item 3 of this Form 10-K. At this time there is no way to estimate or project the timing or amount of potential recoveries or whether there will be any recoveries from those Causes of Action.

Both 2011 and 2010 include interest income from invested cash balances. Interest income totaled \$0.5 million in 2011 which has decreased from \$0.6 million in 2010 primarily due to lower average invested cash balances in 2011 and to a reduction in investment yields. Investment yield reductions were driven by market rate changes and were not caused by a change in investment strategy or policy of the ART.

Operating expenses of the ART as set forth below, decreased in 2011 to \$11.5 million from \$37.0 million in 2010. The \$25.5 million decrease was due to reduced professional litigation expenses from pursuing Causes of Action in 2011 offset by an increase in professional administrative, and general and administrative expenses.

(millions)	For the year ended December 31, 2011	For the year ended December 31, 2010
Operating expenses		
General and administrative expenses	\$ 3.0	\$ 2.1
Professional expenses - litigation	7.5	34.2
Professional expenses - administrative	1.0	0.7
Total operating expenses	<u>\$ 11.5</u>	<u>\$ 37.0</u>

Professional litigation expenses decreased overall in 2011 by \$26.7 million to \$7.5 million from \$34.2 million in 2010 primarily due to a decrease of \$31.3 million in expenses primarily related to the prosecution of the Bank Litigation. The decrease was offset by increased costs in 2011 from 2010 of \$4.6 million for active Causes of Action of the ART.

The costs related to the prosecution of the various Causes of Action are substantial. The ART cannot be certain at this time of the total costs of prosecuting the remaining Causes of Action or the timing and amount of future recoveries if any. Additionally, the ART's primary expense relates to professional fees incurred to prosecute the Causes of Action. The ART may retain additional professionals in the future, which would increase the ART's expenses. The ART may be adversely impacted if the cost for these services were to increase significantly or if a professional providing services required replacement or to be supplemented, or if the cost for these services were to vary from the expected amount. Expenses for 2011 may not be indicative of future expenses.

Professional administrative expenses increased in 2011 by \$0.3 million to \$1.0 from \$0.7 million in 2010. The increase is due to increased professional time and resources required for ART governance in 2011.

General and administrative expenses increased in 2011 by \$0.9 million to \$3.0 million from \$2.1 million in 2010. The general and administrative category for both years include costs for insurance, Trustee compensation and expenses as well as the costs for the ART annual audit and quarterly

reviews. The increase is primarily due to the ART's \$1.2 million contribution to the JV LIF made in connection with the JV LIF Litigation settlements in 2011. This was partially offset by decreases in the cost of insurance, Trustee expenses, bank fees, annual audit and quarterly reviews of \$0.3 million in 2011 vs. 2010.

Costs and expenses may not be indicative of future expenses.

The net loss for the year ended December 31, 2011 was \$11.0 million compared to 2010 net income of \$138.6 million. The year over year change is related to the decreased settlement revenues in 2011 of \$175.0 million, decreased interest income of \$0.1 million, increased general and administrative expense of \$0.9 million and increased professional administrative expenses of \$0.3 million, offset by decreased professional litigation expenses of \$26.7 million, all as discussed in more detail above.

Year ended December 31, 2010 versus year ended December 31, 2009

Total revenues as set forth below, increased to \$175.6 million in 2010 compared to \$40.8 million in 2009 due to the settlement of the Bank Litigation. Settlement recoveries should not be considered as an indicator of future revenue performance of the ART as the ART's revenue derived from Cause of Action settlements, if they occur, will be highly variable and unpredictable. The related legal proceedings could continue for years.

(millions)	For the year ended December 31, 2010	For the year ended December 31, 2009
Revenues		
Litigation - court approved settlements	\$ 175.0	\$ 40.0
Interest income	0.6	0.8
Total revenues	<u>\$ 175.6</u>	<u>\$ 40.8</u>

Settlement revenues in 2010 were \$175.0 million compared to settlement revenues of \$40.0 million in 2009. In 2010, revenue from recoveries increased by \$135.0 million due to the settlement of the Bank Litigation discussed in Item 3 above. The Bank Litigation had been in process since the Effective Date and was settled in December 2010. In 2009 there was one settlement between the ART and Motorola for \$40.0 million. There were no preference recoveries in either year.

Both 2010 and 2009 include interest income from invested cash balances. Interest totaled \$0.6 million in 2010 which has decreased from \$0.8 million in 2009 due to lower average invested cash balances in 2010 and due to reductions in investment yields. Investment yield reductions were expected due to global and domestic economic trends and conditions and were not caused by a change in investment strategy or policy of the ART.

Operating expenses of the ART as set forth below, decreased in 2010 to \$37.0 million from \$39.7 million in 2009. The \$2.7 million decrease was due to reduced professional litigation expenses from pursuing Causes of Action in 2010 offset by an increase in professional administrative expenses.

(millions)	For the year ended December 31, 2010		For the year ended December 31, 2009	
Operating expenses				
General and administrative expenses	\$	2.1	\$	2.1
Professional expenses - litigation		34.2		37.3
Professional expenses - administrative		0.7		0.3
Total operating expenses	\$	37.0	\$	39.7

Professional litigation expenses decreased overall in 2010 by \$3.1 million to \$34.2 million from \$37.3 million in 2009 primarily due to a decrease of \$5.3 million in expenses related to the prosecution of the Prestige, Bank and Motorola Causes of Action. The decrease was offset by increased costs in 2010 from 2009 of \$2.2 million for the FPL and other miscellaneous tolled and active Causes of Action of the ART.

Professional administrative expenses increased in 2010 by \$0.4 million to \$0.7 from \$0.3 million in 2009. The increase was due to increased professional time and resources required for SEC and tax compliance as well as ART governance in 2010.

General and administrative expenses were \$2.1 million in 2010 and 2009. The general and administrative category includes costs for insurance, Trustee compensation and expenses as well as the costs for the ART annual audit and quarterly reviews.

Costs and expenses may not be indicative of future expenses.

The net income for the year ended December 31, 2010 of \$138.6 million is \$137.5 million more than the 2009 net income of \$1.1 million. The year over year improvement is primarily related to the increased settlement revenues in 2010 of \$135.0 million. The remaining improvement was caused by reduced operating expenses of \$2.7 million offset by reduced investment income of \$0.2 million, all as discussed in more detail above.

Financial Condition and Cash Flows

The ART's sources of liquidity result from (a) the \$25.0 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 as distributions to the Holders after reserving cash required to pay future professional and operating expenses of the ART. After careful evaluation of future needs the Trustees have determined that the present best course of action, after distributing \$30.0 million on March 1, 2012, is to retain remaining cash and investments in reserve to administer the ART and fund the prosecution of the remaining Causes of Action. Existing cash is invested in either FDIC insured accounts, 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 or bank certificates of deposit.

