

| Condensed Balance Sheets (USD \$)    | Sep. 30, 2011 | Dec. 31, 2010 |
|--------------------------------------|---------------|---------------|
| Assets                               |               |               |
| Cash and cash equivalents            | \$ 77,093,337 | \$ 21,887,750 |
| Temporary investments                | 0             | 64,808,133    |
| Prepaid assets                       | 824,219       | 68,613        |
| Note and accrued interest receivable | 6,461,347     | 6,168,829     |
| Total assets                         | 84,378,903    | 92,933,325    |
| Liabilities and net assets           |               |               |
| Accrued expenses                     | 1,084,705     | 1,886,181     |
| Total liabilities                    | 1,084,705     | 1,886,181     |
| Contingencies                        |               |               |
| Net assets                           | 83,294,198    | 91,047,144    |
| Total liabilities and net assets     | \$ 84,378,903 | \$ 92,933,325 |

| Condensed Statements of Operations (USD \$) | 3 Months Ended |                | 9 Months Ended |                 |
|---|----------------|----------------|----------------|-----------------|
|   | Sep. 30, 2011  | Sep. 30, 2010  | Sep. 30, 2011  | Sep. 30, 2010   |
| Revenues                                    |                |                |                |                 |
| Interest income                             | \$ 115,959     | \$ 165,150     | \$ 381,664     | \$ 475,027      |
| Total revenues                              | 115,959        | 165,150        | 381,664        | 475,027         |
| Operating expenses                          |                |                |                |                 |
| General and administrative expenses         | 339,011        | 407,107        | 1,449,601      | 1,648,442       |
| Professional expenses - litigation          | 2,121,858      | 7,372,630      | 6,037,362      | 22,355,306      |
| Professional expenses - administrative      | 170,953        | 208,456        | 647,647        | 525,943         |
| Total operating expenses                    | 2,631,822      | 7,988,193      | 8,134,610      | 24,529,691      |
| Net loss                                    | \$ (2,515,863) | \$ (7,823,043) | \$ (7,752,946) | \$ (24,054,664) |

| Condensed Statements of Cash<br>Flows (USD \$)  | 9 Months Ended |                 |
|---|----------------|-----------------|
|   | Sep. 30, 2011  | Sep. 30, 2010   |
| Operating activities  |                |                 |
| Net loss  | \$ (7,752,946) | \$ (24,054,664) |
| Adjustments to reconcile net loss to net cash used by operating activities consisting of changes in operating assets and liabilities: |                |                 |
| Prepaid assets  | (755,606)      | 398,427         |
| Note and accrued interest receivable  | (292,518)      | (292,518)       |
| Accrued expenses  | (801,476)      | (2,680,914)     |
| Net cash used by operating activities   | (9,602,546)    | (26,629,669)    |
| Investing activities  |                |                 |
| Sale (purchase) of temporary investments and accrued interest   | 64,808,133     | (75,040,926)    |
| Net cash provided (used) by investing activities  | 64,808,133     | (75,040,926)    |
| Net change in cash and cash equivalents   | 55,205,587     | (101,670,595)   |
| Cash and cash equivalents, beginning of period  | 21,887,750     | 164,327,745     |
| Cash and cash equivalents, end of period  | \$ 77,093,337  | \$ 62,657,150   |





| Related Party Transactions | 9 Months Ended |   |
|----------------------------|----------------|---|
|                            | Sep. 30, 2011  |   |
| Related Party Transactions | 3              | <div><div><u>Related Party Transactions</u></div><div>The Trust Administrator and Adelphia continue to provide administrative support to the ART including maintaining electronic data and paper documents used in prosecuting the Causes of Action, financial reporting and support for Distributions when they might occur (including maintenance of data related to the implementation of Plan provisions). These services have and will continue to be provided at no cost to the ART under the terms of various agreements between the Trust Administrator and Adelphia. The ART financial statements do not reflect any amounts for these services.</div></div> |

