EXHIBIT K

Position Statement of Ad Hoc Committee of ACC Senior Noteholders for Adelphia Disclosure Statement

The position statement numbering corresponds to the summary of the Inter-Creditor Dispute set forth in Section IV.D.1.b of the Disclosure Statement.

(1) Intercompany Claims

The Scheduled Intercompany Claims Are Presumptively Valid, And No Grounds Exist For The Wholesale Disallowance Or Disregard Of Such Claims. The Intercompany Claims scheduled by the Debtors, under penalty of perjury, in the May 2005 Schedules are entitled to a presumption of validity pursuant to section 1111 of the Bankruptcy Code. That presumption should be particularly strong in this case, as the scheduled Intercompany Claims represent, according to the Debtors, over 5,000 hours of work performed by more than 25 accounting employees and accounting professionals over a two-year period. Moreover, the multi-year postpetition financial restatement effort, in which over 7 million prepetition transactions giving rise to the Intercompany Claims were scrutinized, alone cost the bankruptcy estate more than $81 million in fees of the Debtors' auditors, PricewaterhouseCoopers. As the Bankruptcy Court has observed, "[the] Debtors and Pricewaterhouse put great effort in the preparation of the schedules relating to intercompany obligations, and I am not of a mind to abandon all that they accomplished as a result of that effort."

There are no grounds for the wholesale disregard, disallowance, or subordination of the scheduled Intercompany Claims. Under governing law, a party that challenges any scheduled Intercompany Claim bears the burden of proving that the particular Claim at issue does not represent a valid liability of the Debtor for which the Claim has been scheduled. Unless and until such a challenge is sustained, the scheduled Intercompany Claims are deemed to be allowed general unsecured claims and entitled to be classified together with and treated ratably with the other general unsecured claims asserted against the particular Debtor entity against which such Intercompany Claim exists (or, to use the Debtors' terminology, "Intercompany B" treatment).

The Debtors imply, through their so-called "five principal characterizations" for the Intercompany Claims, that all of the Intercompany Claims should be considered and disposed of together. There is no authority that countenances or provides for the disallowance of a group of corporate intercompany claims as a whole. Moreover, there is no authority that authorizes courts to completely "disregard" any intercompany claim, whether on an individual or aggregate basis, as suggested by the Debtors' hypothetical "Intercompany D" treatment.

To the contrary, the courts that have addressed intercompany claims have emphasized that inter-corporate liabilities are not presumptively suspect or invalid. "[T]he financing of a subsidiary by a parent is not improper *per se*. This notion . . . has been repeatedly rejected by courts, finding that it is proper for the parent to provide all financing to the subsidiary." *Hillsborough Holdings Corp. v. Celotex Corp. (In re Hillsborough Holdings Corp.)*, 166 B.R. 461, 473 (Bankr. M.D. Fla. 1994), *aff'd* 176 B.R. 223 (M.D. Fla. 1994); *see Amdura National Distribution Co. v. Amdura Corp. (In re Amdura Corp.)*, 75 F.3d 1447 (10th Cir. 1996) (upholding a multi-debtor cash management system in which one debtor collected all the cash and made all the disbursements, in exchange for intercompany claims to and from the affiliates); *In re Blanton*, 105 B.R. 811, 820 (Bankr. W.D. Tex. 1989) ("This practice of lending capital among the related corporations to fund short term cash flow needs does not reveal a disregard of the legal separateness of the various corporations, but only reflects the factual relatedness of the various corporations."). The same is true with respect to liabilities arising from centralized cash management systems like that maintained by the Debtors. "It has been widely recognized in the corporate world that there is nothing inherently wrong in a parent managing all the cash generated by the subsidiaries through a cash management system." *Hillsborough Holdings*, 166 B.R. at 471; *see, e.g., R2 Investments, LDC v. World Access, Inc. (In re World Access, Inc.)*, 301 B.R. 217, 276 (Bankr. N.D. Ill. 2003) ("a centralized cash management system . . . [is] quite common in today's corporate groups").