Given December 31, 2011 balances of cash and cash equivalents totaling approximately \$72.6 million and the March 1, 2012 distribution of \$30.0 million, the ART does not expect a deficiency in liquidity in the next twelve months from expected expenses and other potential disbursements. Due

to the uncertain nature of future revenues and expenses beyond twelve months, it is not possible to be certain that current liquidity will be adequate to cover all the future financial needs of the ART. Incurring debt, creating contingent obligation agreements and or seeking methods to reduce legal professional and administrative costs 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 Causes of Action. 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 December 31, 2011 of approximately \$72.6 million have increased approximately \$50.7 million from the balance at December 31, 2010. Cash and cash equivalent balances were decreased approximately \$14.1 million over that period from operating activities but were increased by approximately \$64.8 million from investing activities. There were no financing activities in 2011.

Operating activities included the net loss for the year ended December 31, 2011 of approximately \$11.0 million and cash required from operating activities of approximately \$3.1 million. The cash required from operating activities consisted of \$1.6 million in payment of accrued expenses, the increase in prepaid assets of \$1.1 million, and the accrual of interest on a settlement receivable for \$0.4 million.

Investing activities during 2011 included the maturity of bank certificates of deposit ("CDs") with a six-month maturity when purchased. The proceeds from these investments were used to purchase CDs with maturities of less than six months which are considered cash and cash equivalents.

The total of \$72.6 million in cash and cash equivalents at December 31, 2011 includes \$28.0 million of outstanding one-month CDs, \$8.0 million of outstanding three-month CDs and \$36.6 million of short-term investments and accrued interest. The ART considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. As such, the three-month and one-month CDs have been classified as cash equivalents. All investments during the year were fully compliant with the ART investment policy.

Critical Accounting Policies

Basis of accounting

The ART has assessed the requirements to report under the liquidation basis of accounting. At this time the liquidation basis of accounting has been deemed inappropriate due to the ongoing and extended nature of the work concerning the Causes of Action and the adequacy of the cash required to fund the required work. Consequently, the ART will report under United States generally accepted accounting principles for going-concern entities. The ART will periodically assess the need to adopt the liquidation basis of accounting subject to current facts and circumstances related to the adequacy of the ART's liquidity and the status of the remaining Causes of Action.

Fair value estimates

As noted in the footnotes to the financial statements, the ART has assessed the fair value of its note receivable and accrued interest to be \$5.2 million as of December 31, 2011. The market value of the note receivable was calculated using a discounted cash flow model. The discount rate was derived using the published yield on the 7 and 10 year benchmark U.S. Treasury bond plus the average reported spread on certain public unsecured bonds of the life insurance companies that provided the Tow life insurance policies, the proceeds from which will pay the note and interest. The maturity date was derived using the life expectancy of the Tow's based on the 2007 Period Life Table published by the Social Security Administration.

New Accounting Pronouncements

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

Cautionary Statement Regarding Risks and Uncertainties That May Affect Future Results

This report on Form 10-K 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 and amounts of 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 Item 1A- Risk factors. 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," and "anticipates" and similar expressions as they relate to the ART or its management are intended to identify forward-looking statements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

The ART invests cash and cash equivalents in either FDIC insured deposit accounts, FDIC insured CD's 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 money market fund has a 36 day effective average maturity for the underlying securities. Interest income is subject to interest rate fluctuations.

Item 8. Financial Statements and Supplementary Data.

**Adelpia Recovery Trust
Index to Financial Statements**

Financial Statements

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Trustees of the

Adelpia Recovery Trust

We have audited the accompanying balance sheets of the Adelpia Recovery Trust (the "ART") as of December 31, 2011 and 2010, and the related statements of operations and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the ART's Trustees. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The ART is not required to have, nor were we engaged to perform, an audit of the ART's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the ART's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the ART's Trustees, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the ART as of December 31, 2011 and 2010 and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

/s/ J.H. Cohn LLP

Glastonbury, Connecticut
March 9, 2012

**Adelpia Recovery Trust
Balance Sheets**

	<u>As of December 31, 2011</u>	<u>As of December 31, 2010</u>
Assets		
Cash and cash equivalents	\$ 72,578,669	\$ 21,887,750
Temporary investments	—	64,808,133
Prepaid assets	1,234,649	68,613
Note and accrued interest receivable	6,558,853	6,168,829
Total assets	<u>\$ 80,372,171</u>	<u>\$ 92,933,325</u>
Liabilities and net assets		
Accrued expenses	\$ 317,506	\$ 1,886,181
Total liabilities	317,506	1,886,181
Contingencies		
Net assets	<u>80,054,665</u>	<u>91,047,144</u>
Total liabilities and net assets	<u>\$ 80,372,171</u>	<u>\$ 92,933,325</u>

See accompanying notes to financial statements.

Adelpia Recovery Trust
Statements of Operations and Changes in Net Assets

	<u>For year ended December 31, 2011</u>	<u>For year ended December 31, 2010</u>
Revenues		
Litigation - court approved settlements	\$ —	\$ 174,977,087
Interest income	490,250	622,868
Total revenues	<u>490,250</u>	<u>175,599,955</u>
Operating expenses		
General and administrative expenses	2,997,110	2,087,568
Professional expenses - litigation	7,537,517	34,178,545
Professional expenses - administrative	948,102	693,090
Total operating expenses	<u>11,482,729</u>	<u>36,959,203</u>
Net (loss) income	(10,992,479)	138,640,752
Net assets, beginning of year	91,047,144	167,406,392
Interest holder distributions	—	(215,000,000)
Net assets, end of year	<u>\$ 80,054,665</u>	<u>\$ 91,047,144</u>

See accompanying notes to financial statements.

Adelpia Recovery Trust
Statements of Cash Flows

	<u>For the year ended December 31, 2011</u>	<u>For the year ended December 31, 2010</u>
Operating activities		
Net (loss) income	\$ (10,992,479)	\$ 138,640,752
Adjustments to reconcile net (loss) income to net cash (used) provided by operating activities-		
Changes in operating assets and liabilities:		
Prepaid assets	(1,166,036)	542,750
Note and accrued interest receivable	(390,024)	(390,024)
Accrued expenses	(1,568,675)	(1,425,340)
Net cash (used) provided by operating activities	<u>(14,117,214)</u>	<u>137,368,138</u>
Investing activities		
Sale (purchase) of temporary investments and accrued interest	<u>64,808,133</u>	<u>(64,808,133)</u>
Net cash provided (used) by investing activities	<u>64,808,133</u>	<u>(64,808,133)</u>
Financing activities		
Interest holder distributions	—	(215,000,000)
Net cash used by financing activities	—	<u>(215,000,000)</u>
Net change in cash and cash equivalents	50,690,919	(142,439,995)
Cash and cash equivalents, beginning of year	<u>21,887,750</u>	<u>164,327,745</u>
Cash and cash equivalents, end of year	<u>\$ 72,578,669</u>	<u>\$ 21,887,750</u>

