AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON OCTOBER 18, 1999

REGISTRATION NO. 333-83887

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 3 TO

FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

CHARTER COMMUNICATIONS, INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE	4841	43-1857213
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(PRIMARY STANDARD INDUSTRIAL CLASSIFICATION CODE NUMBER)	(FEDERAL EMPLOYER IDENTIFICATION NUMBER)

12444 POWERSCOURT DRIVE
ST. LOUIS, MISSOURI 63131
(314) 965-0555
(ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF REGISTRANT'S PRINCIPAL EXECUTIVE OFFICE)

CURTIS S. SHAW, ESQ.
SENIOR VICE PRESIDENT, GENERAL COUNSEL AND SECRETARY
CHARTER COMMUNICATIONS, INC.
12444 POWERSCOURT DRIVE
ST. LOUIS, MISSOURI 63131
(314) 965-0555
(NAME, ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF AGENT FOR SERVICE)

COPIES TO:

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APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: As soon as practicable after this registration statement becomes effective.

If any of the securities being registered on this form are being offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. [ ]

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. [ ]

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. [ ]

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

THE INFORMATION IN THIS PRELIMINARY PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. THESE SECURITIES MAY NOT BE SOLD UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS EFFECTIVE. THIS PRELIMINARY PROSPECTUS IS NOT AN OFFER TO SELL NOR DOES IT SEEK AN OFFER TO BUY THESE SECURITIES IN ANY STATE WHERE THE OFFER OR SALE IS NOT PERMITTED.

SUBJECT TO COMPLETION. DATED OCTOBER 18, 1999.

[CHARTER COMMUNICATIONS LOGO]

170,000,000 Shares

CHARTER COMMUNICATIONS, INC.

Class A Common Stock

This is an initial public offering of shares of Class A common stock of Charter Communications, Inc. This prospectus relates to an offering of 144,500,000 shares in the United States and Canada. In addition, 25,500,000 shares are being offered outside the United States and Canada. All of the shares of Class A common stock are being sold by Charter Communications, Inc.

Prior to the offering, there has been no public market for the Class A common stock. It is currently estimated that the initial public offering price per share will be between $17 and $19. We have applied to have the Class A common stock included for quotation on the Nasdaq National Market under the symbol "CHTR".

See "Risk Factors" beginning on page 14 to read about factors you should consider before buying shares of the Class A common stock.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY OTHER REGULATORY BODY HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	Per Share	Total
Initial public offering price..............................	$	$
Underwriting discount......................................	$	$
Proceeds, before expenses, to us...........................	$	$

To the extent that the underwriters sell more than 170,000,000 shares of Class A common stock, the underwriters have the option to purchase up to an additional 25,500,000 shares from Charter Communications, Inc. at the initial public offering price less the underwriting discount.

The underwriters expect to deliver shares in New York, New York on , 1999.

GOLDMAN, SACHS & CO. BEAR, STEARNS & CO. INC. MORGAN STANLEY DEAN WITTER

DONALDSON, LUFKIN & JENRETTE MERRILL LYNCH & CO. SALOMON SMITH BARNEY

A.G. EDWARDS & SONS, INC. M.R. BEAL & COMPANY

Prospectus dated , 1999.

[INSIDE FRONT COVER]

[Text:]

Cable Television

High Speed Internet Access

Internet TV

Interactive TV

[Map of the United States with locations of cable systems marked with dots]

The map above shows the locations of Charter Communications' cable systems, after giving effect to our pending acquisitions.

[Charter logo]

PROSPECTUS SUMMARY

The following summary contains a general discussion of our business, the offering of Class A common stock and summary financial information. It likely does not contain all the information that is important to you in making a decision to purchase shares of the Class A common stock. For a more complete understanding of the offering, you should read this entire prospectus and other documents to which we refer. The discussion of our business in this prospectus includes Charter Communications, Inc., Charter Communications Holding Company, LLC and the direct and indirect subsidiaries of Charter Communications Holding Company, unless we indicate otherwise. Unless otherwise stated, the information in this prospectus assumes that the underwriters do not exercise their option to purchase additional shares in the offering.

OUR BUSINESS

We are a holding company whose principal asset after completion of the offering will be an approximate 31% equity interest and a 100% voting interest in Charter Communications Holding Company. The only business of Charter Communications, Inc. will be to act as the sole manager of Charter Communications Holding Company. Charter Communications Holding Company is also a holding company and is the indirect owner of all of our cable systems. To manage Charter Communications Holding Company and its subsidiaries, Charter Communications, Inc. will initially have only twelve executive officers, all of whom are also employees of Charter Investment, Inc., an affiliated company, and will receive other necessary personnel and services from Charter Investment, Inc.

We are the 4th largest operator of cable television systems in the United States, serving approximately 6.2 million customers, after giving effect to our pending acquisitions. We currently serve approximately 3.7 million customers.

We offer a full range of traditional cable television services and have begun to offer digital cable television services to customers in some of our systems. Digital cable television is cable television service provided through digital technology. Digital technology enables cable operators to increase the channel capacity of cable systems by permitting a significantly increased number of video signals to be transmitted over a cable system's existing bandwidth. Channel capacity is the number of channels that can be simultaneously carried on the cable system and is generally defined in terms of the number of analog channels. Analog channels refer to communication channels on which the information is transmitted in a non-digital format, which means data is transmitted in a manner similar to the original signals. Bandwidth is a measure of the information-carrying capacity of a communication channel. It is the range of usable frequencies that can be carried by a cable system.

We have also started to introduce a number of other new products and services, including interactive video programming, which allows information to flow in both directions, and high-speed Internet access to the World Wide Web. We are also exploring opportunities in telephony, which will integrate telephone services with the Internet through the use of cable. The introduction of these new services represents an important step toward the realization of our Wired World(TM) vision, where cable's ability to transmit voice, video and data at high speeds will enable it to serve as the primary platform for the delivery of new services to the home and workplace. We are accelerating the upgrade of our systems to more quickly provide these new services.

We have grown rapidly over the past five years. During this period, our management team has successfully completed 28 acquisitions, including eight acquisitions closed in 1999. We have also expanded our customer base through significant internal growth. In 1998, our internal customer growth, without giving effect to the cable systems we acquired in that year, was 4.8%, more than twice the national industry average of 1.7%.

Paul G. Allen, through his ownership of Charter Communications, Inc.'s high vote Class B common stock and his indirect ownership of Charter Communications Holding Company membership units, will control approximately 95% of the voting power of all of Charter Communications, Inc.'s capital stock immediately following the offering. As a result, Mr. Allen will control Charter Communications, Inc. and, accordingly, Charter Communications Holding Company and its direct and indirect subsidiaries.

Our principal executive offices are located at 12444 Powerscourt Drive, St. Louis, Missouri 63131. Our telephone number is (314) 965-0555 and our web site is located at www.chartercom.com. The information on our web site is not part of this prospectus.

BUSINESS STRATEGY

Our objective is to increase our operating cash flow by increasing our customer base and the amount of cash flow per customer. To achieve this objective, we are pursuing the following strategies:

- rapidly integrate acquired cable systems and apply our core operating strategies to raise the financial and operating performance of these acquired systems;

- expand the array of services we offer to our customers through the implementation of our Wired World vision;

- upgrade the bandwidth capacity of our systems to 550 megahertz or greater to enable greater channel capacity and add two-way capability to facilitate interactive communication. Two-way capability is the ability to have bandwidth available for upstream or two-way communication;

- maximize customer satisfaction by providing reliable, high-quality service offerings, superior customer service and attractive programming choices at reasonable rates;

- employ innovative marketing programs tailored to local customer preferences to generate additional revenues;

- emphasize local management autonomy to better serve our customers while providing support from regional and corporate offices and maintaining centralized financial controls; and

- improve the geographic clustering of our cable systems by selectively trading or acquiring systems to increase operating efficiencies and improve operating margins. Clusters refer to cable systems under common ownership which are located within geographic proximity to each other.

ORGANIZATION

The chart on the following page sets forth our corporate structure as of the date of the completion of the offering and assumes that:

- Mr. Allen, through Vulcan Cable III Inc., has purchased a total of 43,402,778 membership units from Charter Communications Holding Company for $750 million at a price per membership unit equal to the net initial public offering price per share;

- Mr. Allen has purchased a total of 50,000 shares of high vote Class B common stock of Charter Communications, Inc. at a price per share equal to the initial public offering price per share;

- all of our pending acquisitions have been completed;

- specified sellers in our pending Falcon and Bresnan acquisitions have received $425 million and $1.0 billion, respectively, of their purchase price in Charter Communications Holding Company membership units rather than in cash and these membership units have not been exchanged for shares of Class A common stock of Charter Communications, Inc. For the unaudited pro forma financial statements, however, these amounts are reflected as short-term debt;

- the preferred membership units of Charter Communications Holding Company issued to a number of the Rifkin sellers remain outstanding, have not been exchanged for shares of Class A common stock of Charter Communications, Inc. and have not been reflected as equity;

- none of the options to purchase membership units that have been granted under the Charter Communications Holding Company option plan or granted to our chief executive officer have been exercised; and

- the initial public offering price per share is $18.00, which is the mid-point of the range appearing on the cover page of this prospectus.

[CHARTER COMMUNICATIONS HOLDING COMPANY FLOW CHART]

For a more detailed description of each entity and how it relates to us, see "Business -- Organizational Structure".

RECENT EVENTS

RECENT ACQUISITIONS

In the second, third and fourth quarters of 1999, we completed eight acquisitions of cable systems. One of these acquisitions included the exchange with another cable service provider of certain of our cable systems with a fair market value of $0.3 billion for cable systems that we can operate more efficiently because of their geographic proximity to our other systems. For the year ended December 31, 1998, these systems had revenues of approximately $527.7 million. The following table is a breakdown of our recent acquisitions:

RECENT ACQUISITIONS	ACQUISITION CLOSING DATE	PURCHASE PRICE (INCLUDING ASSUMED DEBT) (IN MILLIONS)	AS OF AND FOR THE SIX MONTHS ENDED JUNE 30, 1999 BASIC SUBSCRIBERS	REVENUE (IN THOUSANDS)
Renaissance Media Group LLC	4/99	$ 459	129,000	$ 30,807
American Cable Entertainment, LLC	5/99	240	69,000	17,958
Cable systems of Greater Media Cablevision, Inc.	6/99	500	175,000	42,348
Helicon Partners I, L.P. and affiliates	7/99	550	173,000	42,956
Vista Broadband Communications, L.L.C.	7/99	126	28,000	7,101
Cable system of Cable Satellite of South Miami, Inc	8/99	22	9,000	2,056
Rifkin Acquisition Partners, L.L.L.P. and InterLink Communications Partners, LLLP	9/99	1,460	461,000	105,592
Cable systems of InterMedia Capital Partners IV, L.P., InterMedia Partners and affiliates	10/99	904+ system swap	412,000 (144,000)(a) 268,000	100,644
Total		$4,261	1,312,000	$349,462

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(a) Represents the number of basic customers served by cable systems that we agreed to transfer to InterMedia in connection with the InterMedia acquisition. This number includes 30,000 basic customers served by one Indiana cable system that we did not transfer at the time of the InterMedia closing because some of the necessary regulatory approvals were still pending. We are obligated to transfer this system to InterMedia upon receipt of regulatory approval. See "Business -- Acquisitions".

