
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended **September 30, 2008**

or

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

For the transition period from _____ to _____

Commission File Number: **000-53209**

Adelphia Recovery Trust

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

11-6615508

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

**919 North Market Street, 17th Floor, PO Box 705
Wilmington, Delaware**

(Address of principal executive offices) (Zip Code)

302-652-4100 Attn: Dean Ziehl

(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant 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 (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

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

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes No

ADELPHIA RECOVERY TRUST
FORM 10-Q
INDEX

PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS (unaudited)

Condensed Balance Sheets as of September 30, 2008 and December 31, 2007

Condensed Statements of Operations for the three months ended September 30, 2008 and 2007 and for the nine months ended September 30, 2008 and for the periods from February 13, 2007 (date established) to September 30, 2007

Condensed Statements of Cash Flows for the nine months ended September 30, 2008 and for the period from February 13, 2007 (date established) to September 30, 2007

Notes to Condensed Financial Statements

ITEM 2. MANagements DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

ITEM 4. CONTROLS AND PROCEDURES

PART II

ITEM 1. LEGAL PROCEEDINGS

ITEM 1A. RISK FACTORS

ITEM 6. EXHIBITS

SIGNATURES

CERTIFICATIONS

PART 1 - FINANCIAL INFORMATION

Item 1 Financial Statements

**Adelphia Recovery Trust
Unaudited Condensed Balance Sheets**

	<u>September 30, 2008</u>	<u>December 31, 2007</u>
Assets		
Cash and cash equivalents	\$ 166,599,397	\$ 189,684,573
Prepaid insurance	527,426	124,670
Note and accrued interest receivable	5,291,275	4,998,757
Total assets	<u>\$ 172,418,098</u>	<u>\$ 194,808,000</u>
Liabilities and net assets		
Accrued expenses	\$ 866,767	\$ 6,819,802
Total liabilities	866,767	6,819,802
Net assets	<u>171,551,331</u>	<u>187,988,198</u>
Total liabilities and net assets	<u>\$ 172,418,098</u>	<u>\$ 194,808,000</u>

See accompanying notes to the condensed financial statements.

Adelphia Recovery Trust
Unaudited Condensed Statements of Operations

	For the quarter ended September 30, 2008	For the quarter ended September 30, 2007	For the nine months ended September 30, 2008	For the Period from February 13, 2007 (date established) to September 30, 2007
Revenues				
Litigation - court approved settlements	\$ —	\$ 172,375,250	\$ 200,206	\$ 172,375,250
Litigation - other settlements	—	—	910,194	—
Interest income	1,034,219	1,649,145	3,825,198	2,124,046
Total revenues	<u>1,034,219</u>	<u>174,024,395</u>	<u>4,935,598</u>	<u>174,499,296</u>
Operating expenses				
General and administrative expenses	481,901	509,358	1,930,382	1,320,597
Professional expenses - litigation	5,589,722	5,809,634	17,577,987	19,431,414
Professional expenses - administrative	199,329	466,531	1,864,096	1,857,118
Total operating expenses	<u>6,270,952</u>	<u>6,785,523</u>	<u>21,372,465</u>	<u>22,609,129</u>
Net income (loss)	<u>\$ (5,236,733)</u>	<u>\$ 167,238,872</u>	<u>\$ (16,436,867)</u>	<u>\$ 151,890,167</u>

See accompanying notes to the condensed financial statements.

Adelphia Recovery Trust
Unaudited Condensed Statements of Cash Flows

	<u>For the nine months ended September 30, 2008</u>	<u>For the Period from February 13, 2007 (date established) to September 30, 2007</u>
Operating activities		
Net income (loss)	\$ (16,436,867)	\$ 151,890,167
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Insurance funded by Debtor	—	1,043,750
Changes in operating assets and liabilities:		
Prepaid insurance	(402,756)	(391,406)
Note and accrued interest receivable	(292,518)	(4,901,251)
Accrued expenses	<u>(5,953,035)</u>	<u>12,407,088</u>
Net cash (used) provided by operating activities	<u>(23,085,176)</u>	<u>160,048,348</u>
Financing activities		
Contribution from Debtor - cash	—	25,000,000
Net cash provided by financing activities	<u>—</u>	<u>25,000,000</u>
Net change in cash and cash equivalents	(23,085,176)	185,048,348
Cash and cash equivalents, beginning of period	189,684,573	—
Cash and cash equivalents, end of period	<u>\$ 166,599,397</u>	<u>\$ 185,048,348</u>

See accompanying notes to the condensed financial statements.