See accompanying notes to financial statements

Adelpia Recovery Trust
Notes to Financial Statements
December 31, 2011

1. Nature and Purpose

The Adelpia Recovery Trust (the "ART") is a Delaware statutory trust. The ART was created at the expense of Adelpia Communications Corporation ("Adelpia") and certain of its subsidiaries (together with Adelpia the "Debtors"). The ART was established on February 13, 2007 pursuant to the First Modified Fifth Amended Joint Chapter 11 Plan of Reorganization of Adelpia Communications Corporation and Certain Affiliated Debtors (the "Plan"), which was confirmed by the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") by an order dated January 5, 2007. The ART became effective February 13, 2007 (the "Effective Date"). The ART holds certain litigation claims transferred to it pursuant to the Plan against various third parties (the "Causes of Action"). The Causes of Action transferred to the ART for resolution were recorded at the nominal amount of \$1. The ART exists to resolve the Causes of Action through litigation or settlement for the holders of interests (the "Holders") in the ART. The Holders on the Effective Date were the restitution fund established under the Plan by the U.S. Treasury (the "Restitution Fund") and certain creditors and equity holders of the Debtors. The ART will distribute to the Holders the net proceeds from resolving the Causes of Action, less amounts withheld for the costs of administering the ART and prosecuting the remaining Causes of Action.

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 for the Southern District of New York (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. 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.

The ART is administered by five individual Trustees who were appointed by creditors of the Adelpia estate. The ART had no employees through December 31, 2011. The Trustees engage third party professionals and others including a Trust Administrator, which along with Adelpia, assist the Trustees in administering the activities of the ART. The Trustees have the duty and authority to take actions necessary to protect, maintain, liquidate to cash and maximize the Causes of Action, whether by litigation, settlement or otherwise. The time frame for ultimate resolution of any of the Causes of Action cannot be estimated. For a description of the ongoing Causes of Action see Note 7.

On the Effective Date, Adelpia contributed \$25.0 million to the ART and paid certain expenses of the ART, to fund the initial costs of operation. Additional amounts appropriate to prosecute outstanding Causes of Action or otherwise fund the activities of the ART will be obtained from any proceeds received from resolved Causes of Action, through earnings on ART investments or through loans from third parties including Adelpia. These amounts, and any amounts held pending distribution to the Holders, will be the only amounts held by the ART.

Pursuant to the Plan and the Declaration, the Trustees are permitted to retain amounts for contingent and future costs and expenses. Pursuant to the Plan and the Declaration, all distributions are net of any costs and expenses incurred by the ART in connection with administering, litigating or otherwise resolving the various Causes of Action of the ART.

The distribution of any net proceeds from settlements or judgments are 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 \$215.0 million in cash to the Holders of Interests in the Trust 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. No distributions were made in 2011.

The ART Trustees will continue to retain cash and other liquid assets sufficient to administer the ART and fund the prosecution of the Causes of Action. Further, the Trustees 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 the Holders. If and when such future distributions occur, they will be made according to the waterfall priority established in the Plan.

2. Significant Accounting Policies

Use of Estimates

The financial statements were prepared in conformity with accounting principles generally accepted in the United States and require the ART to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities. Actual results are likely to differ from those estimates and those differences may be significant.

Cash and Cash Equivalents, and Temporary Investments

The ART considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. Substantially all cash and cash equivalents are held in the trust department of a financial institution. The amount on deposit does not exceed the federally insured limit. As of December 31, 2011 and 2010 all cash equivalents consist of bank deposits, bank certificates of deposit ("CDs") or money market funds which are invested in US Government Treasury obligations in accordance with the ART investment policy.

Substantially all Temporary Investments consist of CD's with maturity dates in excess of 90 days when purchased. Such investments are stated at cost and accrued interest.

Income Taxes

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 December 31, 2011 that would subject it to federal or state income taxes. Further, the ART has no unrecognized income tax benefits as of December 31, 2011 and 2010 nor are there any amounts required to be included in the financial statements for interest or penalties on unrecognized income tax benefits.

The Plan and Declaration provide that, for federal income tax purposes, the ART was deemed to be formed in two steps. The contribution by Adelpia of \$25.0 million for the purpose

of pursuing the Causes of Action, the Causes of Action and any and all other property transferred to the ART (together, the "ART Property") were treated first as a deemed transfer of the ART Property to the holders of claims and equity interests who receive interests in the ART ("Interests") (in proportion to the fair market values of the Interests they receive). This was followed by a deemed transfer by each such holder of its interest in the ART Property to the ART, in exchange for Interests.

The Holders are treated as the grantors of the ART and the Trustees have and will continue to file tax returns for the ART as a "grantor trust" pursuant to Section 1.671-4(a) of the U.S. Treasury Regulations. The ART obtained a private letter ruling from the Internal Revenue Service confirming the ART's treatment for tax purposes as a pass-through grantor trust. As a condition to receiving that private letter ruling, the ART amended its Declaration to eliminate the Trustees' obligation under the Declaration of Trust to "use reasonable best efforts and with the approval of the Bankruptcy Court to have the [ART] interests ... listed on a national securities exchange." On June 4, 2008, the United States Bankruptcy Court for the Southern District of New York granted the Trust's motion to so amend the ART's Declaration.

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.

As of December 31, 2011 and 2010 the net tax basis of the ART is approximately \$374.5 million and \$367.8 million higher than the reported amount of net assets in the ART financial statements.

Revenue Recognition

Revenue from Causes of Action is recognized when collection is reasonably assured and:

For settlements that are not submitted to the Bankruptcy Court for approval, when the settlement agreement is fully executed by all parties to the agreement.

For settlements that are submitted for Bankruptcy Court approval, when an order entered by the Bankruptcy Court approving the settlement becomes a final order and is not subject to appeal. Settlements collected but subject to appeal are recorded as deferred settlement revenue until the time for appeal expires.

For judgments, when a judgment entered by the Bankruptcy Court becomes a final judgment and is not subject to appeal or such appeal when made is determined to be frivolous or have a remote chance of success.

The ART is currently in the process of prosecuting numerous Causes of Action as discussed in Note 7.

New Accounting Pronouncements

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

3. Notes Receivable

On August 3, 2007 the ART settled a Cause of Action and received an unsecured note bearing simple (non-compounding) interest, at a rate of 8%, in the principal amount of \$4,875,250. The Court approved the settlement of that Cause of Action on September 6, 2007. The note is recourse only to the future proceeds of approximately \$28.0 million from life insurance policies on the lives of Mr. Leonard Tow and his wife. A portion of the proceeds from a first to die rider on one policy shall be paid on the first to die of Mr. Tow and his wife. The remaining proceeds shall not be paid until the death of the last to die of Mr. Tow and his wife. Payment of the principal and interest is not expected before December 31, 2012. As of December 31, 2011, and 2010 the balance under the note was \$6,558,853 and \$6,168,829 respectively comprised of the principal amount of the note and accrued interest of \$1,683,603 and \$1,293,579 respectively. Principal and accrued interest are considered fully collectable.

