

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re)	Chapter 11 Cases
)	
Adelphia Communications Corporation, <u>et al.</u> ,)	Case No. 02-41729 (SHL)
)	
Reorganized Debtors.)	Jointly Administered
)	

FORTY-NINTH POST-CONFIRMATION STATUS REPORT

This Forty-Ninth Post-Confirmation Status Report is filed in accordance with the Post Confirmation Order and Notice, dated February 13, 2007 (the “Effective Date”), in connection with the cases of the above-captioned reorganized debtors (collectively, the “Debtors”). Since the filing of the Amended Forty-Eighth Post-Confirmation Status Report on January 24, 2019 for Adelphia Communications Corporation (“Adelphia”) and Certain of its Affiliated Debtors, describing the Debtors’ progress subsequent to the confirmation of the First Modified Fifth Amended Joint Chapter 11 Plan for Adelphia Communications Corporation and Certain of its Affiliated Debtors, dated as of January 3, 2007, as Confirmed (the “Plan”),¹ for each of the Debtors other than the JV Debtors² by the order dated January 5, 2007 (the “Confirmation Order”), the Debtors, as reorganized pursuant to the Plan, have taken the following steps, among others, in connection with consummation of the Plan.

- Rembrandt Technologies, LLC filed an appeal of the District Court’s decision requiring it to reimburse Adelphia for \$5.8 million of legal fees incurred in the Rembrandt case, and posted a bond to secure the obligation in full, plus interest accruing through the time the amount of the award is paid. On July 27, 2018, a three judge panel of the United States Federal Circuit Court of Appeals (the “Appeals Court”) affirmed the District Court’s decision as to liability, but remanded the case back to the District Court for reconsideration of the amount of the legal fee reimbursement to be awarded. On September 26, 2018, Rembrandt filed a motion with the Appeals Court seeking review by the Appeals Court’s full panel of the three judge panel’s decision. The Appeals Court denied Rembrandt’s motion. Shortly thereafter, the District Court referred the matter to a mediator to determine if the matter could be settled through mediation. The mediation process is currently proceeding but, if the matter is not settled quickly, the case will be returned to the District Court for its determination of the amount to be awarded. The bond securing payment of the award, plus interest, remains in full force and effect.

¹ Capitalized terms used but not defined have the meanings ascribed to such terms in the Plan.

² The JV Debtors are comprised of the following legal entities: Century-TCI California, L.P.; Century-TCI California Communications, L.P.; Century-TCI Distribution Company, LLC; Century-TCI Holdings, LLC; Parnassos Communications, L.P.; Parnassos Distribution Company I, LLC; Parnassos Distribution Company II, LLC; Parnassos, L.P.; Parnassos Holdings, LLC; Western NY Cablevision, L.P. The Third Modified Fourth Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code for the Century-TCI Debtors and Parnassos Debtors, dated as of June 28, 2006, was confirmed by order dated June 29, 2006.

- Filed Adelpia's 2018 tax return. The return includes a claim for a cash refund of \$87 million on account of the \$87 million of Alternative Minimum Tax paid by Adelpia in 2006 for which Adelpia has claimed an Alternative Minimum Tax Credit refund. The Tax Cut and Jobs Act of 2018 provides for a cash refund of the Alternative Minimum Tax Credit. If Adelpia's refund claim is accepted the refund will be collected over a four year period: 50% of the total in 2019 (\$43.5 million), 50% of the balance in 2020 (\$21.25 million), 50% of the balance in 2021 (\$10.125 million) and the remaining balance in 2022 (\$10.125 million).
- Completed the audit and tax filing for ACC Claims Holdings, LLC for the year ending December 31, 2018.
- Completed the tax return for the Adelpia Recovery Trust for the year ending December 31, 2018 and provided information to beneficiary holders as required.
- Transferred \$1.45 million from the Remaining Assets Reserve to the Estate Operating Reserve to fund 2019 operating expenses. The 2019 budget does not include a \$1.45 million accrual for payment of the Plan Administrator's fees through December 31, 2018, nor does it include any amounts for Plan Administrator fees in 2019. The Plan Administrator intends to propose the transfer of funds at a later date from the Remaining Assets Reserve to the Estate Operating Reserve for the unpaid fees.
- Transferred \$0.869 million from the Remaining Assets Reserve to the Estate Operating Reserve to satisfy Adelpia's indemnity obligation to the Plan Administrator for legal fees and disbursements incurred in defending motions made by ACC Claims Holdings, LLC and Solus Alternative Asset Management LP (the "Solus Litigation"). The Plan Administrator intends to propose the transfer of additional funds at a later date from the Remaining Assets Reserve to the Estate Operating Reserve as it incurs more legal fees and disbursements in the litigation.
- On February 20, 2019 Adelpia and the Plan Administrator filed a complaint in the Bankruptcy Court against U.S. Specialty Insurance Company (the "Insurer"). The complaint seeks, among other things, recovery of the \$2.6 million of legal fees and disbursements already incurred by the Plan Administrator in connection with the Solus Litigation (which amount Adelpia paid to the Plan Administrator pursuant to its indemnity obligation), as well as for recovery of the amount of the Plan Administrator's legal fees and disbursements to be incurred going forward. Adelpia and the Plan Administrator assert that the legal fees and disbursements sought to be recovered constitute defense costs and loss required to be paid by the Insurer under the directors and officers liability insurance policy issued to Adelpia and the Plan Administrator. The Insurer has denied coverage. A pre-trial conference was held on April 10, 2019. The parties and the judge agreed that discovery should go forward on the coverage matter notwithstanding the Insurer's motion to withdraw the reference from the District Court. The parties have further agreed to a schedule that calls for the end of fact discovery in late August, at which time they contemplate cross motions for summary judgment. It is not possible to determine when, and to what extent, if any, the amount sought by Adelpia and the Plan Administrator in this lawsuit will be paid by the Insurer.

