

**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 June 30, 2009

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, PO Box 8705
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 has submitted electronically and posted on its corporate website, if any, every interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

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

Large accelerated filer

Non-accelerated filer

(Do not check if a smaller reporting company)

Accelerated filer

Smaller reporting company

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

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

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

ADELPHIA RECOVERY TRUST
FORM 10-Q
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PART 1 - FINANCIAL INFORMATION

Item 1 Financial Statements

**Adelpia Recovery Trust
Unaudited Condensed Balance Sheets**

| | <u>As of</u> <u>June 30, 2009</u> | <u>As of</u> <u>December 31, 2008</u> |
|---|--------------------------------------|--|
| Assets | | |
| Cash and cash equivalents | \$ 147,261,459 | \$ 161,057,351 |
| Prepaid assets | 91,618 | 374,356 |
| Note and accrued interest receivable | 5,583,793 | 5,388,781 |
| Total assets | <u>\$ 152,936,870</u> | <u>\$ 166,820,488</u> |
| Liabilities and net assets | | |
| Accrued expenses | \$ 2,443,061 | \$ 550,871 |
| Total liabilities | <u>2,443,061</u> | <u>550,871</u> |
| Net assets | <u>150,493,809</u> | <u>166,269,617</u> |
| Total liabilities and net assets | <u>\$ 152,936,870</u> | <u>\$ 166,820,488</u> |

See accompanying notes to the condensed financial statements.

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Adelpia Recovery Trust
Unaudited Condensed Statements of Operations

| | <u>For the quarter ended June 30, 2009</u> | <u>For the quarter ended June 30, 2008</u> | <u>For the six months ended June 30, 2009</u> | <u>For the six months ended June 30, 2008</u> |
|---|--|--|---|---|
| Revenues | | | | |
| Litigation - court approved settlements | \$ — | \$ — | \$ — | \$ 200,206 |
| Litigation - other settlements | — | 850,194 | — | 910,194 |
| Interest income | 199,254 | 1,101,159 | 528,166 | 2,790,978 |
| Total revenues | <u>199,254</u> | <u>1,951,353</u> | <u>528,166</u> | <u>3,901,378</u> |
| Operating expenses | | | | |
| General and administrative expenses | 457,473 | 933,470 | 1,209,797 | 1,448,480 |
| Professional expenses - litigation | 8,789,310 | 5,507,525 | 14,923,509 | 11,988,265 |
| Professional expenses - administrative | 60,467 | 940,322 | 170,668 | 1,664,766 |
| Total operating expenses | <u>9,307,250</u> | <u>7,381,317</u> | <u>16,303,974</u> | <u>15,101,511</u> |
| Net loss | <u>\$ (9,107,996)</u> | <u>\$ (5,429,964)</u> | <u>\$ (15,775,808)</u> | <u>\$ (11,200,133)</u> |

See accompanying notes to the condensed financial statements.

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Adelpia Recovery Trust
Unaudited Condensed Statements of Cash Flows

| | For the six months ended June 30, 2009 | For the six months ended June 30, 2008 |
|---|--|--|
| Operating activities | | |
| Net loss | \$ (15,775,808) | \$ (11,200,133) |
| Changes in operating assets and liabilities: | | |
| Prepaid assets | 282,738 | (555,827) |
| Note and accrued interest receivable | (195,012) | (195,011) |
| Accrued expenses | 1,892,190 | (5,754,314) |
| Net cash used by operating activities | <u>(13,795,892)</u> | <u>(17,705,285)</u> |
| Net change in cash and cash equivalents | (13,795,892) | (17,705,285) |
| Cash and cash equivalents, beginning of period | 161,057,351 | 189,684,573 |
| Cash and cash equivalents, end of period | <u>\$ 147,261,459</u> | <u>\$ 171,979,288</u> |

See accompanying notes to the condensed financial statements.

ADELPHIA RECOVERY TRUST

Notes to the Condensed Financial Statements — June 30, 2009 (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 (collectively the “Debtor”). The purpose of the ART is to prosecute the various causes of action transferred to the ART pursuant to the Plan (the “Causes of Action”) and distribute to the owners (the “Holder”) of the interests in the ART (“Interests”) the net proceeds of such Causes of Action (“Distributions”), according to the relative priorities established pursuant to the Plan, subject to the retention of various amounts to fund the prosecution of those Causes of Action and operations of the ART. Pursuant to the Plan, in addition to the Causes of Action, Adelpia transferred \$25 million in cash to the ART, in connection with its formation, in order to fund the initial expenses of operation.