4. Other Related Party Transactions and Prepaid Expenses

In 2011 and 2009 Adelpia was directed by the ART Trustees to pre-pay director and officer insurance premiums in the amount of \$1,017,500 and \$817,594 respectively. In each of 2011 and 2010 Adelpia was directed to pre-pay \$30,000 in bank fees. In December of 2011, Adelpia was directed to prepay certain professional costs for \$500,000. The remaining prepaid portion of these costs as of December 31, 2011 and December 31, 2010 was \$1,234,649 and \$68,613 respectively.

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, support for Holder distributions when they might occur (including maintenance of data related to the implementation of Plan provisions) and financial reporting. 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 Adelpia. The ART financial statements do not reflect any amounts for these services.

5. Fair Value of Financial Instruments

As of December 31, 2011 and 2010 the fair value of cash and cash equivalents, and accrued expenses approximate their carrying values.

As of December 31, 2011, the ART had temporary investments in FDIC insured one-month and three-month bank CDs which had a carrying value of \$36,000,880. The carrying value represents the original investment of \$36,000,000, plus accrued interest of \$880 through December 31, 2011. The carrying value approximates the fair value for these temporary investments as of December 31, 2011. The CDs will mature on various dates in the first quarter of 2012.

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 \$5.2 million as of December 31, 2011 and \$4.5 million as of December 31, 2010. The fair value was derived by discounting to December 31, 2011 and December 31, 2010 the projected maturity value of the note including accrued interest. The discount rate was derived using the published yield on the 7 and 10 year benchmark U.S. Treasury bond plus the average reported spread on certain public unsecured bonds of the life insurance companies that provided the Tow life insurance policies. The projected maturity values, including interest, were 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 carrying values were approximately \$6.6 million as of December 31, 2011 and approximately \$6.2 million as of December 31, 2010. The note bears 8% simple interest and is recourse only to the proceeds of various life insurance policies on Mr. and Mrs. Leonard Tow totaling approximately \$28.0 million.

6. Trustee Compensation

After December 31, 2007 the Official Committee of Unsecured Creditors of Adelpia Communications Corporation and all of its Affiliated Debtors-In-Possession (the "Creditors Committee") agreed to Trustee compensation of \$43,750 per quarter, or \$175,000 annually.

Under an agreement with the Creditors Committee, in 2011 and 2010 each of the five Trustees received annual base compensation of \$175,000 paid at the beginning of each quarter in the amount of \$43,750. The Trustees may award reasonable additional service compensation ("Additional Service Compensation") to any Trustee for additional service to the ART. The aggregate amount of Additional Service Compensation distributed to all Trustees as a group may not exceed \$350,000 per year. The amounts paid and expensed as Additional Service Compensation in 2011 totaled \$350,000. This was authorized and paid in 2011 for Trustee services rendered in 2010. As of the date of this report \$350,000 of Additional Service Compensation was awarded for 2011 service. The decision and obligation to award Additional Service Compensation and the related payment were both finalized after December 31, 2011 and thus will be expensed in 2012.

Incentive Compensation ("Incentive Compensation") may be awarded in conjunction with the termination of the ART, based on the amount of aggregate distributions to the Holders over the existence of the ART. The Incentive Compensation for each Trustee shall equal $(A + B - (C))$ divided by 5, where:

(A) equals 60 basis points of the amount distributable to the Holders in an aggregate amount of distributions to Holders of up to \$1,500,000,000;

(B) equals 110 basis points of the amount distributable to Holders in an aggregate amount of distributions to Holders of \$1,500,000,000 or more; and

(C) equals the amounts paid or attributable to the Trustees as Base Compensation and Additional Service Compensation in total (for the avoidance of doubt, the sum of the Base Compensation and Additional Service Compensation during the

existence of the ART shall be applied as a credit and deducted from any sums payable to any Trustee under (A) and (B) above).

Incentive Compensation for a Trustee shall never be less than zero. That is, the Base Compensation and the Additional Service Compensation shall be retained by the Trustees regardless of whether any Incentive Compensation is due. The ART currently has no Incentive Compensation liability based on ART distributions through December 31, 2011 or as of the filing of this report as a result of the \$30 million distribution completed on March 31, 2012 as discussed herein.

7. Causes of Action

Pending Causes of Action

Goldman Sachs Litigation

On July 6, 2003, the Creditors Committee filed a complaint in the Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court") against Adelpia's pre-petition commercial banks and lenders, Adelpia's former investment bankers and financial advisors, and assignees of Adelpia's pre-petition bank debt (the "Bank Litigation"). On February 9, 2006, the United States District Court for the Southern District of New York (the "District Court") granted a motion filed by certain defendants to withdraw the reference to the Bankruptcy Court.

The complaint included a claim for intentional fraudulent transfer against Goldman Sachs, Inc. arising from Adelpia Communications Corporation's pre-petition repayment of the Rigases' personal margin loans in an amount of approximately \$63 million. On May 6, 2009, the Court denied Goldman Sachs' motion to dismiss. Goldman moved for summary judgment on March 2, 2010. Following argument in August 2010, Goldman supplemented its motion on November 12, 2010. On April 7, 2011, the District Court granted Goldman's summary judgment motion and judgment was entered on April 13, 2011. On May 6, 2011, the ART timely filed its notice of appeal to the Court of Appeals for the Second Circuit. The appeal has been fully briefed. Oral argument has not yet been scheduled.

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

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 Adelpia'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. FPL's appeal has been briefed by the parties and is under submission to the District Court. 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 is scheduled to begin April 30, 2012.

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.

Sabres Litigation

The Sabres action involves claims for fraudulent conveyance, aiding and abetting breach of fiduciary duty, and equitable subordination or disallowance against Key Bank, N.A. ("Key Bank"), Fleet National Bank ("Fleet"), and HSBC Bank USA, N.A. ("HSBC") (collectively, the "Sabres Banks") arising from (i) Adelphia's purchase of and payments on certain loans made by the Sabres Banks to a Rigas Family partnership that owned the Buffalo Sabres hockey team and (ii) John Rigas' purchase of the team using Adelphia financing. HSBC has asserted counterclaims against Adelphia for "post-petition tort," contribution and indemnification.

The District Court for the Western District of New York granted a permanent injunction against the ART's prosecution of the fraudulent conveyance claims against the Sabres Banks and the Second Circuit affirmed that decision. The ART's claims against Fleet were resolved as part of the settlement between the ART and Fleet and other defendants in the Bank Litigation.

The remaining Sabres Banks have moved to dismiss the ART's claims for aiding and abetting breach of fiduciary duty and equitable subordination or disallowance. That motion has been fully briefed and is pending. The ART has moved to dismiss HSBC's counterclaims, and that motion also has been fully briefed and is pending. The District Court heard argument on the motions on February 23, 2012, and the motions are under submission.

At this time, the ART cannot predict the outcome of the Sabres Litigation against Key Bank and HSBC or estimate the possible financial effect of this proceeding on the ART's financial statements.