- Continued efforts to maximize the value of remaining assets.
- The following activity has occurred since December 31, 2018:

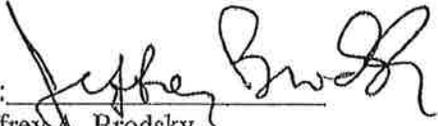
	<u>Cash</u>
Balance at December 31, 2018	\$15,580,693
Additions ^(a)	15,000
Investment Income	83,810
Net Plan Disbursements	0
Operating Costs ^(b)	<u>(1,406,280)</u>
Balance at March 31, 2019 ^{(c), (d)}	<u>\$14,273,223</u>

- (a) Additions include proceeds from ACC Claims Holdings, LLC for the Q4, 2018 administrative fee totaling \$15k.
- (b) Operating costs include professional expenses of \$1.0 million, salary and other employee related expenses of \$0.2 million, contract labor of \$0.1 million, and other expenses of \$0.1 million. \$0.9 million of the \$1.0 million of professional expenses constituted payments pursuant to the Plan Administrator Agreement to indemnify the Plan Administrator for legal fees and disbursements incurred in connection with the Solus Litigation.
- (c) Not reflected in this balance is the accrual of \$1.45 million in fees payable to the Plan Administrator as of December 31, 2018 pursuant to Amendment No. 1 to the Plan Administrator Agreement. The Plan Administrator intends to propose the transfer of funds from the Remaining Assets Reserve to the Estate Operating Reserve for those accrued fees and 2019 fees at a later date.
- (d) The total amount of legal fees and disbursements that have been incurred by the Plan Administrator in the ACC Claims Holdings, LLC and Solus Alternative Asset Management LP litigation through February 2019 is \$2.61 million, exclusive of a \$0.25 million retainer payment. As of the date of this report, the Plan Administrator has been reimbursed for \$2.60 million of these fees and expenses. The Plan Administrator intends to propose the transfer of funds from the Remaining Assets Reserve to the Estate Operating Reserve for any unpaid indemnification claims at a later date.

The remaining assets held in reserve are detailed in Exhibit A.

Dated: April 15, 2019

Adelphia Communications Corporation
By: Quest Turnaround Advisors, LLC
Title: Plan Administrator

By: 
Jeffrey A. Brodsky
Member

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Exhibit A**Summary of Remaining Cash Held and Deferred Assets**

<u>Cash</u>	12/31/2018 ⁽¹⁾ (\$ in millions)	3/31/2019 ⁽¹⁾ (\$ in millions)	<u>Status</u>
Estate Operations	\$ 0.2	\$ 1.1	
Remaining Assets	15.4	13.2	Transferred \$2.3 million from Adelpia Remaining Assets Distribution Trust to the Adelpia Reserved Cash Distribution Trust to fund Estate 2019 operating activities (\$1.450 million) and Solus litigation expenses (\$0.867 million)
Total Cash	15.6	14.3	
<u>Deferred Assets</u>			
Interest in Tow Life Insurance Policies	18.6	18.6	Insurance proceeds due on the named individual net of note payable to the Adelpia Recovery Trust.
Federal Tax Refund Receivable	87.0	87.0	Filed the Adelpia 2018 tax return which included the Alternative Minimum Tax Credit of \$87.0 million. The refund will be collected over a four year period: 50% of the total in 2019 (totaling \$43.5 million), 50% of the balance in 2020 and 2021, and the remaining balance in 2022.
Total Cash and Deferred Assets	\$ 121.2	\$ 119.9	

⁽¹⁾ Amounts do not include any proceeds from Adelpia's \$5.8 million judgment against Rembrandt Technologies.