As the Third Circuit held in a case decided after the Debtors filed their Plan, "perfection is not the standard." *In re Owens Corning*, 419 F.3d 195, 215 (3d Cir. 2005). Where prepetition transactions are complex or prepetition records are imperfect, the answer is not to disregard the liabilities resulting from those transactions or reflected in those records. Rather, the parties must do exactly what the Debtors have done through the May 2005 Schedules – they must conduct an "accounting process" to determine intercompany liabilities as best as can be determined given the information available: "We are confident that a court could properly order and oversee an accounting process that would sufficiently account for the interest and royalty payments owed among the [debtor] group of companies for purposes of evaluating intercompany claims – dealing with inaccuracies and difficulties as they arise and not in hypothetical abstractions." *Id.*

Analysis Of The Underlying Transactions Supports The Validity Of The Scheduled Intercompany Claims. The scheduled Intercompany Claims therefore properly are addressed on a claim-by-claim basis. The analysis and investigation to date of the Ad Hoc Committee of ACC Senior Noteholders (the "ACC Committee") demonstrates that, with very few (if any) exceptions, the Intercompany Claims disclosed by the Debtors' May 2005 Schedules represent valid prepetition liabilities arising from the transfer of cash or other consideration in favor of the Debtor entities for whom an intercompany liability has been scheduled.

In doing the work that culminated in the May 2005 Schedules, the Debtors' accounting personnel and professionals needed to account for the myriad of prepetition intercompnay transactions in a manner that conformed to generally accepted accounting principles (GAAP) and the reporting requirements of the Securities and Exchange Commission. In doing so, they recorded the intercompany obligations naturally arising from those transactions, and then scheduled those liabilities in the May 2005 Schedules (which, as noted below, actually correspond to the Debtors' prepetition public disclosures regarding intercompany liabilities).

In the disclosure above, the Debtors implicitly invite criticism of the judgments and conclusions of their own accounting personnel and professionals. It is important to note, however, that the work performed by the Debtors' employees and their accounting advisors to restate the accounting records (including entries reflecting Intercompany Claims) and to extract or adjust improper entries was focused on accurately reporting transactions in accordance with GAAP. That work was not motivated by any desire to impact distributions to any creditor constituency. In fact, since the Intercompany Claims were scheduled and made public, there has been virtually no supportable criticism of, or dispute with, the accounting judgments and analysis of the Debtors' accountants and accounting professionals. Instead, the criticism has been aimed at the impact of those judgments on distributions to particular creditors, and therefore appears driven by self-interest rather than factual or legal rationale.

Any attempt now to second guess the judgments made by the Debtors' accounting personnel and professionals would be affected by bias. Allowing parties, including the Debtors, to selectively reinterpret or revise the scrupulously-analyzed accounting determinations made during the restatement process could expose the bankruptcy case to chaos and would be contrary to the Bankruptcy Court's express determination not to "abandon all that [the accounting personnel and professionals] accomplished as a result of that effort."

In any event, the judgments of the accounting personnel and professionals, including judgments with respect to the so-called "Bank of Adelphia Convention," Acquisitions and Swaps, and Assumption Transactions, were grounded in fact and, in many instances, required by applicable accounting rules and conventions. For example, the "Bank of Adelphia Convention" reflects the proper allocation of payables and receivables among the various Debtor entities. As the Debtors disclosed above, Adelphia Cablevision LLC – the "Bank of Adelphia" – was the Debtor entity that controlled and maintained all cash for the entire Adelphia enterprise. For cash to flow between one Debtor and another, it had to move through accounts held by the Bank. It is reasonable and appropriate, therefore, for inter-Debtor obligations and liabilities to be reflected as receivables from and payables to the Bank. Abandoning the Bank of Adelphia Convention, on the other hand, would distort the economic realities and likely result in a litigation free-for-all over distribution entitlements to creditors of all 240 Debtors.

Similarly, the Acquisition and Swap Intercompanies reflect valid liabilities for value received by particular Debtors in connection with acquisitions and financing transactions. For example, between April 2000 and June 2002, subsidiaries of Debtor Arahova Communications Inc. ("Arahova") – whose creditors now seek to ignore or disregard Arahova's intercompany liabilities – acquired assets and/or received business entities that included hundreds of thousands of subscribers. Those subsidiaries – none of which had any cash accounts of their own – paid for the acquisitions by incurring or accepting substantial intercompany indebtedness, which is now reflected in the scheduled Intercompany Claims. Disallowance or disregard of those Claims would in substance result in the Arahova subsidiaries having acquired for no consideration assets for which billions of dollars of cash and other consideration was expended. There is no evidence supporting the position that these transactions should be treated as capital contributions to Arahova; there is, on the other hand, substantial evidence (as outlined below) that Arahova and its subsidiaries incurred or accepted intercompany liabilities in relation to those acquisitions or swaps. Relatedly, the so-called "XO Transactions" (which actually relate to cost centers labeled in the Debtors' records as "X01", "X02," etc.) appear to reflect inter-Debtor borrowings and capital contributions needed to facilitate repayment of some of the liabilities generated in connection with those acquisitions in order to maximize borrowing capacity and to minimize tax liability – both of which are legitimate and enforceable corporate objectives.