Prestige Litigation

On June 24, 2004, the Creditors' Committee filed an adversary action against Prestige Communications of NC, Inc., Jonathan J. Oscher, Lorraine Oscher McClain, Robert F. Buckfelder, Buckfelder Investment Trust, and Anverse, Inc. in the Bankruptcy Court for the Southern District of New York. In a decision dated January 8, 2008, the District Court withdrew the reference to the Bankruptcy Court in the Prestige action and transferred the case to the District Court.

The Prestige action seeks to recover fraudulent transfers in connection with Adelphia's purchase of the assets of Prestige Communications of N.C., Inc., an acquisition that closed on July 5, 2000, as well as a claim that the owners of the Prestige Cable Systems aided and abetted breaches of fiduciary duty on the part of the Rigas family in connection with the transaction. Pursuant to the First Modified Fifth Amended Joint Chapter 11 Plan for Adelphia Communications Corporation and Certain of Its Affiliated Debtors (the "Plan"), which became effective on February 13, 2007, the claims asserted in the Prestige Litigation were transferred to the ART.

On October 27, 2009, Defendants moved for summary judgment on the ART's claims. On June 27, 2011, the District Court granted Defendants' summary judgment motion and judgment was entered on June 28, 2011. The ART timely filed its notice of appeal to the Court of Appeals for the Second Circuit. The parties are briefing the appeal.

At this time, the ART cannot predict the outcome of the Prestige 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.

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. Some of those complaints have since been dismissed after further investigation.

On July 21, 2004, the Bankruptcy Court temporarily stayed all activity in the avoidance actions commenced by Adelphia and approved notice and service procedures in connection therewith.

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

Tolled Causes of Action

Buchanan Ingersoll

Adelphia and Buchanan Ingersoll & Rooney P.C. agreed to toll the statute of limitations on any claims between them as of March 26, 2004. Buchanan Ingersoll & Rooney P.C. was corporate counsel to Adelphia prior to the filing of Adelphia's bankruptcy petition in June 2002. That tolling agreement remains in effect and is terminable by either party upon notice. At this time, the ART cannot predict whether any recovery will be obtained from Buchanan Ingersoll or estimate the possible financial effect of these proceedings on the ART's financial statements.

8. Contingent Liabilities

Litigation Indemnification Fund Litigation

Pursuant to the Third Modified Fourth Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code for Century-TCI Debtors and Parnassos Debtors (the "JV Plan"), which became effective on July 31, 2006; the Plan, which became effective on February 13, 2007; and certain other orders entered by the Bankruptcy Court, litigation indemnification funds (each, a "LIF") were created and held by Adelphia to provide certain defendants in the Bank Litigation (see above) provisional and conditional reimbursement of legal fees and expenses expected to be incurred in connection with defending litigation involving certain credit facilities.

The LIF created under the JV Plan (the "JV LIF"), established in the initial amount of \$10 million, was created to fund certain allowable claims for indemnification arising under the Parnassos and Century-TCI prepetition credit facilities. Subject to certain conditions, the JV LIF is "evergreen"; in other words, the JV Plan provides the JV LIF will be replenished by the ART under certain conditions, such as "upon the receipt . . . of net proceeds of any Designated Litigation" after first deducting any required distribution to the government.

The LIFs created under the Plan (the "Plan LIFs") are fixed in amounts and not subject to replenishment. Because the JV LIF is evergreen, whereas the Plan LIFs are capped, the allocation of defense costs among the categories of LIFs is a matter of economic significance.

Certain entities (the "JV Claimants") submitted formal claims that through September 30, 2011 aggregated approximately \$26.9 million in excess of the \$10.0 million initially deposited in the JV Litigation Indemnification Fund by Adelphia. Thus, claims against the JV LIF totaled approximately \$36.9 million and certain of the JV Claimants indicated an intention to submit additional claims in the future. Adelphia and the ART asserted that the JV LIF claims were improper.

On November 13, 2008, certain of the JV claimants filed, or subsequently joined in, the *Motion of the Bank of Nova Scotia, Citibank N.A. and The Ad Hoc Committee of Non-Agent Secured Lenders in the Parnassos and Century-TCI Facilities for Payment of Bank Lender Post Effective Date Fee Claims and to Compel Compliance of the Plan Administrator (defined in the JV Plan as Adelphia) and the Art with the Third Modified Fourth Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code and the Century TCI Stipulation* (the "LIF Motion"). Adelphia and the ART moved to disallow Bank Lender Post-Effective Date Fee Claims against the claimants.

The JV LIF claims involving Societe Generale, S.A. were resolved by settlement in 2010. The claims of the remaining JV LIF Claimants were resolved by settlement in 2011. The ART contributed \$1.2 million to the JV evergreen LIF in connection with the final settlement of the JV LIF claims. Those settlements fully resolved all claims asserted against the JV LIF.

9. Subsequent Events

On February 16, 2012 the Trustees announced an approved distribution in the amount of \$30.0 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. Subsequent to December 31, 2011 and through March 9, 2012 other than as discussed herein, there have been no other events that would be material to the financial statements of the ART including Cause of Action settlements or judgments or Holder distributions or decisions concerning future Holder distributions.

10 Unaudited Quarterly Financial Data

2011

	<u>Quarter ended March 31, 2011</u>	<u>Quarter ended June 30, 2011</u>	<u>Quarter ended September 30, 2011</u>	<u>Quarter ended December 31, 2011</u>	<u>For year ended December 31, 2011</u>
Revenues					
Interest income	\$ 136,236	\$ 129,470	\$ 115,959	\$ 108,585	\$ 490,250
Total revenues	<u>136,236</u>	<u>129,470</u>	<u>115,959</u>	<u>108,585</u>	<u>490,250</u>
Operating expenses					
General and administrative expenses	763,578	347,012	339,011	1,547,509	2,997,110
Professional expenses - litigation	1,435,303	2,480,201	2,121,858	1,500,155	7,537,517
Professional expenses - administrative	382,208	94,487	170,953	300,454	948,102
Total operating expenses	<u>2,581,089</u>	<u>2,921,700</u>	<u>2,631,822</u>	<u>3,348,118</u>	<u>11,482,729</u>
Net loss	<u>\$ (2,444,853)</u>	<u>\$ (2,792,230)</u>	<u>\$ (2,515,863)</u>	<u>\$ (3,239,533)</u>	<u>\$ (10,992,479)</u>

2010

	<u>Quarter ended March 31, 2010</u>	<u>Quarter ended June 30, 2010</u>	<u>Quarter ended September 30, 2010</u>	<u>Quarter ended December 31, 2010</u>	<u>Year ended December 31, 2010</u>
Revenues					
Litigation - court approved settlements	\$ —	\$ —	\$ —	\$ 174,977,087	\$ 174,977,087
Interest income	149,966	159,911	165,150	147,841	622,868
Total revenues	<u>149,966</u>	<u>159,911</u>	<u>165,150</u>	<u>175,124,928</u>	<u>175,599,955</u>
Operating expenses					
General and administrative expenses	760,685	480,650	407,107	439,126	2,087,568
Professional expenses - litigation	7,993,285	6,989,391	7,372,630	11,823,239	34,178,545
Professional expenses - administrative	162,225	155,262	208,456	167,147	693,090
Total operating expenses	<u>8,916,195</u>	<u>7,625,303</u>	<u>7,988,193</u>	<u>12,429,512</u>	<u>36,959,203</u>
Net (loss) income	<u>\$ (8,766,229)</u>	<u>\$ (7,465,392)</u>	<u>\$ (7,823,043)</u>	<u>\$ 162,695,416</u>	<u>\$ 138,640,752</u>

Note: Due the nature of the ART's operations both revenue and operating expenses fluctuate significantly between and among reporting periods based on activities and results related to the Causes of Action.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

Not applicable.