PENDING ACQUISITIONS

In addition to the recent acquisitions described above, since the beginning of 1999, we have entered into agreements to acquire additional cable systems. For the year ended

December 31, 1998, these systems had revenues of approximately $728.8 million. The following table is a breakdown of our pending acquisitions:

PENDING ACQUISITIONS	ANTICIPATED ACQUISITION CLOSING DATE	PURCHASE PRICE (INCLUDING ASSUMED DEBT) (IN MILLIONS)	AS OF AND FOR THE SIX MONTHS ENDED JUNE 30, 1999	
			BASIC SUBSCRIBERS	REVENUES (IN THOUSANDS)
Avalon Cable LLC..................	4th Quarter 1999	$ 845	260,000	$ 51,769
Cable systems of Fanch Cablevision L.P. and affiliates............	4th Quarter 1999	2,400	537,000	98,931
Falcon Communications, L.P.	4th Quarter 1999	3,550	1,008,000	212,205
Bresnan Communications Company Limited Partnership............	1st Quarter 2000	3,100	656,000	137,291
Total........................		$9,895	2,461,000	$500,196

We expect to finance these pending acquisitions with the proceeds of this offering, Mr. Allen's equity contributions through Vulcan Cable III Inc. to Charter Communications Holding Company, borrowings under credit facilities and equity issued to specified sellers in our pending Falcon and Bresnan acquisitions. We need to arrange at least an additional $0.7 billion in financing. In addition, we will have to obtain additional financing:

- if we are required to repurchase outstanding notes of Avalon that may be put to us in the amount of $0.3 billion, as of June 30, 1999;

- if we are unable to borrow $1.1 billion under credit facilities at Avalon and Bresnan that we anticipate arranging by the closing of the Avalon and Bresnan acquisitions;

- if we are required to repurchase equity interests issued or to be issued to specified sellers in connection with a number of our acquisitions for an amount equal to the total issue price of these equity interests, which could be up to approximately $1.6 billion; or

- if we are required to pay to InterMedia approximately $0.1 billion in cash because we do not obtain timely regulatory approvals for our transfer to InterMedia of an Indiana cable system and we are unable to transfer replacement systems.

MERGER WITH MARCUS HOLDINGS

On April 23, 1998, Mr. Allen acquired approximately 99% of the non-voting economic interests in Marcus Cable Company, L.L.C., and agreed to acquire the remaining interests in Marcus Cable. The aggregate purchase price was approximately $1.4 billion, excluding $1.8 billion in assumed debt. On February 22, 1999, Marcus Holdings was formed, and all of Mr. Allen's interests in Marcus Cable were transferred to Marcus Holdings on March 15, 1999. On March 31, 1999, Mr. Allen completed the acquisition of all remaining interests of Marcus Cable. On April 7, 1999, Mr. Allen merged Marcus Holdings into Charter Communications Holdings, L.L.C. Charter Holdings survived the merger. The operating subsidiaries of Marcus Holdings became subsidiaries of Charter Operating.

THE OFFERING

Total Class A common stock offered:	
U.S. offering	144,500,000
International offering	25,500,000
Total	170,000,000
Shares of common stock to be outstanding after the offering:	
Class A common stock	170,000,000
Class B common stock	50,000

If the underwriters exercise their over-allotment option in full, the total number of shares of Class A common stock offered and the total number of shares of Class A common stock outstanding after the offering will be 195,500,000.

In this prospectus, in calculating the number of shares of each class of Charter Communications, Inc. common stock and the membership units in Charter Communications Holding Company that will be outstanding after the offering and ownership and voting percentages, we have made the same assumptions described on page 4 with respect to our organizational chart, unless we otherwise indicate.

After the offering and excluding membership units to be issued in connection with the Falcon and Bresnan acquisitions, there will be 324,905,052 outstanding Charter Communications Holding Company common membership units owned by persons or entities other than Charter Communications, Inc. Membership units are exchangeable for shares of Class A common stock on a one-for-one basis, except that Mr. Allen and his affiliates may exchange membership units for shares of Class B common stock. Class B common stock is convertible into shares of Class A common stock at any time on a one-for-one basis. If Mr. Allen and his affiliates converted and exchanged all Class B common stock and membership units held by them for Class A common stock, they together would own approximately 65.7% of our Class A common stock or 62.4% if the underwriters exercise their over-allotment option in full.

Use of Proceeds...............	By Charter Communications, Inc.: To acquire 170,000,000 common membership units in Charter Communications Holding Company at a price per membership unit equal to the net initial public offering price per share.
	By Charter Communications Holding Company: To partially fund, together with the proceeds from the $750 million equity contribution from Vulcan Cable III Inc., a number of our pending acquisitions. See "Use of Proceeds".
Voting Rights.................	Each holder of Class A common stock is entitled to one vote per share. Each holder of Class B common stock is entitled to a number of votes based on the number of outstanding Class B common stock and membership units exchangeable for Class B common stock. The result of this formula is that Mr. Allen is entitled to ten votes for each share of Class B common stock and each membership unit held by him or his affiliates.
	The outstanding shares of Class B common stock will represent less than 0.1% of the capital stock of Charter Communications, Inc. and approximately 95% of the voting power of all of Charter Communications, Inc.'s capital stock following the offering or 94.3% if the underwriters exercise their over-allotment option in full.
Control by Paul G. Allen......	Mr. Allen will own all of the outstanding shares of Charter Communications, Inc.'s Class B common stock following the offering. By virtue of Mr. Allen's ownership of all of Charter Communications, Inc.'s Class B common stock and the ownership by Mr. Allen's affiliates of Charter Communications Holding Company membership units, Mr. Allen will control approximately 95% of the total voting power of Charter Communications, Inc.'s common stock after the offering. Therefore, he will be able to control the corporate actions of Charter Communications, Inc., such as electing its board, amending its certificate of incorporation and controlling all fundamental corporate decisions.
Proposed Nasdaq National Market Symbol..............	"CHTR".

RISK FACTORS

You should carefully consider all of the information in this prospectus. In particular, you should evaluate the specific risk factors under "Risk Factors" for a discussion of risks associated with purchasing the Class A common stock offered in this prospectus.

UNAUDITED SUMMARY PRO FORMA FINANCIAL DATA

You should read the following unaudited summary pro forma financial data of Charter Communications, Inc. in conjunction with the historical financial statements and other financial information appearing elsewhere in this prospectus, including "Capitalization", "Unaudited Pro Forma Financial Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations".

UNAUDITED SUMMARY PRO FORMA STATEMENT OF OPERATIONS
SIX MONTHS ENDED JUNE 30, 1999

	CHARTER COMMUNICATIONS HOLDING COMPANY	RECENT ACQUISITIONS	SUBTOTAL	PENDING ACQUISITIONS	REFINANCING ADJUSTMENTS	OFFERING ADJUSTMENTS	TOTAL
	(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)						
Revenues	$ 594,173	$ 315,541	$ 909,714	$ 522,334	$ --	$ --	$ 1,432,048
Operating expenses:							
Operating, general and administrative	310,325	160,519	470,844	267,170	--	--	738,014
Depreciation and amortization	313,621	161,876	475,497	361,952	--	--	837,449
Stock option compensation expense	38,194	--	38,194	--			38,194
Corporate expense charges(a)	11,073	20,059	31,132	16,595	--	--	47,727
Management fees	--	5,572	5,572	3,168	--	--	8,740
Total operating expenses	673,213	348,026	1,021,239	648,885	--	--	1,670,124
Loss from operations	(79,040)	(32,485)	(111,525)	(126,551)	--	--	(238,076)
Interest expense	(183,869)	(114,588)	(298,457)	(255,682)	4,300	--	(549,839)
Interest income	10,189	456	10,645	788	--	--	11,433
Other income (expense)	2,682	(905)	1,777	(15)	--	--	1,762
Loss before minority interest	(250,038)	(147,522)	(397,560)	(381,460)	4,300	--	(774,720)
Minority interest	--	--	--	--	--	508,552	508,552
Loss before extraordinary item	$ (250,038)	$ (147,522)	$ (397,560)	$ (381,460)	$ 4,300	$ 508,552	$ (266,168)
Basic loss per share(b)							$ (1.57)
Diluted loss per share(b)							$ (1.57)
Weighted average shares outstanding:							
Basic							170,050,000
Diluted							170,050,000
OTHER FINANCIAL DATA:							
EBITDA(c)	$ 237,263	$ 128,486	$ 365,749	$ 235,386			$ 601,135
EBITDA margin(d)	39.9%	40.7%	40.2%	45.1%			42.0%
Adjusted EBITDA(e)	$ 283,848	$ 155,022	$ 438,870	$ 255,164			$ 694,034
Cash flows from operating activities	172,770	89,238	262,008	189,042			451,050
Cash flows used in investing activities	(271,191)	(111,785)	(382,976)	(67,411)			(450,387)
Cash flows from financing activities	207,131	188,571	395,702	455,277			850,979
Cash interest expense							401,319
Capital expenditures	262,507	101,127	363,634	116,268			479,902
BALANCE SHEET DATA (AT END OF PERIOD):							
Total assets	$8,687,474	$3,231,280	$11,918,754	$9,994,753	$ --	$ --	$21,913,507
Total debt	5,134,310	3,149,852	8,284,162	4,792,195	--	--	13,076,357
Minority interest	--	--	--	--	--	5,368,064	5,368,064
Member's equity	3,204,122	--	3,204,122	2,075,000	--	(5,279,122)	--
Stockholders' equity	--	--	--	--	--	2,809,558	2,809,558
OPERATING DATA (AT END OF PERIOD, EXCEPT FOR AVERAGES):							
Homes passed(f)	4,509,000	1,446,000	5,955,000	3,793,000			9,748,000
Basic customers(g)	2,734,000	969,000	3,703,000	2,463,000			6,166,000
Basic penetration(h)	60.6%	67.0%	62.2%	64.9%			63.3%
Premium units(i)	1,676,000	543,000	2,219,000	856,000			3,075,000
Premium penetration(j)	61.3%	56.0%	59.9%	34.8%			49.9%
Average monthly revenue per basic customer(k)							$ 38.71