The Assumption Transactions similarly conform to the decisions made by PricewaterhouseCoopers in connection with the restatement of the Debtors' financial statements. After much analysis, PricewaterhouseCoopers determined that the Debtors' consolidated financial statements had understated the amounts payable by the Debtors on the co-borrowing facilities. The Debtors ultimately recorded all of the co-borrowing liabilities on Adelphia's consolidated balance sheet, with an intercompany receivable from the Rigas Co-Borrower. This treatment is consistent with the scheduled Intercompany Claims as set forth in the May 2005 Schedules. As indicated by the multi-billion dollar receivable (net of uncollectible amounts) recorded on the Debtors' restated financial statements, from the Rigas Family and Rigas Family Entities in favor of the Debtors, the Assumption Transactions (if any) impacting Arahova and its subsidiaries, as restated, appear to reflect an exchange for reasonably equivalent value and reflect legitimate and enforceable intercompany obligations.

Regarding set offs, the Debtors have stated that the Intercompany Claims scheduled in the May 2005 Schedules have been "netted" on a Debtor-by-Debtor basis, such that the intercompany payables and receivables of each individual Debtor vis-à-vis the Bank of Adelphia have been "netted" against each other to produce a single, net payable to or receivable from the Bank. The Debtors have stated that each net scheduled Intercompany Claim is the aggregation of hundreds or thousands of intercompany transactions. The ACC Committee believes this to be appropriate, as the May 2005 Schedules reflect what appear to be a consistent, uniform, and interrelated accounting for and treatment of such transactions. (However, to the extent that any of the scheduled Intercompany Claims, or any of the transactions giving rise to such claims, are challenged successfully, some or all of the scheduled net Intercompany Claims will be impacted, and the ACC Committee thus reserves all rights to reevaluate its position with respect to any or all of the Intercompany Claims in such event.)

There is no basis, however, to aggregate or net Intercompany Claims on a "Debtor Group" basis. As described below, the entire "Debtor Group" concept is illegal and unsupportable under applicable law or the facts of this case. Intercompany Claims should be setoff against each other only on a Debtor-by-Debtor basis as in the May 2005 Schedules. Any other combination distorts the actual liabilities of each Debtor entity and is not permissible.

Finally, the assertion by creditors of Arahova that the Intercompany Claims somehow conflict with creditor expectations or violate third-party indentures is both irrelevant and false, as prior to the Petition Date the Debtors disclosed their intercompany liabilities as liabilities, not capital contributions. Arahova's 10-Q for the period ended September 30, 2001, specifically disclosed $1.9 billion in payables to affiliates, which certain creditors of Arahova now wish to simply disregard or treat as a capital contribution from ACC. Those financial statements also indicated that Arahova received $1.5 billion in cash from related parties. Additionally, Arahova's public financial statements for the period ended December 30, 2000, reflected a $1.7 billion use of cash for acquisitions – cash that, as was known to third party creditors, could only have come from the Bank of Adelphia in exchange for an intercompany payable to the Bank of Adelphia. Finally, Arahova's financial statements stated that Arahova's subsidiaries acquired from ACC or its subsidiaries other Debtor entities, including all of the assets and liabilities of those entities, and specifically made reference to over $1 billion in payables to affiliates that were transferred to Arahova and its subsidiaries. Those prepetition disclosures closely tie to the Intercompany Claims scheduled by the Debtors in the May 2005 Schedules and the Arahova consolidated intercompany payable balance as of September 30, 2001 derived from the Debtors' intercompany transaction database, and demonstrate that third-party creditors knew or should have known of the existence of large inter-Debtor transactions and liabilities.

The ACC Committee's position with respect to the Intercompany Claims is made with respect to the liabilities of the Debtors in the aggregate. The ACC Committee continues to investigate specific individual intercompany transactions and liabilities, and nothing in this statement of position is a concession that any specific intercompany transaction or liability is valid or unavoidable. The ACC Committee reserves all rights with respect to the Intercompany Claims.

(2) Consolidation Structure

There Is No Basis For Substantive Consolidation Of The Debtors. Due in part to the millions of dollars and thousands of hours spent in the restatement process, the Debtors are able to identify, and already have identified, the assets and liabilities of each individual Debtor. In fact, the Debtors have stated that they now can identify assets and liabilities of multiple cost centers within each individual Debtor, and thereby are "equipped with the accounting building blocks to prepare financials at a legal entity, silo and enterprise level."