As set forth in the Plan, 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 for interim periods (“US GAAP”) and with the instructions to Form 10-Q. As such, they do not include all of the information and disclosures required by US GAAP for complete financial statements. In the opinion of the Trustees, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the interim unaudited condensed financial statements have been included. These condensed financial statements should be read in conjunction with the ART’s audited financial statements for the year ended December 31, 2008 included in its Form 10-K filed with the Securities and Exchange Commission (“SEC”) on March 10, 2009. Interim results are not necessarily indicative of the results for the complete fiscal year. The unaudited condensed balance sheet as of December 31, 2008 was derived from the audited financial statements for the year then ended.

3 Related Party Transactions

The Trust Administrator and Adelpia continue to provide administrative support to the ART including maintaining electronic data and paper documents used in prosecuting the

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

4 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-K as filed with the SEC on March 10, 2009 or as updated in the ART's Form 10-Q filed on May 8, 2009.

Bank Litigation

On June 18, 2008, the District Court dismissed certain fraudulent transfer claims, avoidable preference claims, and equitable subordination and disallowance claims. Under the current scheduling order, the trial on the remaining claims will commence on April 8, 2010.

With respect to the claims dismissed by the District Court on June 18, 2008 and certain claims dismissed in 2007 by the Bankruptcy Court, the District Court entered a final judgment. The ART filed a timely notice of appeal and the appeal is being briefed by the parties in the Second Circuit Court of Appeals.

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.

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 October 8, 2009.

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.

Sabres Litigation

On February 17, 2009, the District Court for the Western District of New York issued a final judgment granting a permanent injunction against the prosecution of fraudulent conveyance claims against Key Bank N.A., Fleet National Bank, and HSBC Bank USA, N.A. (collectively, the "Sabres Banks") by the ART in the Bank Litigation. The fraudulent conveyance claims against the Sabres Banks involve Adelphia's purchase of and payments on certain loans made by the Sabres Banks to the Buffalo Sabres hockey team. The ART filed a timely notice of appeal, and the appeal has been briefed by the parties in the Second Circuit Court of Appeals. Oral argument has not been scheduled.

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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.

Litigation Indemnification Fund Litigation

Discovery related to the JV LIF Claims is pending and an evidentiary hearing on the motion has not been set.

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 Fair Value of Financial Instruments

As of June 30, 2009, the fair value of cash and cash equivalents and accrued expenses approximates their carrying values using active market data (i.e. Level 1, as defined). Further, the fair value of the note receivable and accrued interest, as described in the ART's Form 10-K as filed on March 10, 2009, has been determined using management's assessment of unobservable inputs (i.e. Level 3, as defined) and approximates \$4.2 million as of June 30, 2009 and \$4.2 million as of December 31, 2008. The unobservable inputs are assessed and adjusted periodically based on current economic and other risk factors. The carrying values were \$5.6 million as of June 30, 2009 and \$5.4 million as of December 31, 2008.

6 Subsequent Events

Subsequent events have been evaluated through August 5, 2009, the date the accompanying financial statements were issued. There have been no subsequent events that would be material to the financial statements of the ART, including Cause of Action settlements or judgments or Distributions or decisions concerning future Distributions.

Item 2 Management Discussion and AnalysisOverview

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 connection with its formation 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.

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

Distributions 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.

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As of June 30, 2009, the number of Interests outstanding in each series eligible to receive a Distribution is as follows:

| <u>CVV Series of Interest:</u> | <u>As of June 30, 2009</u> |
|--------------------------------|----------------------------|
| 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 | 281,933,289 |
| 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.

[Table of Contents](#)**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 over amounts retained to fund the prosecution of the Causes of Action and operations of the ART, to the Holders. It is not possible to determine at this time if there will be any excess proceeds available for a Distribution.

Second Quarter 2009 vs Second Quarter 2008

Total revenues decreased to \$0.2 million in the second quarter of 2009 compared to \$2.0 million for the second quarter of 2008. The decrease of \$1.8 million was caused by decreased settlement revenues of \$0.9 million and decreased interest income of \$0.9 million in the second quarter of 2009 compared to the second quarter of 2008.

There were no settlements or related revenues in the second quarter of 2009 while the second quarter of 2008 included settlement revenue from a previous Adelphia vendor of \$0.9 million. Both quarters ended June 30, 2009 and June 30, 2008 reflect interest income from invested cash balances of the ART. Interest income decreased primarily due to lower investment yields and lower cash balances in the second quarter of 2009 versus the comparable period in 2008.

Total operating expenses for the ART increased to \$9.3 million in the second quarter of 2009 from \$7.4 million in the second quarter of 2008. The increase of \$1.9 million was caused by increased professional litigation costs of \$3.3 million in the second quarter of 2009 versus the second quarter of 2008. This increase was slightly offset by decreases in professional administrative costs of \$0.9 million and general and administrative costs of \$0.5 million in the second quarter of 2009 versus the second quarter of 2008.