UNAUDITED SUMMARY PRO FORMA STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 1998

	CHARTER COMMUNICATIONS HOLDING COMPANY	MARCUS	RECENT ACQUISITIONS	SUBTOTAL
	(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)			
Revenues	$ 601,953	$ 457,929	$ 608,953	$ 1,668,835
Operating expenses:				
Operating, general and administrative	304,555	236,595	307,447	848,597
Depreciation and amortization	370,406	258,348	335,799	964,553
Stock option compensation expense	845	--	--	845
Corporate expense charges(a)	16,493	17,042	10,991	44,526
Management fees	--	--	14,668	14,668
Total operating expenses	692,299	511,985	668,905	1,873,189
Loss from operations	(90,346)	(54,056)	(59,952)	(204,354)
Interest expense	(204,770)	(140,651)	(271,450)	(616,871)
Other income (expense)	518	--	(5,825)	(5,307)
Loss before minority interest	(294,598)	(194,707)	(337,227)	(826,532)
Minority interest	--	--	--	--
Loss before extraordinary item	$ (294,598)	$ (194,707)	$ (337,227)	$ (826,532)
Basic loss per share(b)				
Diluted loss per share(b)				
Weighted average shares outstanding:				
Basic				
Diluted				
OTHER FINANCIAL DATA:				
EBITDA(c)	$ 280,578	$ 204,292	$ 270,022	$ 754,892
EBITDA margin(d)	46.6%	44.6%	44.3%	45.2%
Adjusted EBITDA(e)	$ 297,398	$ 221,334	$ 301,506	$ 820,238
Cash flows from operating activities	141,602	135,466	194,041	471,109
Cash flows used in investing activities	(206,607)	(217,729)	(233,161)	(657,497)
Cash flows from financing activities	210,306	109,924	23,252	343,482
Cash interest expense				
Capital expenditures	213,353	224,723	96,025	534,101
BALANCE SHEET DATA (AT END OF PERIOD):				
Total assets	$4,335,527	$2,900,129	$4,375,267	$11,610,923
Total debt	2,002,206	1,520,995	4,257,342	7,780,543
Minority interest	--	--	--	--
Members' equity	2,147,379	1,281,912	--	3,429,291
Stockholders' equity	--	--	--	--
OPERATING DATA (AT END OF PERIOD, EXCEPT FOR AVERAGES):				
Homes passed(f)	2,149,000	1,743,000	1,922,000	5,814,000
Basic customers(g)	1,255,000	1,061,000	1,325,000	3,641,000
Basic penetration(h)	58.4%	60.9%	68.9%	62.6%
Premium units(i)	845,000	411,000	777,000	2,033,000
Premium penetration(j)	67.3%	38.7%	58.6%	55.8%
Average monthly revenue per basic customer(k)				

UNAUDITED SUMMARY PRO FORMA STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 1998

	PENDING ACQUISITIONS	REFINANCING ADJUSTMENTS	OFFERING ADJUSTMENTS	TOTAL
	(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)			
Revenues	$ 1,022,669	$ --	$ --	$ 2,691,504
Operating expenses:				
Operating, general and administrative	511,118	--	--	1,359,715
Depreciation and amortization	743,845	--	--	1,708,398
Stock option compensation expense	--	--	--	845
Corporate expense charges(a)	37,090	--	--	81,616
Management fees	6,135	--	--	20,803
Total operating expenses	1,298,188	--	--	3,171,377
Loss from operations	(275,519)	--	--	(479,873)
Interest expense	(457,586)	7,000	--	(1,067,457)
Other income (expense)	(5,637)	--	--	(10,944)
Loss before minority interest	(738,742)	7,000	--	(1,558,274)
Minority interest	--	--	1,022,903	1,022,903
Loss before extraordinary item	$ (738,742)	$ 7,000	$1,022,903	$ (535,371)

Basic loss per share(b)				$(3.15)
Diluted loss per share(b)				$(3.15)
Weighted average shares outstanding:				
Basic				170,050,000
Diluted				170,050,000
OTHER FINANCIAL DATA:				
EBITDA(c)	$ 462,689			$ 1,217,581
EBITDA margin(d)	45.2%			45.2%
Adjusted EBITDA(e)	$ 511,551			$ 1,331,789
Cash flows from operating activities	254,086			725,195
Cash flows used in investing activities	(274,405)			(931,902)
Cash flows from financing activities	115,779			459,261
Cash interest expense				772,124
Capital expenditures	219,045			753,146
BALANCE SHEET DATA (AT END OF PERIOD):				
Total assets	$10,091,809	$125,000	$ --	$21,827,732
Total debt	4,954,764	128,604	--	12,863,911
Minority interest	--	--	5,513,507	5,513,507
Members' equity	2,075,000	(3,604)	(5,500,687)	--
Stockholders' equity	--	--	2,885,680	2,885,680
OPERATING DATA (AT END OF PERIOD, EXCEPT FOR AVERAGES):				
Homes passed(f)	3,787,000			9,601,000
Basic customers(g)	2,453,000			6,094,000
Basic penetration(h)	64.8%			63.5%
Premium units(i)	862,000			2,895,000
Premium penetration(j)	35.1%			47.5%
Average monthly revenue per basic customer(k)				$ 36.81

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(a) Charter Investment, Inc. provided corporate management and consulting services to subsidiaries of Charter Operating during 1998 and 1999 and to subsidiaries of Marcus Holdings beginning in October 1998. See "Certain Relationships and Related Transactions".

(b) Basic loss per share assumes none of the membership units of Charter Communications Holding Company are exchanged for Charter Communications, Inc. common stock and none of the outstanding options to purchase membership units of Charter Communications Holding Company that are automatically exchanged for Charter Communications, Inc. common stock are exercised. Basic loss per share equals loss applicable to equity holders divided by weighted average shares outstanding. If the membership units were exchanged or options exercised, the effects would be antidilutive.

(c) EBITDA represents earnings (loss) before interest, income taxes, depreciation and amortization. EBITDA is presented because it is a widely accepted financial indicator of a cable television company's ability to service indebtedness. However, EBITDA should not be considered as an alternative to income from operations or to cash flows from operating, investing or financing activities, as determined in accordance with generally accepted accounting principles. EBITDA should also not be construed as an indication of a company's operating performance or as a measure of liquidity. Management's discretionary use of funds depicted by EBITDA may be limited by working capital, debt service and capital expenditure requirements and by restrictions related to legal requirements, commitments and uncertainties.

(d) EBITDA margin represents EBITDA as a percentage of revenues.

(e) Adjusted EBITDA means EBITDA before stock option compensation expense, corporate expenses, management fees and other income (expense). Adjusted EBITDA is presented because it is a widely accepted financial indicator of a cable company's ability to service its indebtedness. However, Adjusted EBITDA should not be considered as an alternative to income from operations or to cash flows from operating, investing or financing activities, as determined in accordance with generally accepted accounting principles. Adjusted EBITDA should also not be construed as an indication of a company's operating performance or as a measure of liquidity. In addition, because Adjusted EBITDA is not calculated identically by all companies, the presentation here may not be comparable to other similarly titled measures of other companies. Management's discretionary use of funds depicted by Adjusted EBITDA may be limited by working capital, debt service and capital expenditure requirements and by restrictions related to legal requirements, commitments and uncertainties.

(f) Homes passed are the number of living units, such as single residence homes, apartments and condominium units, passed by the cable television distribution network in a given cable system service area.

(g) Basic customers are customers who receive basic cable service.

(h) Basic penetration represents basic customers as a percentage of homes passed.

(i) Premium units represent the total number of subscriptions to premium channels.

(j) Premium penetration represents premium units as a percentage of basic customers.

(k) Average monthly revenue per basic customer represents revenues divided by the number of months in the period divided by the number of basic customers at period end.

RISK FACTORS

An investment in our Class A common stock entails the following risks. You should carefully consider these risk factors, as well as the other information in this prospectus.

OUR STRUCTURE

MR. ALLEN HAS THE ABILITY TO CONTROL MATTERS ON WHICH ALL OF CHARTER COMMUNICATIONS, INC.'S STOCKHOLDERS MAY VOTE AND HAS THE EXCLUSIVE RIGHT TO VOTE ON SPECIFIC MATTERS.

Following the offering, Mr. Allen will own approximately 95% of the voting power of Charter Communications, Inc.'s capital stock. Accordingly, Mr. Allen will control Charter Communications, Inc. which, in turn, will control Charter Communications Holding Company. As Class A common stockholders, you will have only a very limited voting interest and a limited indirect equity interest in Charter Communications Holding Company although Class A common stockholders will have an equity interest in Charter Communications, Inc. of more than 99.9%. Mr. Allen will have the ability to control fundamental corporate transactions requiring equity holder approval, including, without limitation, the election of all of our directors, approval of merger transactions involving us and the sale of all or substantially all of our assets. Mr. Allen's control may continue in the future through the high vote Class B common stock even if Mr. Allen owns a minority economic interest in our business.

As the owner of all of the Class B common stock, Mr. Allen will be entitled to elect all but one member of Charter Communications, Inc.'s board of directors. Because of the exclusive voting rights granted to holders of Class B common stock for specific matters, he will have the sole power to amend a number of important provisions of Charter Communications, Inc.'s certificate of incorporation, including provisions restricting the scope of our business activities. See "Description of Capital Stock and Membership Units".

MR. ALLEN MAY HAVE INTERESTS THAT CONFLICT WITH YOUR INTERESTS.

Mr. Allen's control over our management and affairs could create conflicts of interest if he is faced with decisions that could have implications both for him and for us and the holders of Class A common stock. Further, through his effective control, Mr. Allen could cause us to enter into contracts with another entity in which he owns an interest or cause us to decline a transaction that he or an entity in which he owns an interest ultimately enters into.

Mr. Allen may engage in other businesses involving the operation of cable television systems, video programming, high-speed Internet access, telephony or electronic commerce, which is business and financial transactions conducted through broadband interactivity and Internet services. Mr. Allen may also engage in other businesses that compete or may in the future compete with us. In addition, Mr. Allen currently engages and may engage in the future in businesses that are complementary to our cable television business.