Furthermore, there is no evidence that any creditor holding a claim for borrowed money, much less a majority of such creditors, dealt with the Debtor entities as a single economic unit or disregarded the separateness of the Debtors in extending credit. In addition, various Debtors issued separate financial statements and operated under different names. As a consequence, the Debtors could not demonstrate that the substantive consolidation scheme proposed in the Plan is mandated or permitted by the facts of these chapter 11 cases.

More importantly, the Debtors' proposed "deemed consolidation," in which the Debtors purport to consolidate "only for purposes of voting with respect to confirmation of the Plan and effectuating the settlements contemplated by, and making distributions under" the Plan but for no other purpose, is not supported by any existing law. Rather, courts have soundly criticized plans – like the Debtors' proposed Plan – in which groups of debtors propose to "consolidate" for purposes of plan voting and distributions, but then to remain separate legal entities following the reorganization. For one thing, such schemes are not substantive consolidation at all. Substantive consolidation of debtors is an equitable doctrine that, as the name implies, results in a "consolidation" of multiple entities into one. *FDIC v. Colonial Realty Co.*, 966 F.2d 57, 58 (2d Cir. 1992) ("The substantive consolidation of estates in bankruptcy effects the combination of the assets and liabilities of distinct, bankruptcy entities and their treatment as if they belonged to a single entity.").

The Plan does not actually substantively consolidate any of the Debtors. Instead, it "deems" certain Debtors consolidated into certain other Debtors solely for purposes of the Plan. For all other purposes, the "deemed" consolidated Debtors remain separate, distinct, and independent entities. As the Third Circuit held in a case decided in August 2005, "a 'deemed' consolidation cuts against the grain of all the principles" that justify substantive consolidation in some cases. *In re Owens Corning*, 419 F.3d 195, 212 (3d Cir. 2005). The Third Circuit observed in that case:

> [T]he flaw most fatal to the Plan Proponents' proposal is that the consolidation sought was "deemed" (*i.e.*, a pretend consolidation for all but the Banks). If Debtors' corporate and financial structure was such a

> sham before the filing of the motion to consolidate, then how is it that post the Plan's effective date this structure stays largely undisturbed, with the Debtors reaping all the liability-limiting, tax and regulatory benefits achieved by forming subsidiaries in the first place? In effect, the Plan Proponents seek to remakc substantive consolidation not as a remedy, but rather a stratagem to "deem" separate resources reallocated to OCD to strip the Banks of rights under the Bankruptcy Code, favor other creditors, and yet trump possible Plan objections by the Banks. Such "deemed" schemes we deem not Hoyle. *Id.* at 216

To simplify the Plan and for the Debtors' administrative convenience, it may be possible to treat several Debtor entities together for purposes of distribution without introducing distortions or changing in any way the distributions to which constituencies otherwise would be entitled. The "Debtor Group" structure proposed by the Debtors in the Plan might accomplish this *if, but only if, the scheduled Intercompany Claims described above are enforced on a ratable basis with each Debtor's other unsecured liabilities.* If the Intercompany Claims are disallowed, disregarded, or subordinated, serious distortions will occur in the distribution mechanism that results from the "Debtor Group" structure, making the alleged substantive consolidation wrought by that structure wholly impermissible and illegal.

Also, the ACC Committee reserves all rights to contend that all of the estates should be completely substantively consolidated if, contrary to the Debtors' representations, it is in fact not possible to identify the assets and liabilities of the individual Debtors and/or the records of the prepetition transfers of value among the Debtors ultimately prove to be unreliable notwithstanding the thorough and costly postpetition audit conducted by the Debtors.

(3) Asset Ownership and Potential Fraudulent Conveyance Claims

The inter-Debtor transactions resulting in the transfer of the so-called "Transferred In Subsidiaries" and the so-called "Transferrcd Out Subsidiaries" were made for reasonably equivalent value and without an intent to hinder, delay or defraud creditors. Among other things, Arahova and its subsidiaries received a $1.362 billion intercompany receivable, now scheduled as an Intercompany Claim in the May 2005 Schedules, in connection with transactions involving the Transferred Out Subsidiaries. Accordingly, there is no basis for avoiding such transfers as constructive or actual fraudulent conveyances, and the various individual Debtors that received assets in the transactions at issue therefore are entitled to continue to own those assets.

Moreover, if it is determined that the transactions resulting in movement of the "Transferred Out Subsidiaries" resulted in avoidable transfers, then the transactions resulting in movement of the "Transferred In Subsidiaries" would be avoidable on the same or similar grounds, as many of the entities and assets allegedly subject to avoidance are the very same assets and entities previously "transferred in" to the Arahova corporate family.