ADELPHIA RECOVERY TRUST

Notes to the Condensed Financial Statements – September 30, 2008 (Unaudited)

1 Background

The Adelpia Recovery Trust (the “ART”) was formed as a Delaware statutory trust pursuant to that certain First Modified Fifth Amended Joint Chapter 11 Plan of Reorganization (the “Plan”) of Adelpia Communications Corporation (“Adelpia”) 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 (“Distributions”), according to the relative priorities established pursuant to the Plan, subject to the retention of various amounts to fund the prosecution of those Causes of Action and operations of the ART. Pursuant to the Plan, in addition to the Causes of Action, Adelpia transferred \$25 million in cash to the ART in order to fund the initial expenses of operation.

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

2 Basis of Presentation

The accompanying interim unaudited condensed financial statements of the ART have been prepared in accordance with generally accepted accounting principles in the United States of America (“US GAAP”) and with the instructions to Form 10-Q. As such, they do not include all of the information and footnotes required by US GAAP for complete financial statements. In the opinion of the Trustees, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the interim unaudited condensed financial statements have been included. These condensed financial statements should be read in conjunction with the ART’s audited financial statements as of December 31, 2007 and for the period from February 13, 2007 (date established) to December 31, 2007 included in its Form 10 as filed on April 30, 2008 and as amended on July 2, 2008.

3 Related Party Transactions

The Trust Administrator and Adelpia continue to provide administrative support to the ART including maintaining electronic data and paper documents used in prosecuting the Causes of Action, financial reporting and support for Distributions when they might occur (including maintenance of data related to the implementation of Plan provisions). These services have and will continue to be provided at no cost to the ART under the terms of various agreements between the Trust Administrator and Adelpia. The ART financial statements do not reflect any amounts for these services.

4 Causes of Action and Contingencies

Except as set forth below, there have been no material developments in the legal proceedings described in the ART's Form 10 as filed April 30, 2008 and as amended July 2, 2008 or as updated in the ART's Form 10-Q for the quarter ended June 30, 2008 as filed on August 11, 2008.

Bank Litigation

On June 18, 2008, the District Court dismissed certain fraudulent transfer claims, voidable preference claims, and equitable subordination and disallowance claims. Motions to dismiss other claims remain pending. Certain defendants have moved for entry of a final judgment as to the claims dismissed against them. Those motions are pending. Under the current scheduling order, the trial on the remaining claims will commence on February 22, 2010.

Motorola Litigation

On August 22, 2007, plaintiffs moved for summary judgment to disallow a portion of the defendants' claims against certain Adelpia debtors. Plaintiffs' motion is pending. Discovery is ongoing and the bankruptcy court has ordered the parties to be ready for trial on the claims for equitable subordination and equitable disallowance on April, 20 2009.

Prestige and FPL Litigation

The Prestige action seeks to recover fraudulent transfers in connection with Adelpia'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. The District Court has not set a trial date in the Prestige action.

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. The trial date in the FPL action is June 7, 2010.

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.

5 Subsequent Events

Subsequent to September 30 and before November 10, 2008, there have been no events that would be material to the financial statements of the ART, including Cause of Action settlements or judgments or Distributions or decisions concerning future Distributions.

Item 2 Management Discussion and Analysis

Overview

The Adelpia Recovery Trust was formed as a Delaware statutory trust pursuant to that certain First Modified Fifth Amended Joint Chapter 11 Plan of Reorganization of 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 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, Adelpia transferred \$25 million in cash to the ART in order to fund the initial expenses of operation.

Adelpia and certain of its subsidiaries filed for Chapter 11 bankruptcy protection in June 2002. During the bankruptcy, on July 31, 2006 the assets of Adelpia 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 February 13, 2007 (the "Effective Date"). 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 up to payment in full and the Interests.

The ART will dissolve upon the earlier of the resolution of all Causes of Action and the distribution of all of its assets to the Holders or the fifth anniversary of its creation. However, the Bankruptcy Court may approve an extension of the term if deemed necessary for the purposes of resolving the Causes of Action and distributing the net proceeds to Holders.

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. 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 before 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, among other things) to make such payments in accordance with the Plan and the Declaration. No Distribution is required to be made to any Holder unless such Holder is to receive in such Distribution at least \$25.00 per ART certificate held or unless such Distribution is the final Distribution to such Holder pursuant to the Plan and the Declaration.

Distributions will be made at the sole discretion of the Trustees in accordance with the provisions of the Plan and the Declaration. As of the date hereof, the Trustees have determined the present best course of action is to retain the existing cash in reserve to administer the ART and fund the prosecution of the Causes of Action. Consequently, there have been no Distributions through the filing date of this Form 10-Q and none have been planned.