Accordingly, conflicts could arise with respect to the allocation of corporate opportunities between us and Mr. Allen. Current or future agreements between us and Mr. Allen or his affiliates may not be the result of arm's-length negotiations. Consequently, such agreements may be less favorable to us than agreements that we could otherwise have entered into with unaffiliated third parties. Further, many past and future transactions with Mr. Allen or his affiliates are informal in nature. As a result, there inevitably will be some discretion left to the parties, who are subject to the potentially conflicting interests described above. We have not instituted any formal plans to address conflicts of interest that may arise.

WE ARE NOT PERMITTED TO ENGAGE IN ANY BUSINESS ACTIVITY OTHER THAN THE CABLE TRANSMISSION OF VIDEO, AUDIO AND DATA UNLESS MR. ALLEN AUTHORIZES US TO PURSUE THAT PARTICULAR BUSINESS ACTIVITY. THIS COULD ADVERSELY AFFECT OUR ABILITY TO OFFER NEW PRODUCTS AND SERVICES OUTSIDE OF THE CABLE TRANSMISSION BUSINESS AND ENTER INTO NEW BUSINESSES, WHICH COULD ADVERSELY AFFECT OUR GROWTH, FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Charter Communications, Inc.'s certificate of incorporation and Charter Communications Holding Company's operating agreement will provide that, until all of the shares of Class B common stock have converted into shares of Class A common stock, Charter Communications, Inc. and Charter Communications Holding Company, including their subsidiaries, cannot engage in any business activity outside the cable transmission business and the portal joint venture with Broadband Partners, LLC. This will be the case unless the opportunity to pursue the particular business activity is first offered to Mr. Allen, he decides not to pursue it and he consents to our engaging in the business activity. The cable transmission business means the business of transmitting video, audio, including telephone services, and data over cable television systems owned, operated or managed by us from time to time. These provisions may limit our ability to take advantage of attractive business opportunities. Consequently, our ability to offer new products and services outside of the cable transmission business and enter into new businesses could be adversely affected, resulting in an adverse effect on our growth, financial condition and results of operations. See "Certain Relationships and Related Transactions -- Allocation of Business Opportunities with Mr. Allen".

MR. ALLEN'S CONTROL AND CHARTER COMMUNICATIONS, INC.'S ORGANIZATIONAL DOCUMENTS MAY INHIBIT OR PREVENT A TAKEOVER OR A CHANGE IN MANAGEMENT THAT COULD RESULT IN A CHANGE OF CONTROL PREMIUM OR FAVORABLY IMPACT THE MARKET PRICE OF THE CLASS A COMMON STOCK.

As a result of his controlling voting interest, Mr. Allen will have the ability to delay or prevent a change of control or changes in our management that stockholders may consider favorable or beneficial. Provisions in our organizational documents may also have the effect of delaying or preventing these changes, including provisions:

- authorizing the issuance of "blank check" preferred stock;

- restricting the calling of special meetings of stockholders; and

- requiring advanced notice for proposals for stockholder meetings.

If a change of control or change in management is delayed or prevented, the market price of our Class A common stock could suffer or holders may not receive a change of control premium over the then-current market price of the Class A common stock.

CHARTER COMMUNICATIONS, INC. IS A HOLDING COMPANY WHICH HAS NO OPERATIONS AND WILL DEPEND ON ITS OPERATING SUBSIDIARIES FOR CASH. OUR SUBSIDIARIES MAY BE LIMITED IN THEIR ABILITY TO MAKE FUNDS AVAILABLE FOR THE PAYMENT OF OUR DEBT AND OTHER OBLIGATIONS.

As holding companies, Charter Communications, Inc. and Charter Communications Holding Company will depend entirely on cash from our operating subsidiaries to satisfy their obligations. These operating subsidiaries may not be able to make funds available to Charter Communications, Inc. and Charter Communications Holding Company.

Charter Communications, Inc. is a holding company whose principal asset after the closing of the offering will be an approximate 31% equity interest and a 100% voting interest in Charter Communications Holding Company. Charter Communications Holding Company is also a holding company whose operations are conducted through its direct and indirect subsidiaries. Neither of them will hold any significant assets other than their direct and indirect interests in our subsidiaries which conduct all of our operations. Charter Communications, Inc.'s and Charter Communications Holding Company's cash flow and ability to meet their obligations, including each of the following obligations, will depend upon the cash flow of Charter Communications Holding Company's operating subsidiaries and the payment of funds by these operating subsidiaries to Charter Communications Holding Company and Charter Communications, Inc.:

- debt or preferred equity obligations that we may issue in the future;

- obligations under employment and consulting agreements;

- obligations under the management services agreement with Charter Investment, Inc.; and

- dividends or other distributions to holders of Class A common stock.

Our operating subsidiaries are not obligated to make funds available for payment of these obligations in the form of loans, distributions or otherwise. In addition, our operating subsidiaries' ability to make any such loans, distributions or other payments to Charter Communications Holding Company or to Charter Communications, Inc. will depend on their earnings, business and tax considerations and legal restrictions. Covenants in the indentures and credit agreements governing the indebtedness of Charter Communications Holding Company's operating subsidiaries restrict their ability to make loans, distributions or other payments to Charter Communications Holding Company or to us.

WE COULD BE DEEMED AN "INVESTMENT COMPANY" UNDER THE INVESTMENT COMPANY ACT OF 1940. THIS WOULD IMPOSE SIGNIFICANT RESTRICTIONS ON US AND WOULD BE LIKELY TO HAVE A MATERIAL ADVERSE IMPACT ON OUR GROWTH, FINANCIAL CONDITION AND RESULTS OF OPERATION.

If anything were to happen which would cause us to be deemed an investment company, the Investment Company Act would impose significant restrictions on us, including severe limitations on our ability to borrow money, to issue additional capital stock and to transact business with affiliates. In addition, because our operations are very different from those of the typical registered investment company, regulation under the Investment Company Act could affect us in other ways that are extremely difficult to predict. In sum, if we were deemed to be an investment company it could become impractical for us to continue our business as currently conducted and our growth, our financial condition and our results of operations could suffer materially.

Following the offering, our principal asset will be our equity interest in Charter Communications Holding Company. If our membership interest in Charter Communications Holding Company were to constitute less than 50% of the voting securities issued by Charter Communications Holding Company, then our interest in Charter Communications Holding Company could be deemed an "investment security" for purposes of the Investment Company Act. This may occur, for example, if for any reason our Class B common stock no longer is high vote common stock and, in accordance with the terms of the Charter Communications Holding Company operating agreement, our membership units in this company were to lose their special voting privileges. A determination that such investment was an investment security could cause us to be deemed to be an investment company under the Investment Company Act, unless an exclusion from registration were available or we were to obtain an order of the Securities and Exchange Commission excluding or exempting us from registration under this Act.

IF FOR ANY REASON THE HIGH VOTE CLASS B COMMON STOCK NO LONGER HAS MORE VOTES PER SHARE THAN THE CLASS A COMMON STOCK, CHARTER COMMUNICATIONS, INC. WOULD NO LONGER HAVE SPECIAL VOTING PRIVILEGES IN, AND WOULD LOSE ITS RIGHTS TO MANAGE, CHARTER COMMUNICATIONS HOLDING COMPANY. IN ADDITION TO THE INVESTMENT COMPANY RISKS DISCUSSED ABOVE, THIS COULD MATERIALLY IMPACT THE VALUE OF YOUR INVESTMENT IN THE CLASS A COMMON STOCK.

If the Class B common stock loses its high voting rights, pursuant to our organizational documents, Charter Communications, Inc. would no longer have a controlling voting interest in, and would lose its right to manage, Charter Communications Holding Company. If this were to occur, Charter Communications, Inc. would retain its proportional equity interest in Charter Communications Holding Company but would lose all of its powers to direct the management and affairs of Charter Communications Holding Company and its subsidiaries. As a result, Class A common stockholders would lose any right they had at that time or could have had in the future to direct, through Charter Communications, Inc., the management and affairs of Charter Communications Holding Company. Accordingly, Charter Communications, Inc. would become strictly a passive investment vehicle. This result, as well as the impact of being treated by investors as an investment company, could materially adversely impact:

- the liquidity of the Class A common stock;

- how it trades in the marketplace;

- the price that purchasers would be willing to pay for the Class A common stock in a change of control transaction or otherwise; and

- the market price of your Class A common stock which could experience a significant decline as a result.

Uncertainties that may arise with respect to the nature of Charter Communications, Inc.'s management role and voting power and organizational documents, including legal actions or proceedings relating thereto, may also materially adversely impact the value of the Class A common stock.

WE ARE DEPENDENT ON CHARTER INVESTMENT, INC. FOR NECESSARY PERSONNEL AND SERVICES.

Charter Communications, Inc. will initially have only twelve executive officers, all of whom are also employees of Charter Investment, Inc. It will receive from Charter Investment, Inc. other personnel and services necessary to perform its obligations as Charter Communications Holding Company's sole manager pursuant to a mutual services agreement. As Charter Communications, Inc. is restricted from holding any significant assets other than Charter Communications Holding Company membership units, Charter Communications, Inc. will be substantially dependent upon Charter Investment, Inc. for personnel and support services. The termination or breach by Charter Investment, Inc. of the mutual services agreement could adversely affect our ability to manage Charter Communications Holding Company and, in turn, our cable systems.

THE SPECIAL TAX ALLOCATION PROVISIONS OF THE CHARTER COMMUNICATIONS HOLDING COMPANY OPERATING AGREEMENT MAY CAUSE CHARTER COMMUNICATIONS, INC. IN SOME CIRCUMSTANCES TO PAY MORE TAXES THAN IF THE SPECIAL TAX ALLOCATION PROVISIONS WERE NOT IN EFFECT.

Charter Communications Holding Company's operating agreement provides that through the end of 2003, tax losses of Charter Communications Holding Company that would otherwise have been allocated to Charter Communications, Inc. based generally on its percentage equity interest in Charter Communications Holding Company will instead be allocated to the membership units held by Vulcan Cable III Inc. and Charter Investment, Inc. The operating agreement further provides that beginning at the time that Charter Communications Holding Company first becomes profitable (as determined under the applicable tax accounting rules for determining book profits), tax profits that would otherwise have been allocated to Charter Communications, Inc. based generally on its percentage equity interest in Charter Communications Holding Company will instead be allocated to membership units held by Vulcan Cable III Inc. and Charter Investment, Inc. In some situations, the special tax allocation provisions could result in Charter Communications, Inc. having to pay taxes in an amount that is more than if Charter Communications Holding Company had allocated losses and profits to Charter

Communications, Inc. based generally on its percentage equity interest from the time of the completion of the offering. See "Description of Capital Stock and Membership Units -- Special Allocation of Losses".