Item 9A. 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 Securities and Exchange Act of 1934, as amended ("Exchange Act") is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures include controls and procedures designed to ensure that such information is accumulated and communicated to the 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 the ART's disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e)) promulgated under the Exchange Act as of December 31, 2011. Based on their evaluation of the effectiveness of the ART's disclosure controls and procedures (as defined in paragraph (b) of Rules 13a-15 or 15d-15), the Trustees and the Trust Administrator concluded that as of December 31, 2011, the ART's disclosure controls and procedures were effective.

Management's Annual Report on Internal Control over Financial Reporting

The Trustees are responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d(f). The Trust's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States.

The ART's internal control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the ART's transactions and dispositions of its assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit the preparation of financial statements in accordance with accounting principles generally accepted in the United States, and that its receipts and expenditures are being made only in accordance with authorizations of the Trustees and Trust Administrator; and (3) provide reasonable assurance regarding the prevention or timely detection of unauthorized acquisition, use, or disposition of the ART's assets that could have a material effect on its financial statements.

The Trustees and the Trust Administrator of the Trust performed an assessment of the effectiveness of the ART's internal control over financial reporting as of December 31, 2011, utilizing the criteria described in the *Internal Control - Integrated Framework*, issued by the Committee of Sponsoring Organizations of the Treadway Commission. The objective of this assessment was to determine whether the ART's internal control over financial reporting was effective at December 31,

2011. Based on this assessment, the Trust Administrator concluded that the ART's internal control over financial reporting was effective at December 31, 2011.

This annual report does not include an attestation report of the ART's independent registered public accounting firm regarding internal control over financial reporting under the rules of the Securities and Exchange Commission that permit the ART to provide only management's report in this annual report.

Changes in Internal Control over Financial Reporting

During the quarter ended December 31, 2011, 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.

Limitations on the Effectiveness of Controls

The Trustees and the Trust Administrator do not expect that the ART's disclosure controls and procedures or its internal control over financial reporting (collectively a control system) 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 Trust 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.

Item 9B. Other Information

None

PART III**Item 10. Directors, Executive Officers and Corporate Governance.**

There are five Trustees of the ART, each of whom has served since the inception of the ART:

Bryan E. Bloom, age 53, presently serves as in-house counsel, analyst and portfolio manager at W.R. Huff Asset Management Co., L.L.C., an investment management firm, and its various affiliates. Mr. Bloom joined Huff in 1994. Prior to that time, he was a tax partner at the law firm of Shanley & Fisher. Mr. Bloom is currently on the board of several private companies and previously was a director of CKX, Inc., and FX Real Estate and Entertainment, Inc. (now called Circle Entertainment Inc.). Mr. Bloom serves on the Audit Committee of the ART.

Lee S. Hillman, age 56 serves as President of Liberation Advisory Group, LLC a private management and advisory services consultant to commercial and investment banks, private equity and hedge funds and growth stage businesses. Additionally, Mr. Hillman currently serves as a director and the Chief Executive Officer of Performance Health Systems, LLC, a distributor of specialty health and exercise equipment. Previously, Mr. Hillman served as Chairman of the Board and Chief Executive Officer of Power Plate International, a global manufacturer, distributor and licensor of health and exercise equipment. Mr. Hillman also serves on the board of directors for Lawson Products, Inc. and he was Chairman of the Board of RCN Corporation until August 2010. Mr. Hillman serves on the Audit Committee of the ART.

David P. Stowell, age 59, presently serves as a professor in the Department of Finance at Kellogg School of Management, Northwestern University, which he joined in March 2005. Prior to this position, Mr. Stowell was a managing director in JP Morgan's investment banking division.

Ralph J. Takala, age 72, is an independent financial and business advisor. In that capacity, he served as interim Senior Vice President and Chief Financial Officer of Cumberland Farms, Inc., a company that operates convenience stores and gas stations and is a wholesaler of refined petroleum products, from December 2006 through December 2008 and as the interim Chief Financial Officer of Pictoretel Corp., a manufacturer of video conferencing systems, from 2000 to 2001. Mr. Takala served on the board of directors for Seitz Corporation through December 2011, and served on the board of directors of Scan Optics, Inc. from 2003 to 2006. Mr. Takala is a Certified Public Accountant and was a partner of Ernst & Young, LLP from 1978 to 1995. He serves as the chairman of the ART Audit Committee.

Dean A. Ziehl, age 59, presently is a partner in the law firm of Pachulski Stang Ziehl & Jones LLP, which he joined in 1983. Mr. Ziehl serves on the board of directors for *Plan* Member Services Corporation. Mr. Ziehl is the Chairman of the Board of Trustees.

The ART is organized under the laws of the State of Delaware, and the rights of its Trustees are governed by the First Modified Fifth Amended Joint Chapter 11 Plan of Reorganization, the Declaration of Trust, as amended, the Rules and Procedures of the ART, filed as Exhibits 2.1, 3.3

and 3.4, respectively, to this Annual Report on Form 10-K, and Chapter 38 of Title 12 of the Delaware Code, 12 Del. c 8 3Ed, et. seq., as amended from time to time (as so amended, the "Trust Act"). Due to the fact that it has no full time employees and its Trustees have fiduciary responsibilities and because of the governance elements contained in the Plan, Declaration of Trust, and the Rules and Procedures, the ART has not enacted a code of ethics.

Trust Administrator

Quest Turnaround Advisors, L.L.C., a Connecticut limited liability company, serves as Plan Administrator of the Debtors and as Trust Administrator of the ART. Quest is in the business of providing interim management, turnaround, crisis management and advisory services to Boards of Directors, management and Creditors Committees. The members of Quest who are currently actively engaged in providing services to the ART include:

Jeffrey A. Brodsky, age 53, is a co-founder and a Managing Director of Quest and is leading Quest's role as the Plan Administrator of Adelphia. In addition to his responsibilities with Adelphia, Mr. Brodsky serves as non-executive Chairman of the Board of Directors for AboveNet, Inc., is a Director of Euramax International, Inc., Horizon Lines, Inc and inMotion, Inc.

Barry D. Shalov, age 70, is a Managing Director of Quest, which he joined in 2007. Prior to that time, Mr. Shalov was a senior partner in the law firm of DLA Piper US LLP, which he joined in 2000. Previously, Mr. Shalov was a senior partner with the law firm of Gordon Altman Butowsky Weitzen Shalov & Wein.