On the Effective Date, the ART was formed. As of September 30, 2008, the number of Interests outstanding in each series eligible to receive a Distribution is as follows:

Series of Interest:	
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(2)	281,960,771
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.
 - (2) For this category of Interests (which include disputed claims), the number of Interests outstanding could change based on the resolution of disputed claims.

Results of Operations

The ART operates pursuant to the Plan and the Declaration. The ART was formed as a Delaware statutory trust to prosecute various claims originally owned by Adelphia and, if any of the prosecutions are successful or are settled in a manner which provides economic benefit to the ART, to distribute excess proceeds to the Holders. It is not possible to determine at this time if there will be any excess proceeds available for a Distribution.

Third Quarter 2008 compared to the Third Quarter 2007

There were no court approved or other litigation settlements in the three months ended September 30, 2008. In the prior year for the same quarter there were court approved settlements with Deloitte and Touche LLP (the "Deloitte Litigation") for \$167.5 million and other parties for \$4.9 million. There were no other settlements in the three months ended September 30, 2007. The nature of ART revenues causes significant fluctuations in quarterly performance and these fluctuations are expected to continue. Both quarters ended September 30, 2008 and September 30, 2007 reflect interest income from invested cash balances of the ART. The decrease in interest income of approximately \$615,000 for the quarter ended September 30, 2008 compared to the same quarter in the prior year is due to lower invested cash balances caused by ART operating costs reducing cash balances as well as reduced investment yields. Operating expenses of the ART for the quarter ended September 30, 2008 are similar to the same period in 2007 due to ongoing costs associated with prosecuting the outstanding Causes of Action and operating the ART. As a result of reduced settlement revenue of \$172.4 million in the three months ended September 30, 2008 compared to the same period in 2007 along with reduced interest income of approximately \$615,000 offset by slightly decreased operating expenses of approximately \$515,000, the ART recognized a loss of \$5.2 million.

Nine months ended September 30, 2008 versus the period from February 13, 2007 (date established) to September 30, 2007

Litigation settlements for the nine months ended September 30, 2008 are significantly reduced from the previous year for the period from February 13, 2007 (date established) through September 30, 2007 due to the aforementioned litigation settlements totaling \$172.4 million that occurred in the third quarter of 2007. This compares to litigation settlements for the nine months ended September 30, 2008 that totaled \$1.1 million. The 2008 revenues include the recovery of a claim from a previous Adelpia vendor for \$850,194 in the second quarter of 2008, Tow Settlement proceeds of \$200,206 in the first quarter of 2008 and other settlements of \$60,000 in the first quarter of 2008. Interest income was \$1.7 million higher for the nine months ended September 30, 2008 compared to the period from February 13, 2007 to September 30, 2007 due to significantly higher average invested cash balances derived from the Deloitte Litigation settlement that occurred in August 2007.

Operating expenses for the nine months ended September 30, 2008 are approximately \$1.2 million less than those incurred from February 13, 2007 through September 30, 2007. Professional expenses incurred to pursue the Causes of Action have decreased \$1.9 million over the same period primarily due to the settlement of the Deloitte Litigation. This settlement caused an increase in legal and expert professional costs for the period from February 13, 2007 through September 30, 2007 that did not recur in the nine months ended September 30, 2008. The decreases in professional expense were offset by increases in general and administrative expenses. Specifically, general and administrative expenses (including professional administrative costs) have increased approximately \$610,000 due to increases in Trustee compensation and expenses of \$455,000, increase audit and tax costs of approximately \$171,000, increases of approximately \$110,000 for banking related expenses and other increases of approximately \$21,000 offset by a reduction in insurance costs of approximately \$147,000.

Net income was \$151.9 million for the period from February 13, 2007 to September 30, 2007 compared to a net loss of \$16.4 million for the nine months ended September 30, 2008 due to previously discussed revenue reductions over the same period of \$169.6 million offset by total operating expense reductions, as discussed above, of \$1.2 million.

Financial Condition and Cash Flows

The ART's sources of liquidity result from (a) the \$25 million transferred to the ART by Adelpia pursuant to the Plan on the Effective Date, (b) the successful resolution of Causes of Action and (c) earnings on invested cash balances. Receipts from these sources are used to pay professional and operating expenses of the ART and 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 it has been determined that a Distribution at this time should not occur. No Distributions have been made through September 30, 2008 and none are expected.

Given cash and cash equivalent balances as of September 30, 2008 totaling approximately \$166.6 million and expected expenses and other potential disbursements, the ART does not expect a deficiency in liquidity in the next twelve months. 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 settlements.