OUR ACQUISITIONS

WE MAY BE UNABLE TO OBTAIN CAPITAL SUFFICIENT TO CONSUMMATE OUR PENDING ACQUISITIONS.

Our subsidiaries have entered into agreements to acquire the equity and/or assets of other cable operators for a total purchase price of approximately $9.9 billion. The proceeds of the offering, Mr. Allen's equity contributions through Vulcan Cable III Inc., borrowings under committed credit facilities and equity issued to specified sellers in our pending Falcon and Bresnan acquisitions will not be sufficient to consummate these acquisitions. To consummate these acquisitions and pay off credit facility borrowings that will become due and the Falcon and Bresnan public notes that we expect to be put to us in connection with required change of control offers, we intend to raise approximately $0.7 billion by issuing convertible debt, convertible preferred or other equity securities of Charter Communications, Inc. or Charter Communications Holding Company and approximately $1.1 billion under credit facilities at Avalon and Bresnan.

In addition, we will have to obtain additional financing if we are required to:

- repurchase outstanding notes of Avalon, which were approximately $0.3 billion as of June 30, 1999;

- repurchase equity interests issued or to be issued to specified sellers in some of our acquisitions for their total issue price which could be up to approximately $1.6 billion; or

- pay to InterMedia approximately $0.1 billion in cash if we do not obtain regulatory approvals to transfer the Indiana system that we are required to transfer to InterMedia and we were unable to transfer replacement systems.

We cannot assure you that we will be able to raise the financing necessary to consummate our pending acquisitions and to satisfy the obligations described above. If we are unable to raise the financing necessary to satisfy any or all of these obligations, we may not be able to purchase any of the businesses where we have defaulted on our obligation to purchase these businesses. Also, the relevant sellers or creditors could initiate legal proceedings against us, including under bankruptcy and reorganization laws, for any damages they suffer as a result of our non-performance. Any such action could trigger defaults under our other obligations, including our credit facilities and other debt instruments. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources" and the following four risk factors.

WE MAY BE UNABLE TO OBTAIN SUFFICIENT CAPITAL TO REPURCHASE THE EXISTING PUBLIC DEBT OF THE CABLE OPERATORS THAT WE ARE ACQUIRING.

Following the closings of the Falcon, Avalon and Bresnan acquisitions, we will be required to make offers to repurchase public notes issued by Falcon, Avalon and Bresnan under the terms of the indentures governing these notes. Because the trading prices of the Falcon and Bresnan notes have increased considerably since the announcement of the respective acquisitions and these notes are currently trading near the change of control price that we would have to pay, we believe that it is likely that holders of all or substantially all of the Falcon and Bresnan notes will tender these notes in response to the change of control offers that we will have to make. As a result, we assume that we will be required to repurchase the public Bresnan and Falcon notes. The total principal amount and accreted value of these notes as of June 30, 1999 was $1.05 billion. In addition, we may also be required to repurchase the public Avalon notes. The total principal amount and accreted value of the Avalon notes as of June 30, 1999 was $268 million. We cannot assure you that we will be able to obtain capital sufficient to fulfill all of these repurchase obligations. If we fail to satisfy these repurchase obligations, the holders of these notes could initiate legal proceedings against us, including under bankruptcy and reorganization laws, for any damages they suffer as a result of our non-performance. This could trigger defaults under our other obligations, including our credit facilities and other debt instruments.

WE MAY BE UNABLE TO OBTAIN SUFFICIENT CAPITAL TO REPAY DEBT OUTSTANDING UNDER THE AVALON AND BRESNAN CREDIT FACILITIES.

Our acquisitions of Avalon and Bresnan will constitute an event of default under Avalon's and Bresnan's credit facilities, permitting the lenders to declare all amounts outstanding to be immediately due and payable. As of June 30, 1999, there were $177.4 million and $500.0 million in borrowings outstanding under these facilities. We cannot assure you that we will able to obtain waivers of the events of default from the Avalon and Bresnan lenders or obtain capital sufficient to refinance the debt outstanding under the Avalon and Bresnan credit facilities. If we fail to obtain waivers or refinance the outstanding borrowings, the lenders under these credit facilities could initiate legal proceedings against us, including under bankruptcy and reorganization laws, for any damages they suffer as a result of our non-performance. This could trigger defaults under our other obligations, including our credit facilities and other debt instruments.

SPECIFIED FORMER OWNERS OF RIFKIN ARE ENTITLED TO CAUSE US TO REDEEM THEIR PREFERRED MEMBERSHIP UNITS OF CHARTER COMMUNICATIONS HOLDING COMPANY.

The Rifkin sellers who hold preferred membership units of Charter Communications Holding Company issued in connection with the Rifkin acquisition have the right to cause Charter Communications Holding Company to redeem these preferred membership units at any time prior to September 15, 2004. If Charter Communications Holding Company became obligated to redeem all of these preferred membership units pursuant to the terms of these securities, Charter Communications Holding Company would be obligated to redeem these preferred membership units for approximately $133 million.

We cannot guarantee that any or all of these holders of preferred membership units will not exercise their redemption rights, or that we will have sufficient capital to fund any or all of these redemptions. If we fail to satisfy any redemption demand, we would be in breach of the terms of these securities and the relevant holders could initiate legal proceedings against us, including under bankruptcy and reorganization laws, for any damages they suffer as a result of our non-performance. Any such action could trigger defaults under other obligations, including our credit facilities and debt instruments.

SPECIFIED FORMER OWNERS OF RIFKIN AND SPECIFIED OWNERS OF FALCON, BRESNAN AND HELICON WHO ACQUIRE EQUITY INTERESTS MAY BE ENTITLED TO CAUSE US TO REPURCHASE THEIR EQUITY INTERESTS BECAUSE OF POSSIBLE VIOLATIONS OF SECTION 5 OF THE SECURITIES ACT.

The Rifkin sellers who received preferred membership units in connection with the Rifkin acquisition, and the Falcon and Bresnan sellers who acquire membership units in connection with the Falcon and Bresnan acquisitions and the Helicon sellers acquiring shares of Class A common stock in the directed share program may have rescission rights against Charter Communications, Inc. and Charter Communications Holding Company arising out of possible violations of Section 5 of the Securities Act of 1933 in connection with the offers and sales of these equity interests. If all of these equity holders successfully exercised their possible rescission rights and Charter Communications, Inc. or Charter Communications Holding Company became obligated to repurchase all of their equity interests, the total repurchase obligations would be approximately $1.6 billion as follows:

- Up to a maximum of $133.3 million to repurchase all of the Rifkin sellers' equity interests;

- Up to a maximum of $425 million to repurchase all of the Falcon sellers' equity interests;

- Up to a maximum of $1.0 billion to repurchase all of the Bresnan sellers' equity interests; and

- Up to a maximum of $12 million to repurchase the shares of Class A common stock purchased by Helicon sellers in the directed share program.

We cannot assure you that we would be able to obtain capital sufficient to fund any required repurchases. If we failed to satisfy these obligations, these acquisition-related equity holders, as general unsecured creditors, could initiate legal proceedings against us, including under bankruptcy and reorganization laws, for any damages they suffer as a result of our non-performance. Any such action could trigger defaults under our other obligations, including our credit facilities and debt instruments.

WE MAY NOT HAVE THE ABILITY TO INTEGRATE THE NEW SYSTEMS THAT WE ACQUIRE AND THE CUSTOMERS THEY SERVE WITH OUR EXISTING SYSTEMS. THIS COULD ADVERSELY AFFECT OUR OPERATING RESULTS AND GROWTH STRATEGY.

Upon the completion of our pending acquisitions, we will own and operate cable systems serving approximately 6.2 million customers, as compared to the cable systems we currently own which serve approximately 3.7 million customers. In addition, we may acquire more cable systems in the future, through direct acquisition system swaps or otherwise. The integration of our new cable systems poses a number of significant risks, including:

- our acquisitions may not have a positive impact on our cash flows from operations;

- the integration of these new systems and customers will place significant demands on our management and our operations, information services, and financial, legal and marketing resources. Our current operating and financial systems and controls and information services may not be adequate, and any steps taken to improve these systems and controls may not be sufficient;

- our current information systems may be incompatible with the information systems we have acquired or plan to acquire. We may be unable to integrate these information systems at a reasonable cost or in a timely manner;

- acquired businesses sometimes result in unexpected liabilities and contingencies which could be significant; and

- our continued growth will also increase our need for qualified personnel. We may not be able to hire such additional qualified personnel.

We cannot assure you that we will successfully integrate any acquired systems into our operations.

THE FAILURE TO OBTAIN NECESSARY REGULATORY APPROVALS, OR TO SATISFY OTHER CLOSING CONDITIONS, COULD IMPEDE THE CONSUMMATION OF A PENDING ACQUISITION. THIS WOULD PREVENT OR DELAY OUR STRATEGY TO EXPAND OUR BUSINESS AND INCREASE REVENUES.

Our pending acquisitions are subject to federal, state and local regulatory approvals. We cannot assure you that we will be able to obtain any necessary approvals. These pending acquisitions are also subject to a number of other closing conditions. We cannot assure you as to when, or if, each such acquisition will be consummated. Any delay, prohibition or modification could adversely affect the terms of a pending acquisition or could require us to abandon an otherwise attractive opportunity and possibly forfeit earnest money.

OUR PENDING ACQUISITIONS MAY NOT BE CONSUMMATED AND IF NOT CONSUMMATED, OUR MANAGEMENT WILL HAVE BROAD DISCRETION WITH RESPECT TO THE USE OF THE PROCEEDS ALLOCATED TO SUCH ACQUISITIONS.

The consummation of each of our pending acquisitions is subject to a number of conditions. If these conditions are not materially met, the relevant acquisition may not be consummated. We cannot assure you that any or all of these acquisitions will be consummated on the terms described in this prospectus, or at all. This offering is not contingent or in any way dependent on the consummation of any or all of these acquisitions. If any of these acquisitions is not consummated, a significant portion of the net proceeds from the offering will not be designated for a specific use. In these circumstances, our management will have broad discretion with respect to the use of the proceeds of the offering and you will not have the opportunity, as part of your investment decision, to assess whether the proceeds are being used appropriately.

OUR BUSINESS

WE HAVE SUBSTANTIAL EXISTING DEBT AND WILL INCUR SUBSTANTIAL ADDITIONAL DEBT, WHICH COULD ADVERSELY AFFECT OUR FINANCIAL HEALTH AND AFFECT OUR ABILITY TO OBTAIN FINANCING IN THE FUTURE AND REACT TO CHANGES IN OUR BUSINESS.