Professional litigation costs increased in the second quarter of 2009 compared to the second quarter of 2008 by \$3.3 million due to increased professional activity related to the various Causes of Action. The increased activity caused higher professional fees of \$3.0 million in the second quarter of 2009 compared to the second quarter of 2008. Also, professional litigation costs increased by \$0.3 million in the second quarter of 2009 compared to the second quarter of 2008 due to a reclassification of certain professional fees. The reclassification did not change total operating expenses or net income in either period.

Professional administrative costs decreased \$0.9 million in the second quarter of 2009 compared to the second quarter of 2008. The decreased costs in the second quarter of 2009 from the second quarter of 2008 relate primarily to reduced costs for ART regulatory compliance of \$0.6 million and decreased costs of \$0.3 million related to the reclassification discussed in the preceding paragraph.

General and administrative costs decreased by \$0.5 million in the second quarter of 2009 compared to the second quarter of 2008. Additional service compensation paid to the ART Trustees was paid in the first quarter of 2009 while in 2008 a similar payment was made in the second quarter which caused a \$0.3 million decrease in costs when comparing the second quarter of 2009 to the second quarter of 2008. Also, Trustee base compensation decreased by \$0.2 million in the second quarter of 2009 when compared to the second quarter of 2008 due to retroactive payments made to the Trustees in the second quarter of 2008 that aligned their historical compensation to reflect final compensation agreements.

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As a result of the decrease in total revenues of \$1.8 million and the increase in total operating expenses of \$1.9 million in the second quarter of 2009 compared to the second quarter of 2008, the net loss of \$9.1 million for the quarter ended June 30, 2009 was \$3.7 million higher than the net loss for the quarter ended June 30, 2008.

Six months ended June 30, 2009 versus the six months ended June 30, 2008

Total revenues decreased to \$0.5 million for the six months ended June 30, 2009 compared to \$3.9 million for the six months ended June 30, 2008. The decrease of \$3.4 million was caused by decreased settlement revenues of \$1.1 million and decreased interest income of \$2.3 million for the six months ended June 30, 2009 compared to the six months ended June 30, 2008.

There were no settlements or related revenues for the six months ended June 30, 2009 while the six months ended June 30, 2008 included court approved Tow settlement proceeds of \$0.2 million and other settlement revenue of \$0.9 million, including settlement revenue from a previous Adelphia vendor. Both six month periods ended June 30, 2009 and June 30, 2008 reflect interest income from invested cash balances of the ART. Interest income was decreased primarily due to lower investment yields and lower cash balances for the six months ended June 30, 2009 versus the comparable period in 2008.

Total operating expenses for the ART increased to \$16.3 million for the six months ended June 30, 2009 from \$15.1 million for the six months ended June 30, 2008. The increase of \$1.2 million was caused by increased professional litigation costs of \$2.9 million for the six months ended June 30, 2009 compared to the six months ended June 30, 2008. This increase was offset by decreases in professional administrative costs of \$1.5 million and general and administrative costs of \$0.2 million for the six months ended June 30, 2009 versus the six months ended June 30, 2008.

Professional litigation costs have increased for the six months ended June 30, 2009 by \$2.9 million due to increased activity related to the various Causes of Action. The increased activity caused higher professional fees of \$2.5 million for the six months ended June 30, 2009 compared to the six months ended June 30, 2008. Also, professional litigation costs increased \$0.4 million for the six months ended June 30, 2009 compared to the six months ended June 30, 2008 due to a reclassification of certain professional fees. The reclassification did not change total operating expenses or net income in either period.

Professional administrative costs decreased \$1.5 million for the six months ended June 30, 2009 compared to the six months ended June 30, 2008. The decreased costs for the six months ended June 30, 2009 from the six months ended June 30, 2008 relate primarily to

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reduced costs for ART regulatory compliance matters and other costs of \$1.1 million and decreased costs of \$0.4 million related to the reclassification discussed in the preceding paragraph.

General and administrative costs decreased by \$0.2 million for the six months ended June 30, 2009 compared to the six months ended June 30, 2008 due to decreases in total compensation and expenses paid to the ART Trustees and ART audit fees.

As a result of the decrease in total revenues of \$3.4 million and the increase in total operating expenses of \$1.2 million for the six months ended June 30, 2009 compared to the six months ended June 30, 2008, the net loss of \$15.8 million for the six months ended June 30, 2009 was \$4.6 million higher than the net loss for the six months ended June 30, 2008.

Financial Condition and Cash Flows

The ART's sources of liquidity are from (a) the \$25 million transferred to the ART by Adelpia pursuant to the Plan on the Effective Date, (b) the successful resolution of Causes of Action and (c) earnings on invested cash balances. Receipts from these sources are used to pay professional and operating expenses of the ART and to fund Distributions to the Holders after reserving cash required to pay future professional and operating expenses of the ART. After careful evaluation of future financial needs, the Trustees have not declared any Distributions.