Audit Committee

The Audit Committee of the ART is appointed by the Trustees to oversee (i) the integrity of the financial statements of the ART, (ii) the accounting and financial reporting processes of the ART and its audits, (iii) the independent auditor of the ART and the independence, qualifications and performance of such auditor, (iv) the performance of the internal audit function and independent auditor of the ART, in the event that the ART has an internal audit function, and (v) the compliance by the ART with legal and regulatory requirements. The ART has chosen to apply the independence standards of the NYSE and the SEC's independence standards set forth in Rule 10(A)-3 applicable to audit committee members, to the ART's audit committee members. The Audit Committee is composed of Mr. Bryan E. Bloom, Mr. Lee S. Hillman, and Mr. Ralph J. Takala (Chairman). The Trustees have determined that Messrs. Hillman and Takala are independent. The independent Trustees have determined that Mr. Bloom is not independent based on his affiliation with W.R. Huff Asset Management Co., L.L.C. and its affiliates (collectively "Huff"), which controls Interests in the ART. Additionally, Huff, on behalf of certain of its clients, former clients and affiliates, had, prior to the commencement of the litigation by the Adelphia bankruptcy estate, commenced separate third party litigation alleging securities law violations and other claims against some of the same defendants as the ART. The Board of Trustees has determined that Ralph J. Takala, Chairman of the Audit Committee, is an independent financial expert.

Risk Oversight

The Trustees oversee an enterprise-wide approach to risk management, designed to support the achievement of the organizational objectives of the ART, including protecting, maintaining, and maximizing the value of the Causes of Action contributed to the ART, whether by litigation, settlement or otherwise. Pursuant the ART's Policies and Procedures Manual, the Trustees periodically identify and analyze risks to the ART's financial and reporting objectives in order to effectively mitigate them. While the Trustees have ultimate oversight responsibility for the enterprise risk management process, the Audit Committee and the Trust Administrator also focuses their review on financial risk, such as internal controls over financial reporting and overseeing the integrity of the financial statements of the ART.

Indemnification of the Trustees

The Declaration states that the ART shall indemnify, to the fullest extent permitted by law, the Trustees in connection with any threatened, pending or completed action, suit, proceeding or claim, whether civil, criminal, administrative or investigative, arising out of or relating to the ART, the Interests, the issuance or distribution of the Interest certificates, the Causes of Action, including, but not limited to, (i) in connection with the prosecution or settlement of such Causes of Action or the enforcement of any determination, judgment or order with respect thereto and (ii) any decision, determination or approval by the Trustees regarding the prosecution, disposition, settlement, resolution or liquidation of any such cause of action, or any acts or omissions of the ART, or actions taken by the Trustees in their capacity or purportedly in their capacity as Trustees, against any and all losses, liabilities, damages, judgments, demands, suits, claims, assessments, charges, fines, penalties and other costs and expenses, including attorneys' fees and expenses and other fees and expenses associated with the defense of a claim or incurred by the Trustees in obtaining indemnification under the Declaration, whether or not in a formal proceeding (collectively, "Damages").

Notwithstanding the preceding paragraph, the ART shall not be required to indemnify a Trustee if it is established in a final judicial determination by clear and convincing evidence that such Damages arose as the result of acts or omissions of the Trustee with deliberate intent to injure the Holders or with reckless disregard for the best interests of such Holders. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the Trustee acted or decided with deliberate intent to injure the Holders or with reckless disregard for the best interests of such Holders.

To the fullest extent permitted by law, expenses (including attorneys' fees and expenses) incurred by a Trustee in defending a civil, criminal, administrative or investigative action, suit, proceeding or claim referred to above shall be paid by the ART in advance of the final disposition of such action, suit, proceeding or claim promptly upon receipt of an undertaking (without bond or security) by or on behalf of such Trustee to repay such amount if it shall ultimately be determined that he is not entitled to be indemnified by the ART as authorized in the Declaration. The Declaration also authorizes the ART to purchase and maintain insurance to cover its indemnification obligations and any other liabilities of the Trustees. The ART maintains applicable policies insuring the ART and the Trustees against certain claims.

Indemnification of the Trust Administrator

Under the Trust Administrator Agreement, if the Trust Administrator or any Trust Administrator staff member (collectively, "Trust Administrator Person") becomes involved in any capacity in any claim, suit, action, proceeding, or investigation (including, without limitation, any shareholder or derivative action or arbitration proceeding) (collectively, a "Proceeding") in connection with any matter in any way relating to, or arising out of the services to be performed by the Trust Administrator under the Trust Administrator Agreement (including, but not limited to, its role as Trust Administrator or the role of any staff member as a governor, officer or director of any of the Debtors), the Debtors (to the extent services are not services for the ART described in the immediately succeeding parenthetical) and the ART (to the extent services are administrative services or other services being performed for the ART pursuant to a written request therefore by the Trustees) shall indemnify, defend and hold such Trust Administrator Person harmless to the fullest extent permitted by law, from and against any losses, claims, damages, liabilities and expenses, except to the extent that it shall be determined by a court of competent jurisdiction in a judgment that has become final in that it is no longer subject to appeal or other review that such losses, claims, damages, liabilities and/or expenses resulted primarily from the willful misconduct, gross negligence, bad faith, or fraud of the Trust Administrator Person.

In addition, in the event that any Trust Administrator Person becomes involved in any capacity in any Proceeding in connection with any matter in any way relating to, or arising out of the services to be performed by the Trust Administrator under the Trust Administrator Agreement (except to the extent such Proceeding is a result of or related to a Trust Administrator Person's violation or breach of any of the terms of the Plan, the Trust Administrator Agreement or other applicable order as determined by a court of competent jurisdiction in a judgment or finding, as applicable, that has become final in that it is no longer subject to appeal or other review) the Debtors and the ART (to the extent services are being performed for the ART) shall reimburse such Trust Administrator Person for its reasonable legal and other expenses (including the cost of any investigation and preparation) as such expenses are incurred by such Trust Administrator Person in connection therewith, subject to the obligation of such Trust Administrator Person to repay such reimbursement if it is ultimately determined that such Trust Administrator Person is not entitled to such reimbursement.

The ART maintains applicable policies insuring Quest as the Trust Administrator against certain claims in connection with its services to the ART.

Item 11. Executive Compensation.

Trustee Compensation

Name	Fees Earned for 2011 Service (1)	Fees Earned for 2010 Service (2)
Bryan Bloom	\$ 235,000	\$ 220,000
Lee S. Hillman	\$ 235,000	\$ 220,000
David P. Stowell	\$ 235,000	\$ 220,000
Ralph Takala	\$ 235,000	\$ 220,000
Dean Ziehl	\$ 285,000	\$ 345,000

- (1) For services rendered in 2011, Dean Ziehl received \$175,000 in base compensation and earned \$110,000 in additional service compensation which was paid and expensed in 2012. The four other Trustees received base compensation of \$175,000 and \$60,000 in additional service compensation.
- (2) For services rendered in 2010, Dean Ziehl received \$175,000 in base compensation and earned \$170,000 in additional service compensation which was paid and expensed in 2011. The four other Trustees received base compensation of \$175,000 and \$45,000 in additional service compensation.