We have a significant amount of debt. As of June 30, 1999, pro forma for our pending acquisitions and recent acquisitions completed since that date, our total debt was approximately $13.1 billion and our total stockholders' equity was approximately $2.8 billion. Our significant amount of debt could have important consequences to you. For example, it could:

- make it more difficult for us to satisfy our obligations under our credit facilities and to our noteholders;

- increase our vulnerability to general adverse economic and cable industry conditions, including interest rate fluctuations, because much of our borrowings are and will continue to be at variable rates of interest;

- require us to dedicate a substantial portion of our cash flow from operations to payments on our debt, which will reduce our funds available for working capital, capital expenditures, acquisitions of additional systems and other general corporate expenses;

- limit our flexibility in planning for, or reacting to, changes in our business and the cable industry generally;

- place us at a disadvantage compared to our competitors that have proportionately less debt; and

- limit our ability to borrow additional funds in the future, if we need them, due to applicable financial and restrictive covenants in such debt.

We anticipate incurring significant additional debt in the future to fund the expansion, maintenance and upgrade of our systems. We will also incur debt to finance pending acquisitions and related debt repayments, and may incur debt to finance additional acquisitions. If new debt is added to our current debt levels, the related risks that we and you now face could intensify.

THE AGREEMENTS AND INSTRUMENTS GOVERNING OUR DEBT CONTAIN RESTRICTIONS AND LIMITATIONS WHICH COULD SIGNIFICANTLY IMPACT OUR ABILITY TO OPERATE OUR BUSINESS.

Our credit facilities and the indentures governing our notes contain a number of significant covenants that could adversely impact our business. These covenants, among other things, restrict the ability of our subsidiaries to:

- pay dividends;

- pledge assets;

- dispose of assets or merge;

- incur additional debt;

- issue equity;

- repurchase or redeem equity interests and debt;

- create liens; and

- make certain investments or acquisitions.

Furthermore, in accordance with our credit facilities, we are required to maintain specified financial ratios and meet financial tests. The ability to comply with these provisions may be affected by events beyond our control. The breach of any of these covenants will result in a default under the applicable debt agreement or instrument.

OUR ABILITY TO GENERATE THE SIGNIFICANT AMOUNT OF CASH NEEDED TO SERVICE OUR DEBT AND GROW OUR BUSINESS DEPENDS ON MANY FACTORS BEYOND OUR CONTROL.

Our ability to make payments on our debt and to fund our planned capital expenditures for upgrading our cable systems and for other purposes will depend on our ability to generate cash and secure financing in the future. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors beyond our control. If our business does not generate sufficient cash flow from operations, and sufficient future borrowings are not available to us under our credit facilities or from other sources of financing, we may not be able to repay our debt, to grow our business or to fund our other liquidity needs.

WE HAVE GROWN RAPIDLY AND HAVE A LIMITED HISTORY OF OPERATING OUR CURRENT SYSTEMS. THIS MAKES IT DIFFICULT FOR YOU TO COMPLETELY EVALUATE OUR PERFORMANCE.

We commenced active operations in 1994 and have grown rapidly since then through acquisitions of cable systems. As of June 30, 1999, giving effect to pending acquisitions and recent acquisitions closed since June 30, 1999, our systems served approximately 392% more customers than were served as of December 31, 1998. As a result, historical financial information about us may not be indicative of the future or of results that we can achieve with the cable systems which will be under our control. Our recent growth in revenue and growth in EBITDA over our short operating history is not necessarily indicative of future performance.

WE HAVE A HISTORY OF NET LOSSES AND EXPECT TO CONTINUE TO EXPERIENCE NET LOSSES. CONSEQUENTLY, WE MAY NOT HAVE THE ABILITY TO FINANCE FUTURE OPERATIONS.

We have had a history of net losses and expect to continue to report net losses for the foreseeable future. We expect our net losses to increase as a result of the merger of Charter Holdings with Marcus Holdings and our recent and pending acquisitions. We reported net losses from continuing operations before extraordinary items of $5 million for 1997, $23 million for 1998 and $216 million for the six months ended June 30, 1999. On a pro forma basis, giving effect to the merger of Charter Holdings and Marcus Holdings and our recent and pending acquisitions, we had net losses from continuing operations before extraordinary item and minority interest of $1.6 billion for 1998. For the six months ended June 30, 1999, on the same pro forma basis, we had net losses from continuing operations before extraordinary item and minority interest of $775 million. We cannot predict what impact, if any, continued losses will have on our ability to finance our operations in the future.

IF WE ARE UNSUCCESSFUL IN IMPLEMENTING OUR GROWTH STRATEGY, OUR FINANCIAL CONDITION AND RESULTS OF OPERATIONS COULD BE ADVERSELY AFFECTED.

If we are unable to grow our cash flow sufficiently, we may be unable to repay our debt, to grow our business or to fund our other liquidity needs. We expect that a substantial portion of our future growth will be achieved through revenues from new products and services and the acquisition of additional cable systems. We may not be able to offer these new products and services successfully to our customers and these new products and services may not generate adequate revenues.

In addition, we cannot predict the success of our acquisition strategy. In the past year, the cable television industry has undergone dramatic consolidation which has reduced the number of future acquisition prospects. This consolidation may increase the purchase price of future acquisitions, and we may not be successful in identifying attractive acquisition targets in the future. Additionally, those acquisitions we do complete are not likely to have a positive net impact on our operating results in the near future.

OUR PROGRAMMING COSTS ARE INCREASING. WE MAY NOT HAVE THE ABILITY TO PASS THESE INCREASES ON TO OUR CUSTOMERS, WHICH WOULD ADVERSELY AFFECT OUR CASH FLOW AND OPERATING MARGINS.

Programming has been, and is expected to continue to be, our largest single expense item. In recent years, the cable industry has experienced a rapid escalation in the cost of programming, particularly sports programming. This escalation may continue, and we may not be able to pass programming cost increases on to our customers. The inability to pass these programming cost increases on to our customers would have an adverse impact on our cash flow and operating margins. In addition, as we upgrade the channel capacity of our systems, add programming to our basic and expanded basic programming tiers and reposition premium services to the basic tier, we may face additional market constraints on our ability to pass programming costs on to our customers. Basic programming includes a variety of entertainment and local programming. Expanded basic programming offers more services than basic programming. Premium service includes unedited, commercial-free movies, sports and other special event entertainment programming.

WE MAY NOT BE ABLE TO OBTAIN CAPITAL SUFFICIENT TO FUND OUR PLANNED UPGRADES AND OTHER CAPITAL EXPENDITURES. THIS COULD ADVERSELY AFFECT OUR ABILITY TO OFFER NEW PRODUCTS AND SERVICES, WHICH COULD ADVERSELY AFFECT OUR GROWTH, FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

We intend to upgrade a significant portion of our cable systems over the coming years and make other capital investments. For the three years ending December 31, 2002, we plan to spend approximately $5.5 billion for capital expenditures, approximately $2.9 billion of which will be used to upgrade and rebuild our systems to bandwidth capacity of 550 megahertz or greater and add two-way capability so that we may offer advanced services. The remaining $2.6 billion will be used to maintain and expand the systems we own and the systems we will acquire.

We cannot assure you that these amounts will be sufficient to accomplish our planned system upgrades, maintenance and expansion. If we cannot obtain the necessary funds from increases in our operating cash flow, additional borrowings or other sources, we may not be able to fund our planned upgrades and expansion and offer new products and services on a timely basis. Consequently, our growth, our financial condition and the results of our operations could suffer materially.

WE MAY NOT BE ABLE TO FUND THE CAPITAL EXPENDITURES NECESSARY TO KEEP PACE WITH TECHNOLOGICAL DEVELOPMENTS OR OUR CUSTOMERS' DEMAND FOR NEW PRODUCTS AND SERVICES. THIS COULD LIMIT OUR ABILITY TO COMPETE EFFECTIVELY.

The cable business is characterized by rapid technological change and the introduction of new products and services. We cannot assure you that we will be able to fund the capital expenditures necessary to keep pace with technological developments, or that we will successfully anticipate the demand of our customers for products and services requiring new technology. This type of rapid technological change could adversely affect our plans to upgrade or expand our systems and respond to competitive pressures. Our inability to upgrade, maintain and expand our systems and provide enhanced services in a timely manner, or to anticipate the demands of the market place, could adversely affect our ability to compete. Consequently, our growth, results of operations and financial condition could suffer materially.

WE MAY BE UNABLE TO NEGOTIATE CONSTRUCTION CONTRACTS ON FAVORABLE TERMS AND OUR CONSTRUCTION COSTS MAY INCREASE SIGNIFICANTLY. THIS COULD ADVERSELY AFFECT OUR GROWTH, FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The expansion and upgrade of our existing systems and the systems we plan to acquire in our pending acquisitions will require us to hire contractors and enter into a number of construction agreements. We may have difficulty hiring civil contractors, and the contractors we hire may encounter cost overruns or delays in construction. Our construction costs may increase significantly over the next few years as existing contracts expire and as demand for cable construction services continues to grow. We cannot assure you that we will be able to construct new systems or expand or upgrade existing or acquired systems in a timely manner or at a reasonable cost. This may adversely affect our growth, financial condition and results of operations.

THERE SHOULD BE NO EXPECTATION THAT MR. ALLEN WILL FUND OUR OPERATIONS OR OBLIGATIONS IN THE FUTURE.

Other than as described in this prospectus, there should be no expectation that Mr. Allen or his affiliates will contribute funds to us or to our subsidiaries in the future. In the past, Mr. Allen and/or his affiliates have contributed equity to Charter Investment, Inc. and Charter Communications Holding Company. Pursuant to a membership interests purchase agreement, as amended, Mr. Allen, through Vulcan Cable III Inc., contributed to Charter Communications Holding Company $500 million in cash in August 1999 and an additional $825 million in September 1999. In addition, Mr. Allen, through Vulcan Cable III Inc., has agreed to purchase an additional $750 million of membership units of Charter Communications Holding Company at the closing of the offering.

A SALE BY MR. ALLEN OF HIS DIRECT OR INDIRECT EQUITY INTERESTS COULD ADVERSELY AFFECT OUR ABILITY TO MANAGE OUR BUSINESS.