Furthermore, as a fundamental rule, recoveries should be made for the benefit of the initial transferor Debtor, not an initial transferee or any mediate transferee. Therefore, if it is determined that any of the transactions resulted in avoidable transfers, the transferred assets at issue should be recovcred by and returned to the individual Debtor entity that owned the assets at the outset of the transaction or related series of transactions at issue. Specifically, if recovery is to be made with respect to transferred assets originally owned by subsidiaries of Arahova, that recovery must be made on behalf of the entities who made the initial transfers, some of which owe substantial sums to the Bank of Adelphia as reflected in the scheduled Intercompany Claims. The net benefit to creditors of Arahova from any such avoidance therefore would be negligible, because the initial transferor Debtors owe significant Intercompany Claims to the Bank of Adelphia.

Finally, it appears that, in the process of restating their financial statements with regard to the transactions involving the movement of the Transferred Out Subsidiaries (a restatement through which Arahova appears to have received a $1.362 billion intercompany receivable), the Debtors eliminated approximately $1.2 billion in intercompany payables owed by the Transferred Out Subsidiaries. The existence of those intercompany payables reduced the net value, if any, of the assets subject to the transactions. Thus, the restatement appears to have created an artificial basis for the fraudulent transfer allegations now outlined above by the Debtors. The ACC Committee is investigating the basis for the elimination of those substantial claims, and reserves all rights in this regard.

The ACC Committee also is investigating the propriety of other prepetition transactions and transfers effected by and among the Debtors. At this time, the ACC Committee requires discovery and further analysis before stating a position as to those other transactions and transfers.

(4) Allocation of Consideration from Sale Transaction

The Debtors propose to allocate the approximately $17 billion in consideration to be received from the Sale Transaction among the artificial "Debtor Groups" by deriving a "value" for each Debtor Group based upon the operating cash flow generated by the Debtor entities that the Debtors have chosen to include within that Debtor Group. Specifically, the Debtors propose to apply a uniform multiple to the aggregate annual operating cash flow of the entities within each Debtor Group in order to derive that Debtor Group's specific share of the proceeds from the Sale Transaction.

If the valuation methodology ultimately adopted utilizes operating cash flow as the principal means of allocating value, the sale consideration should be allocated among individual Debtors and not artificial "Debtor Groups." The ACC Committee has requested disclosure of certain additional information that it believes is material to its position and the chapter 11 cases at large; however, the Debtors have refused to publish such information. The ACC Committee has informed the Debtors that it intends to seek appropriate relief from the Court absent a subsequent consensual resolution of this disclosure issue.

The ACC Committee also objects to Debtors' proposal to reallocate the cash component of the Sale Transaction proceeds to certain Debtor Groups in order to ensure that creditors of the Debtor entities that the Debtors have chosen to include within those "Debtor Groups" are paid in full in cash. This reallocation results in similarly-situated creditors of other Debtor entities not chosen to be in a favored Debtor Group receiving a greater proportion of their Plan distributions in stock and a lesser proportion in cash and renders the Plan unconfirmable, among other things because it unfairly discriminates against creditors of ACC (among other Debtors). The ACC Committee will insist that the cash and stock received in the Sale Transaction be allocated to creditors of the various Debtors in the same proportions.

(5) Allocation of Benefits and Costs of the Government Settlement

As described above, all of the Debtors benefit from the Government Settlement, including by avoiding an indictment that would have destroyed the value of the entire consolidated enterprise. As a consequence, all of the Debtors should share in the substantial burdens of the compromise, including by paying a ratable portion of the $600 million to be transferred to the Victim Restitution Fund.

The ACC Committee requires discovery and further analysis before it can determine what specific allocation is appropriate under the circumstances.

(6) Allocation of Tax Liability Attributable to Sale Transaction

The Debtors must disclose which entities they believe will owe taxes in connection with the Sale Transaction, and how those taxes would be allocated among the Debtors according to the Debtors' prepetition allocation methodology, consistently applied.

Without that disclosure, the Disclosure Statement does not contain adequate information, and the ACC Committee is unable to determine what specific amount and allocation of tax liabilities is appropriate under the circumstances.

(7) Allocation of the Economic Cost of the Plan Reserves

The Debtors must disclose the amounts that they intend to allocate to the various reserves under their proposed Plan, and which assets will be used to fund those reserves, and which Debtors are to be deemed to have contributed to the reserves.

Without that disclosure, the Disclosure Statement does not contain adequate information, and the ACC Committee cannot determine what specific amount and allocation of reserves is appropriate under the circumstances.