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

Cash and cash equivalent balances at September 30, 2008 of approximately \$166.6 million are approximately \$23.1 million lower than December 31, 2007 due to a net loss for the nine months ended September 30, 2008 of approximately \$16.5 million and an additional use of cash by operating activities of approximately \$6.6 million, primarily related to the payment of \$5.9 million in accrued expenses. Other uses of cash from operating activities include the purchase of prepaid insurance and the accrual of interest on a settlement receivable. Available cash is invested in either FDIC insured deposit accounts or a federally insured money market fund invested in short-term U.S. Treasury

and government agency securities. The money market fund manager has elected to participate in the Treasury Department's temporary guarantee insurance program for money market funds.

Debt and Other Long-term Obligations

The ART has no debt, capital or operating lease or other long-term obligations and has no current plans to incur such obligations.

Cautionary Statement Regarding Risks and Uncertainties That May Affect Future Results

This report on Form 10-Q contains forward-looking statements about the business, financial condition and prospects of the ART. The actual results of the ART could differ materially from those indicated by the forward-looking statements because of various risks and uncertainties, including, without limitation, the number 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 the Form 10 filed with the SEC on April 30, 2008 and amended on July 2, 2008. 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 4 Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The ART maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in its reports filed under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include controls and procedures designed to ensure that such information is accumulated and communicated to ART Trustees and the Trust Administrator as appropriate, to allow timely decisions regarding required financial disclosure.

The Trustees and the Trust Administrator have completed an evaluation of the effectiveness of the design and operation of disclosure controls and procedures as of the quarter ended September 30, 2008. Based on their evaluation of the effectiveness of the design and operation of the ART's disclosure controls and procedures, the Trustees and the Trust Administrator concluded that as of September 30, 2008, the ART's disclosure controls and procedures were effective.

Limitations on the Effectiveness of Controls

The Trustees and the Trust Administrator do not expect that the ART's disclosure controls will prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the 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.

Changes in Internal Control over Financial Reporting

During the quarter ended September 30, 2008, there were no changes in the ART's internal control over financial reporting for the quarter then ended that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

PART II

Item 1 Legal Proceedings

Except as set forth below, there have been no material developments in the legal proceedings described in the ART's Form 10 as filed April 30, 2008 and as amended July 2, 2008 or as updated in the ART's Q2 10Q filed on August 11, 2008.

Bank Litigation

On June 18, 2008, the District Court dismissed certain fraudulent transfer claims, voidable preference claims, and equitable subordination and disallowance claims. Motions to dismiss other claims remain pending. Certain defendants have moved for entry of a final judgment as to the claims dismissed against them. Those motions are

pending. Under the current scheduling order, the trial on the remaining claims will commence on February 22, 2010.

Motorola Litigation

On August 22, 2007, plaintiffs moved for summary judgment to disallow a portion of the defendants' claims against certain Adelphia debtors. Plaintiffs' motion is pending. Discovery is ongoing and the bankruptcy court has ordered the parties to be ready for trial on the claims for equitable subordination and equitable disallowance on April, 20 2009.

Prestige and FPL Litigation

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. The District Court has not set a trial date in the Prestige action.

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. The trial date in the FPL action is June 7, 2010.

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

Item 1A. Risk Factors

As of the date of this filing there have been no material changes from the risk factors previously disclosed in our "Risk Factors" in the Form 10 as filed April 30, 2008 and as amended July 2, 2008.

Item 6 Exhibits

- 31.1 Section 302 Certification of Trustee
- 31.2 Section 302 Certification of Trust Administrator
- 32.1 Certification of Trustee pursuant to 18 U.S.C. 1350 Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002
- 32.2 Certification Trust Administrator pursuant to 18 U.S.C. 1350 Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002

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: November 10, 2008

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

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

SECTION 302 CERTIFICATION

I, Dean A. Ziehl, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Adelpia Recovery Trust;
 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
 4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) 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) 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
 - (c) 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: November 10, 2008

/s/ Dean A. Ziehl

Dean A. Ziehl

Trustee

SECTION 302 CERTIFICATION

I, Jeffrey A. Brodsky, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Adelpia Recovery Trust;
 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
 4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) 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) 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
 - (c) 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: November 10, 2008

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 Quarterly Report of Adelpia Recovery Trust (the "Trust") on Form 10-Q for the period ended September 30, 2008 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: November 10, 2008

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Adelpia Recovery Trust (the "Trust") on Form 10-Q for the period ended September 30, 2008 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jeffrey A. Brodsky, a principal of Quest Turnaround Advisor, 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: November 10, 2008