Mr. Allen is not prohibited by any agreement from selling his shares of Class B common stock of Charter Communications, Inc. or causing Charter Investment, Inc. or Vulcan Cable III Inc. to sell their membership units in Charter Communications Holding Company after the lapse of a 180-day lock-up period following completion of this offering. We cannot assure you that Mr. Allen will maintain all or any portion of his direct or indirect ownership interest in us. In the event he sells all or any portion of his direct or indirect ownership interest in Charter Communications, Inc. or Charter Communications Holding Company, we cannot assure you that he would continue as Chairman of Charter Communications, Inc.'s board of directors or otherwise participate in our management. The disposition by Mr. Allen or any of his affiliates of their equity interests or the loss of his services could adversely affect our growth, financial condition and results of operations, or adversely impact the market price of the Class A common stock.

WE OPERATE IN A VERY COMPETITIVE BUSINESS ENVIRONMENT WHICH CAN ADVERSELY AFFECT OUR BUSINESS AND OPERATIONS.

The industry in which we operate is highly competitive. In some instances, we compete against companies with fewer regulatory burdens, easier access to financing, greater personnel resources, greater brand name recognition and long-standing relationships with regulatory authorities. Mergers, joint ventures and alliances among any of the following businesses could result in providers capable of offering cable television, Internet and other telecommunications services in direct competition with us:

- cable television operators;

- regional telephone companies;

- long distance telephone service providers;

- electric utilities;

- local exchange carriers, which are local phone companies that provide local area telephone services and access to long distance services to customers;

- providers of cellular and other wireless communications services; and

- Internet service providers.

We face competition within the subscription television industry, which includes providers of paid television service employing technologies other than cable, and excludes broadcast companies that transmit their signal to customers without assessing a subscription fee. We also face competition from broadcast companies distributing television broadcast signals without assessing a subscription fee and from other communications and entertainment media, including the following:

- conventional off-air television and radio broadcasting services;

- newspapers;

- movie theaters;

- the Internet;

- live sports events; and

- home video products.

We cannot assure you that upgrading our cable systems will allow us to compete effectively. Additionally, as we expand and introduce new and enhanced services, including Internet and telecommunications services, we will be subject to competition from telecommunications providers and Internet service providers. We cannot predict the extent to which this competition may affect our business and operations in the future.

DATA PROCESSING FAILURES AFTER DECEMBER 31, 1999 COULD SIGNIFICANTLY DISRUPT OUR OPERATIONS, CAUSING A DECLINE IN CASH FLOW AND REVENUES AND OTHER DIFFICULTIES.

The year 2000 problem affects our owned and licensed computer systems and equipment used in connection with internal operations. It also affects our non-information technology systems, including embedded systems in our buildings and other infrastructure. Additionally, since we rely directly and indirectly, in the regular course of business, on the proper operation and compatibility of third-party systems, the year 2000 problem could cause these systems to fail, err or become incompatible with our systems.

Much of our assessment efforts regarding the year 2000 problem have involved, and depend on, inquiries to third party service providers. Some of these third parties that

have certified the readiness of their products will not certify that such products have operating compatibility with our systems. If we, or significant third parties with whom we communicate and do business through computers, fail to become year 2000 ready, or if the year 2000 problem causes our systems to become internally incompatible or incompatible with key third party systems, our business could suffer material disruptions. We could also face disruptions if the year 2000 problem causes general widespread problems or an economic crisis. We cannot now estimate the extent of these potential disruptions. We cannot assure you that our efforts to date and our ongoing efforts to prepare for the year 2000 problem will be sufficient to prevent a material disruption of our operations, particularly with respect to systems we may acquire prior to December 31, 1999. As a result of any such disruption, our growth, financial condition and results of operations could suffer materially.

THE LOSS OF KEY EXECUTIVES COULD ADVERSELY AFFECT OUR ABILITY TO MANAGE OUR BUSINESS.

Our success is substantially dependent upon the retention, and the continued performance of the Chairman of our board of directors, Mr. Allen, and our Chief Executive Officer, Jerald L. Kent. The loss of the services of Mr. Allen or Mr. Kent could adversely affect our financial condition and results of operations.

REGULATORY AND LEGISLATIVE MATTERS

OUR BUSINESS IS SUBJECT TO EXTENSIVE GOVERNMENTAL LEGISLATION AND REGULATION. THE APPLICABLE LEGISLATION AND REGULATIONS, AND CHANGES TO THEM, COULD ADVERSELY AFFECT OUR BUSINESS BY INCREASING OUR EXPENSES.

Regulation of the cable industry has increased the administrative and operational expenses and limited the revenues of cable systems. Cable operators are subject to, among other things:

- limited rate regulation;

- requirements that, under specified circumstances, a cable system carry a local broadcast station or obtain consent to carry a local or distant broadcast station;

- rules for franchise renewals and transfers; and

- other requirements covering a variety of operational areas such as equal employment opportunity, technical standards and customer service requirements.

Additionally, many aspects of these regulations are currently the subject of judicial proceedings and administrative or legislative proposals. There are also ongoing efforts to amend or expand the state and local regulation of some of our cable systems, which may compound the regulatory risks we already face. We cannot predict whether in response to these efforts any of the states or localities in which we now operate will expand regulation of our cable systems in the future or how they will do so.

WE MAY BE REQUIRED TO PROVIDE ACCESS TO OUR NETWORKS TO OTHER INTERNET SERVICE PROVIDERS. THIS COULD SIGNIFICANTLY INCREASE OUR COMPETITION AND ADVERSELY AFFECT THE UPGRADE OF OUR SYSTEMS OR OUR ABILITY TO PROVIDE NEW PRODUCTS AND SERVICES.

There are proposals before the United States Congress and the Federal Communications Commission to require all cable operators to make a portion of their cable systems' bandwidth available to other Internet service providers, such as telephone companies. Certain local franchising authorities are considering or have already approved such "open access" requirements. Recently, a number of companies, including telephone companies and Internet service providers, have requested local authorities and the Federal Communications Commission to require cable operators to provide access to cable's broadband infrastructure, which allows cable to deliver a multitude of channels and/or services, so that these companies may deliver Internet services directly to customers over cable facilities. For example, Broward County, Florida granted open access to an Internet service provider as a condition to a cable operator's transfer of its franchise for cable service. The cable operator has commenced legal action at the federal district court level. A federal district court in Portland, Oregon has also upheld the legality of an open access requirement.

We believe that allocating a portion of our bandwidth capacity to other Internet service providers:

- would impair our ability to use our bandwidth in ways that would generate maximum revenues;

- would strengthen our Internet service provider competitors; and

- may cause us to decide not to upgrade our systems which would prevent us from introducing our planned new products and services.

In addition, we cannot assure you that if we were required to provide access in this manner, it would not adversely impact our profitability in many ways, including any or all of the following:

- significantly increasing competition;

- increasing the expenses we incur to maintain our systems; and

- increasing the expense of upgrading and/or expanding our systems.

OUR CABLE SYSTEMS ARE OPERATED UNDER FRANCHISES WHICH ARE SUBJECT TO NON-RENEWAL OR TERMINATION. THE FAILURE TO RENEW A FRANCHISE COULD ADVERSELY AFFECT OUR BUSINESS IN A KEY MARKET.

Our cable systems generally operate pursuant to franchises, permits or licenses typically granted by a municipality or other state or local government controlling the public rights-of-way. Many franchises establish comprehensive facilities and service requirements, as well as specific customer service standards and establish monetary penalties for non-compliance. In many cases, franchises are terminable if the franchisee fails to comply with material provisions set forth in the franchise agreement governing system operations. Franchises are generally granted for fixed terms and must be periodically renewed. Local franchising authorities may resist granting a renewal if either past performance or the prospective operating proposal is considered inadequate. Franchise authorities often demand concessions or other commitments as a condition to renewal, which have been and may continue to be costly to us. In some instances, franchises have not been renewed at expiration, and we have operated under either temporary operating agreements or without a license while negotiating renewal terms with the local franchising authorities.

We cannot assure you that we will be able to comply with all material provisions of our franchise agreements or that we will be able to renew our franchises in the future. A termination of and/or a sustained failure to renew a franchise could adversely affect our business in the affected geographic area.

WE OPERATE OUR CABLE SYSTEMS UNDER FRANCHISES WHICH ARE NON-EXCLUSIVE. LOCAL FRANCHISING AUTHORITIES CAN GRANT ADDITIONAL FRANCHISES AND CREATE COMPETITION IN MARKET AREAS WHERE NONE EXISTED PREVIOUSLY.

Our cable systems are operated under franchises granted by local franchising authorities. These franchises are non-exclusive. Consequently, such local franchising authorities can grant additional franchises to competitors in the same geographic area. As a result, competing operators may build systems in areas in which we hold franchises. In some cases municipal utilities may legally compete with us without obtaining a franchise from the local franchising authority. The existence of more than one cable system operating in the same territory is referred to as an overbuild. These overbuilds could adversely affect our growth, financial condition and results of operations by increasing competition or creating competition where none existed previously.

LOCAL FRANCHISE AUTHORITIES HAVE THE ABILITY TO IMPOSE ADDITIONAL REGULATORY CONSTRAINTS ON OUR BUSINESS. THIS CAN FURTHER INCREASE OUR EXPENSES.

In addition to the franchise document, cable authorities have also adopted in some jurisdictions cable regulatory ordinances that further regulate the operation of cable systems. This additional regulation increases our expenses in operating our business. We cannot assure you that the local franchising authorities will not impose new and more restrictive requirements.

Local franchising authorities also have the power to reduce rates and order refunds of basic service tier rates paid in the previous twelve-month period determined to be in excess of the maximum permitted rates. Basic service tier rates are the prices charged for basic programming services. As of June 30, 1999, we have refunded an aggregate amount of approximately $50,000 since our inception. We may be required to refund additional amounts in the future.

DESPITE RECENT DEREGULATION OF EXPANDED BASIC CABLE PROGRAMMING PACKAGES, WE ARE CONCERNED THAT CABLE RATE INCREASES COULD GIVE RISE TO FURTHER REGULATION. THIS COULD IMPAIR OUR ABILITY TO RAISE RATES TO COVER OUR INCREASING COSTS OR CAUSE US TO DELAY OR CANCEL SERVICE OR PROGRAMMING ENHANCEMENTS.

On March 31, 1999, the pricing guidelines of expanded basic cable programming packages were deregulated, permitting cable operators to set their own rates. This deregulation was not applicable to basic services. However, the Federal Communications Commission and the United States Congress continue to be concerned that cable rate increases are exceeding inflation. It is possible that either the Federal Communications Commission or the United States Congress will again restrict the ability of cable television operators to implement rate increases. Should this occur, it would impede our ability to raise our rates. If we are unable to raise our rates in response to increasing costs, our financial condition and results of operations could be materially adversely affected.

IF WE OFFER TELECOMMUNICATIONS SERVICES, WE MAY BE SUBJECT TO ADDITIONAL REGULATORY BURDENS CAUSING US TO INCUR ADDITIONAL COSTS.