| Causes of Action and Contingent Liabilities | 9 Months Ended |   |  |
|---|----------------|---|--|
|   | Sep. 30, 2011  |   |  |
| Causes of Action and Contingent Liabilities |                |   |  |
| Causes of Action and Contingent Liabilities | 4              | <p><u>Causes of Action and Contingent Liabilities</u></p> <p>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 on March 4, 2011 or as updated in the ART’s Form 10-Qs filed on May 13, 2011 and July 29, 2011.</p> <p><i>Causes of Action</i></p> <p><b><u>FPL Litigation</u></b></p> <p>The FPL action seeks to recover an alleged fraudulent transfer arising out of Adelphia’s repurchase of certain of its stock from FPL in January 1999 for \$149.5 million. Pursuant to the Plan, the claims asserted in the FPL Litigation were transferred to the ART. On July 13, 2011, the Bankruptcy Court denied FPL’s motion for leave to amend its answer to add a new defense. FPL filed an appeal of the Bankruptcy Court’s July 13, 2011 decision. FPL’s appeal has been briefed by the parties and is awaiting decision by the District Court. At a status conference with the Bankruptcy Court, FPL advised the Bankruptcy Court of its intention to move to withdraw the reference to the Bankruptcy Court, which, if granted, would cause the action to be transferred to the District Court. On September 28, 2011, FPL filed its motion to withdraw the reference. The motion is pending before the District Court and is being briefed by the parties. The trial will be rescheduled after the District Court rules on the motion.</p> <p>At this time, the ART cannot predict the outcome of the FPL Litigation or estimate the possible financial effect of this proceeding on the ART’s financial statements.</p> <p><b><u>Sabres Litigation</u></b></p> <p>The Sabres action involves claims for fraudulent conveyance, aiding and abetting breach of fiduciary duty, and equitable subordination or disallowance against Key Bank, N.A. (“Key Bank”), Fleet National Bank (“Fleet”), and HSBC Bank USA, N.A. (“HSBC”) (collectively, the “Sabres Banks”) arising from (i) Adelphia’s purchase of and payments on certain loans made by the Sabres Banks to a Rigas Family partnership that owned the Buffalo Sabres hockey team and (ii) John Rigas’ purchase of the team using Adelphia financing. HSBC has asserted counterclaims against Adelphia for “post-petition tort,” contribution and indemnification.</p> <p>The District Court for the Western District of New York granted a permanent injunction against the ART’s prosecution of the fraudulent conveyance claims against the Sabres Banks and the Second Circuit affirmed that decision. The claims against Fleet were resolved as part of the settlement with Fleet and other defendants in the Bank Litigation.</p> <p>An Order and Stipulation dated October 31, 2011 establishes a schedule for briefing and argument of the Sabres Banks’ motions to dismiss the ART’s remaining claims against Key Bank and HSBC and the ART’s motions to dismiss HSBC’s counterclaims.</p> <p>At this time, the ART cannot predict the outcome of the Sabres Litigation against Key Bank and HSBC or estimate the possible financial effect of this proceeding on the ART’s financial statements. The ART also cannot predict the outcome of HSBC’s counterclaims or estimate the possible financial effect of this proceeding on the ART’s financial statements.</p> <p><i>Contingent Liabilities</i></p> <p><b><u>Litigation Indemnification Fund Litigation</u></b></p> <p>Pursuant to the Third Modified Fourth Amended Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code for Century-TCI Debtors and Parnassos Debtors (the “JV Plan”), which became effective on July 31, 2006; the Plan, which became effective on February 13, 2007; and certain other orders entered by the Bankruptcy Court, litigation indemnification funds (each, a “LIF”) were created with funds provided by Adelphia to provide certain defendants in the Bank Litigation (see Plan) provisional and conditional reimbursement of legal fees and expenses expected to be incurred in connection with defending litigation involving certain credit facilities.</p> <p>The LIF created under the JV Plan (the “JV LIF”), established in the initial amount of \$10 million and held in an Adelphia account pending distributions as authorized by the ART, was created to fund certain allowable claims for indemnification arising under the Parnassos and Century-TCI prepetition credit facilities. Subject to certain conditions, the JV LIF is “evergreen”, i.e. the JV Plan provides that the JV LIF will be replenished by the ART under certain conditions, such as “upon the receipt . . . of net proceeds of any Designated Litigation” after first deducting any required distribution to the government.</p> <p>The LIFs created under the Main Plan (the “Main Plan LIFs”) are fixed in amounts and not subject to replenishment. Because the JV LIF is evergreen, whereas the Main Plan LIFs are capped, the allocation of defense costs among the categories of LIFs is a matter of economic significance.</p> <p>Certain entities (the “JV Claimants”) submitted formal claims that through September 30, 2011 aggregated approximately \$26.9 million in excess of the \$10.0 million initially deposited in the JV Litigation Indemnification Fund by Adelphia. Thus, claims against the JV LIF totaled approximately \$36.9 million and certain of the JV Claimants indicated an intention to submit</p> |  |

additional claims in the future. Adelphia and the ART asserted that the JV LIF claims were improper.

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

The Bankruptcy Court heard argument of counsel on May 25, 2011, and stated that an evidentiary hearing would be required to resolve any JV LIF claims that may remain in dispute at the time of such hearing. Since May 25, 2011, the ART has resolved the claims of certain JV LIF claimants. The remaining claims against the JV LIF in the aggregate total approximately \$15.4 million and the balance of the JV LIF as of the date of this report is approximately \$2.7 million.

To the extent the Bankruptcy Court grants the LIF Motion as to any unresolved JV LIF claims, the Bankruptcy Court could require the ART to replenish the JV LIF in an amount that satisfies all unresolved claims while the dispute is still pending. Additionally, the ART may be required to replenish the JV LIF in an amount that satisfies all pending unresolved claims and returns the balance in the fund to \$10.0 million. The ART has adequate liquidity to satisfy that obligation if required.

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





| Subsequent Events | 9 Months Ended |  |
|-------------------|----------------|--|
|                   | Sep. 30, 2011  |  |
| Subsequent Events | 6              | <div><div><u>Subsequent Events</u></div><div>Events subsequent to September 30, 2011 have been evaluated through November 4, 2011, the date the accompanying financial statements were issued. Other than as discussed herein, 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.</div></div> |

| Document and Entity Information         | 9 Months Ended            |
|---|---------------------------|
|   | Sep. 30, 2011             |
| Document and Entity Information         |                           |
| Entity Registrant Name                  | Adelphia Recovery Trust   |
| Entity Central Index Key                | 0001433669                |
| Document Type                           | 10-Q                      |
| Document Period End Date                | Sep. 30, 2011             |
| Amendment Flag                          | false                     |
| Current Fiscal Year End Date            | --12-31                   |
| Entity Current Reporting Status         | Yes                       |
| Entity Filer Category                   | Smaller Reporting Company |
| Entity Common Stock, Shares Outstanding | 0                         |
| Document Fiscal Year Focus              | 2011                      |
| Document Fiscal Period Focus            | Q3                        |