Each of the five Trustees was paid \$175,000 as base compensation for services performed in 2011. The compensation was paid quarterly at the beginning of each calendar quarter in the amount of \$43,750 per Trustee.

In addition, under the compensation agreement, the Trustees may award, in their sole discretion, additional reasonable compensation to any Trustee for additional service to the ART ("Additional Service Compensation"). The aggregate amount of Additional Service Compensation distributed to all Trustees as a group may not exceed \$350,000 per year. Any Additional Service Compensation must be approved by a vote of a majority of the Trustees. Additional Service Compensation may be awarded to Trustees for service on the Audit Committee and for other services above and beyond the expected level of service, such as for close supervision of the Causes of Action. Dean Ziehl was awarded \$110,000 in Additional Service Compensation in 2012 for his services in 2011 related to supervision of the Causes of Action. The other four Trustees each were awarded \$60,000 in Additional Service Compensation in 2012 for their services in 2011. Additional Service Compensation is based on estimates of hours worked and contributions by the Trustees including, without limitation, supervision and mediation of the Causes of Action and the preparation of the ART's regulatory filings.

As soon as practicable after the termination of the ART, but no later than 2.5 months after the end of the calendar year in which it terminates, each Trustee may receive Incentive Compensation. The Incentive Compensation for each Trustee shall equal $(A + B - (C))$ divided by 5, where:

(A) equals 60 basis points of the amount distributable to the Holders in an aggregate amount of distributions to Holders of up to \$1,500,000,000;

(B) equals 110 basis points of the amount distributable to Holders in an aggregate amount of distributions to Holders of \$1,500,000,000 or more; and

(C) equals the amounts paid or attributable to the Trustees as Base Compensation and Additional Service Compensation in total (for the avoidance of doubt, the sum of the Base Compensation and Additional Service Compensation during the existence of the ART shall be applied as a credit and deducted from any sums payable to any Trustee under (A) and (B) above).

Incentive Compensation for a Trustee shall never be less than zero. That is, the Base Compensation and the Additional Service Compensation shall be retained by the Trustees regardless of whether any Incentive Compensation is due. The ART currently has no Incentive Compensation liability based on ART distributions through December 31, 2011 or as of the filing of this report as a result of the \$30 million distribution completed on March 31, 2012 as discussed herein.

For its role as Trust Administrator, Quest is compensated exclusively by the Debtors. The ART does not pay Quest any additional amounts of compensation for service as either Plan Administrator or Trust Administrator. The ART is required to reimburse Quest and the Debtors for out-of-pocket expenses incurred in performance of services on behalf of the ART.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.

The ART does not have any securities that vote for the election of the Trustees and, consequently does not have any “voting securities” within the meaning of the Securities Exchange Act of 1934, as amended, and the regulations thereunder applicable to the disclosure of 5% holders of voting securities.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The ART has chosen to apply the independence standards of the NYSE and the SEC’s independence standards set forth in Rule 10A-3 applicable to audit committee members to both the Trustees and the Audit Committee members. The Trustees have determined that Messrs. Hillman, Stowell, Takala and Ziehl are independent. The independent Trustees have determined that Mr. Bloom is not independent based on his affiliation with W.R. Huff Asset Management Co., L.L.C. and its affiliates (collectively, “Huff”), which control interests in the ART. Additionally, Huff, on behalf of certain of its clients, former clients and affiliates, had, prior to the commencement of the litigation by the Adelpia bankruptcy estate, commenced separate third party litigation alleging securities law violations and other claims against some of the same defendants as the ART.

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

Item 14. Principal Accounting Fees and Services.

On September 20, 2010 the ART appointed J.H. Cohn LLP to serve as the ART's independent registered public accounting firm and filed the required form 8-K.

There have been no disagreements between the ART and its independent registered public accounting firm in any previous period related to accounting principles and practices, financial statement disclosures, or auditing scope or procedure and there were no reportable events as listed in Item 304 (a)(1)(v) of Regulation S-K.

(1) AUDIT FEES

The aggregate fees billed for 2011 and 2010 for professional services rendered for the audit of the ART's annual financial statements and the reviews of its interim condensed financial statements included in the ART's Form 10-Q filings were approximately \$62,000 and \$61,000 respectively.

(2) AUDIT RELATED FEES

None

(3) TAX FEES

None

(4) ALL OTHER FEES

None

PART IV**Item 15. Exhibits and Financial Statement Schedules**

(a) The following documents are filed as a part of this report

(1) Financial statements. See the index to the financial statements as presented in Item 8 of this filing

(b) 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
31.1	Section 302 Certificate of Trustee
31.2	Section 302 Certificate of Trust Administrator
32.1	Certificate 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	Certificate of 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.INS**	XBRL Instance Document
101.SCH**	XBRL Taxonomy Extension Schema
101.CAL**	XBRL Extension Calculation
101.DEF**	XBRL Extension Definition
101.LAB**	XBRL Taxonomy Extension Label
101.PRE**	XBRL Taxonomy Extension Presentation

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

**In accordance with Rule 406T of Regulation S-T, the information in this exhibit shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability under that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, except as expressly set forth by specific reference in such filing.

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: March 9, 2012

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

/s/ Jeffrey A. Brodsky

Jeffrey A. Brodsky
Member

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated, including a majority of the Trustees.

/s/ Bryan E. Bloom

3-9-12

Bryan E. Bloom
Trustee

Date

/s/ Lee S. Hillman

3-9-12

Lee S. Hillman
Trustee

Date

/s/ David P. Stowell

3-9-12

David P. Stowell
Trustee

Date

/s/ Ralph J. Takala

3-9-12

Ralph J. Takala
Trustee

Date

/s/ Dean A. Ziehl

3-9-12

Dean A. Ziehl
Trustee

Date

SECTION 302 CERTIFICATION

I, Dean A. Ziehl, certify that:

1. I have reviewed this Annual Report on Form 10-K of Adelphia 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;
 - (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: March 9, 2012

/s/ Dean A. Ziehl

Dean A. Ziehl

Trustee

SECTION 302 CERTIFICATION

I, Jeffrey A. Brodsky, certify that:

1. I have reviewed this Annual Report on Form 10-K 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;
 - (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: March 9, 2012

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

/s/ Jeffrey A. Brodsky

Jeffrey A. Brodsky

Member

**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 Annual Report of Adelpia Recovery Trust (the "Trust") on Form 10-K for the year ended December 31, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Dean A. Ziehl, 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/ Dean A. Ziehl

Dean A. Ziehl
Trustee

Date: March 9, 2012

**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 Annual Report of Adelpia Recovery Trust (the "Trust") on Form 10-K for the year ended December 31, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, [Jeffrey A. Brodsky or Barry D. Shalov], 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: March 9, 2012