Based upon cash and cash equivalent balances as of June 30, 2009 totaling \$147.3 million and expected expenses and other potential disbursements, the ART expects to meet its obligations as they come due 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 cash will be available to cover all the future financial needs of the ART. Incurring debt, creating contingent obligation agreements and seeking methods to reduce legal professional and administrative 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 June 30, 2009 of \$147.3 million are \$13.8 million lower than as of December 31, 2008 due to a net loss for the six months ended June 30, 2009 of \$15.8 million offset by a provision of cash by operating activities of \$2.0 million, related to an increase of \$1.9 million in accrued expenses and the amortization of \$0.3 million of prepaid expenses. The increase in accrued expenses is due to the timing of vendor payments not being made as close to the period ended June 30, 2009 as they were for the period ended December 31, 2008. Non-cash operating activities include the accrual of

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interest on a note receivable during the six months ended June 30, 2009 of \$0.2 million. 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 of and proceeds from litigations and/or settlements which are successful, delays in obtaining proceeds, the amount of funding required for the litigations and other operating expenses, economic conditions, changes in tax and other governmental rules and regulations applicable to the ART, and other risks identified and described in the Form 10-K filed with the SEC on March 10, 2009. 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 June 30, 2009. 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 June 30, 2009, the ART's disclosure controls and procedures were effective.

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

Changes in Internal Control over Financial Reporting

During the quarter ended June 30, 2009, there were no changes in the ART's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting.

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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-K as filed with the SEC on March 10, 2009 or as updated in the ART's Form 10-Q filed on May 8, 2009.

Bank Litigation

On June 18, 2008, the District Court dismissed certain fraudulent transfer claims, avoidable preference claims, and equitable subordination and disallowance claims. Under the current scheduling order, the trial on the remaining claims will commence on April 8, 2010.

With respect to the claims dismissed by the District Court on June 18, 2008 and certain claims dismissed in 2007 by the Bankruptcy Court, the District Court entered a final judgment. The ART filed a timely notice of appeal and the appeal is being briefed by the parties in the Second Circuit Court of Appeals.

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.

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 October 8, 2009.

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.

Sabres Litigation

On February 17, 2009, the District Court for the Western District of New York issued a final judgment granting a permanent injunction against the prosecution of fraudulent conveyance claims against Key Bank N.A., Fleet National Bank, and HSBC Bank USA, N.A. (collectively, the "Sabres Banks") by the ART in the Bank Litigation. The fraudulent conveyance claims against the Sabres Banks involve Adelpia's purchase of and payments on certain loans made by the Sabres Banks to the Buffalo Sabres hockey team. The ART filed a timely notice of appeal, and the appeal has been briefed by the parties in the Second Circuit Court of Appeals. Oral argument has not yet been scheduled.

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

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Litigation Indemnification Fund Litigation

Discovery related to the JV LIF Claims is pending and an evidentiary hearing on the motion has not been set.

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.

Item 1A. Risk Factors

As of the date of this filing there have been no material changes from the risk factors previously disclosed in our "Risk Factors" in the ART's Form 10-K for the year ended December 31, 2008 as filed with the SEC March 10, 2009.

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Item 6

Exhibits

- 2.1* First Modified Fifth Amended Joint Chapter 11 Plan of Reorganization of Adelpia Communications Corporation and Certain of its Affiliated Debtors, effective February 13, 2007
- 3.1* Restated Certificate of Trust, dated February 13, 2007
- 3.2* Amendment to Restated Certificate of Trust, dated March 15, 2007
- 3.3* [Second] Amended and Restated Declaration of Trust, dated February 13, 2007
- 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

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

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

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: August 05, 2009

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

/s/ Jeffrey A. Brodsky

Jeffrey A. Brodsky

Member

DOC 2 Header

SECTION 302 CERTIFICATION

I, Ralph J Takala, certify that:

1. I have reviewed this report for the period ended June 30, 2009 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: August 05, 2009

/s/ Ralph J. Takala
Ralph J. Takala
Trustee

DOC 3 Header

SECTION 302 CERTIFICATION

I, Jeffrey A. Brodsky, certify that:

1. I have reviewed this report for the period ended June 30, 2009 on Form 10-Q 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)) 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: August 05, 2009

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

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

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

In connection with the Quarterly Report of Adelphia Recovery Trust (the "Trust") on Form 10-Q for the period ended June 30, 2009 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ralph J. Takala, Trustee of the Trust, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Trust.

/s/ Ralph J. Takala

Ralph J. Takala
Trustee

Date: August 05, 2009

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

In connection with the Quarterly Report of Adelpia Recovery Trust (the "Trust") on Form 10-Q for the period ended June 30, 2009 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jeffrey A. Brodsky, a member of Quest Turnaround Advisors, LLC, Trust Administrator of the Trust, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Trust.

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

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

Date: August 05, 2009