If we enter the business of offering telecommunications services, we may be required to obtain federal, state and local licenses or other authorizations to offer these services. We may not be able to obtain such authorizations in a timely manner, if at all, and conditions could be imposed upon such licenses or authorizations that may not be favorable to us. Furthermore, telecommunications companies, including Internet protocol telephony companies, generally are subject to significant regulation as well as higher fees for pole attachments. Internet protocol telephony companies are companies that have the ability to offer telephone services over the Internet, and pole attachments are cable wires that are attached to poles.

In particular, cable operators who provide telecommunications services and cannot reach agreement with local utilities over pole attachment rates in states that do not regulate pole attachment rates will be subject to a methodology prescribed by the Federal Communications Commission for determining the rates. These rates may be higher than those paid by cable operators who do not provide telecommunications services. The rate increases are to be phased in over a five-year period beginning on February 8, 2001. If we become subject to telecommunications regulation or higher pole attachment rates, we may incur additional costs which may be material to our business.

THE OFFERING

RISKS OF EXTREME VOLATILITY OF MARKET PRICE OF CLASS A COMMON STOCK.

The initial public offering price that we determine, with the assistance of the underwriters, may have no relation to the price at which the Class A common stock trades after completion of the offering. We and the underwriters will consider many factors in determining the initial public offering price of the shares of Class A common stock, including:

- our historical performance;

- estimates of our business potential and our earnings prospects;

- an assessment of our management; and

- the consideration of the above factors in relation to market valuation of companies in related businesses.

The market price of the Class A common stock may be extremely volatile for many reasons, including:

- actual or anticipated variations in our revenues and operating results;

- a public market for the Class A common stock may not develop;

- announcements of the development of improved or competitive technologies;

- the use of new products or promotions by us or our competitors;

- the offer and sale by us in the future of additional shares of Class A common stock or other equity securities;

- changes in financial forecasts by securities analysts;

- new conditions or trends in the cable industry; and

- market conditions.

A SALE OF CONVERTIBLE DEBT, CONVERTIBLE PREFERRED STOCK OR OTHER EQUITY SECURITIES BY US OR THE PERCEPTION THAT ANY SUCH SALE COULD OCCUR COULD ADVERSELY AFFECT THE MARKET PRICE OF THE CLASS A COMMON STOCK BECAUSE THESE SALES COULD CAUSE THE AMOUNT OF OUR STOCK AVAILABLE FOR SALE IN THE MARKET TO EXCEED THE AMOUNT OF DEMAND FOR OUR STOCK.

Charter Communications, Inc. and Charter Communications Holding Company each has the right to sell convertible debt, convertible preferred stock or other equity securities even though they have agreed not to sell shares of Class A common stock for 180 days following this offering. Any such sale, for example, a sale by us to fund a portion of the Bresnan acquisition purchase price, could cause the market price for our Class A common stock to decline if we sold more equity-related securities than demand existed in the market.

THE MARKET PRICE FOR OUR CLASS A COMMON STOCK COULD BE ADVERSELY AFFECTED BY THE LARGE NUMBER OF ADDITIONAL SHARES ELIGIBLE FOR ISSUANCE IN THE FUTURE.

Immediately following the offering, 170,000,000 shares of Class A common stock will be issued and outstanding. An additional 401,959,371 shares of Class A common stock will be issuable under the circumstances described in the section "Shares Eligible for Future Sale". Substantially all of the shares of Class A common stock issuable upon exchange of Charter Communications Holding Company membership units and all shares of Class A common stock issuable upon conversion of shares of our Class B common stock will have "demand" and/or "piggyback" registration rights attached to them, including those issuable to Mr. Allen through Charter Investment, Inc. and

Vulcan Cable III Inc. Any such sale or perception that such sale could occur could adversely affect the market price for shares of our Class A common stock because these sales could cause the amount of our stock available for sale in the market to exceed the amount of demand for our stock and could also make it more difficult for us to sell equity securities or equity-related securities in the future at a time and price that we deem appropriate. This could adversely affect our ability to fund our current and future obligations. See "Shares Eligible For Future Sale".

"Demand" rights enable the holders to demand that their shares be registered and may require us to file a registration statement under the Securities Act of 1933 at our expense. "Piggyback" rights provide for notice to the relevant holders if we propose to register any of our securities under the Securities Act, and such holders may include their shares in the registration statement. Shares of Class A common stock not held by our affiliates will be freely saleable at the end of the relevant restricted period pursuant to Rule 144.

YOU WILL EXPERIENCE IMMEDIATE AND SUBSTANTIAL DILUTION RESULTING IN YOUR STOCK BEING WORTH LESS ON A NET TANGIBLE BOOK VALUE BASIS THAN THE AMOUNT YOU INVESTED.

Purchasers of the Class A common stock offered hereby will experience an immediate dilution in net tangible book value of $75.50 per share of Class A common stock purchased. Accordingly, in the event we are liquidated, investors may not receive the full amount of their investment. See "Dilution".

FORWARD-LOOKING STATEMENTS

This prospectus includes forward-looking statements regarding, among other things, our plans, strategies and prospects, both business and financial. Although we believe that our plans, intentions and expectations reflected in or suggested by these forward-looking statements are reasonable, we cannot assure you that we will achieve or realize these plans, intentions or expectations. Forward-looking statements are inherently subject to risks, uncertainties and assumptions. Important factors that could cause actual results to differ materially from the forward-looking statements we make in this prospectus are set forth under the caption "Risk Factors" and elsewhere in this prospectus and include, but are not limited to:

- our plans to achieve growth by offering new products and services and through acquisitions;

- our anticipated capital expenditures for our planned upgrades and the ability to fund these expenditures;

- our beliefs regarding the effects of governmental regulation on our business;

- our ability to effectively compete in a highly competitive environment; and

- our expectations to be ready for any year 2000 problem.

All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by those cautionary statements.

USE OF PROCEEDS

We estimate that the net proceeds from our sale of 170,000,000 shares of Class A common stock will be $2.94 billion, after deducting underwriting discounts. The estimated offering expenses of $40 million will be paid by Charter Communications Holding Company. This assumes an initial public offering price of $18.00 per share, which is the mid-point of the range appearing on the cover page of this prospectus. If the underwriters exercise their over-allotment option in full, we estimate that the net proceeds from our sale of 195,500,000 shares will be $3.38 billion. In addition, concurrently with the closing of the offering, Charter Communications Holding Company will receive proceeds of $750 million from an equity purchase by Mr. Allen, through Vulcan Cable III Inc., for membership units at a purchase price per membership unit equal to the net initial public offering price per share, which is the initial public offering price less the underwriting discount.

Concurrently with the closing of the offering, Charter Communications, Inc. will contribute to Charter Communications Holding Company the net proceeds of the offering. A portion of the proceeds will be retained by Charter Communications, Inc. to purchase a portion of the equity interests in the Avalon acquisition. Charter Communications, Inc. has committed to contribute these equity interests to Charter Communications Holding Company. In exchange for the contribution of the net proceeds by Charter Communications, Inc. and Charter Communications, Inc.'s obligation to contribute to Charter Communications Holding Company any equity interest acquired in connection with the Avalon acquisition, Charter Communications Holding Company will issue to Charter Communications, Inc. 170,000,000 membership units concurrently with the closing of the offering. See "Description of Capital Stock and Membership Units -- Membership Units".

The membership units of Charter Communications Holding Company acquired by Charter Communications, Inc. will represent an approximate 31% equity interest in Charter Communications Holding Company. If the underwriters exercise their over-allotment option in full, this percentage would be approximately 34%. The price per membership unit to be acquired by Charter Communications, Inc. will be equal to the net initial public offering price per share.

Charter Communications Holding Company will use the cash proceeds from the sale of the membership units to Charter Communications, Inc., together with the proceeds from the $750 million equity purchase described above, to pay a portion of the cash purchase prices of the pending acquisitions. These sources, together with other currently available sources, will not be sufficient to consummate these acquisitions, and we will require additional financing. See "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources -- Acquisitions" and the accompanying sources and uses table for more information. We expect, but cannot guarantee, that these acquisitions will be completed by the end of the first quarter of 2000. See "Business -- Acquisitions" for further information on these acquisitions.

Pending Charter Communications Holding Company's use of the net proceeds of this offering as described above, we may invest the funds in appropriate short-term investments as determined by us or repay any amounts outstanding under Charter Operating's revolving credit facilities.

DIVIDEND POLICY

We do not expect to pay any cash dividends on our Class A common stock in the foreseeable future. Charter Communications Holding Company is required under certain circumstances to pay distributions pro rata to all its common members to the extent necessary for any common member to pay taxes incurred with respect to its share of taxable income attributed to Charter Communications Holding Company. Covenants in the indentures and credit agreements governing the indebtedness of Charter Communications Holding Company's subsidiaries restrict their ability to make distributions to us and, accordingly, limit our ability to declare or pay cash dividends. We intend to cause Charter Communications Holding Company and its subsidiaries to retain future earnings, if any, to finance the expansion of the business of Charter Communications Holding Company and its subsidiaries.

CAPITALIZATION

The following table sets forth as of June 30, 1999 on a consolidated basis:

- the actual capitalization of Charter Communications Holding Company;

- the pro forma capitalization of Charter Communications, Inc. to reflect:

    (1) the issuance and sale by Charter Communications, Inc. of the shares of Class A common stock offered in this prospectus for net proceeds of $2.90 billion, after deducting underwriting discounts and estimated offering expenses totaling $162 million, of which $40 million will be paid by Charter Communications Holding Company;

    (2) an initial public offering price per share of $18.00, which is the mid-point of the range appearing on the cover page of this prospectus;

    (3) the issuance and sale by Charter Communications, Inc. of 50,000 shares of high vote Class B common stock to Mr. Allen for proceeds of $0.9 million;

    (4) the purchase by Charter Communications, Inc. of 170.05 million membership units in Charter Communications Holding Company resulting in the consolidation of Charter Communications Holding Company by Charter Communications, Inc.; and

- the pro forma as adjusted capitalization of Charter Communications, Inc. assuming that as of June 30, 1999:

    (1) Mr. Allen, through Vulcan Cable III Inc., had made a total equity contribution of $1.325 billion to Charter Communications Holding Company for membership units at a price per membership unit of $20.73;

    (2) Mr. Allen, through Vulcan Cable III Inc., had purchased membership units from Charter Communications Holding Company for $750 million at a price per membership unit equal to the net initial public offering price per share;

    (3) all acquisitions closed since June 30, 1999 and all of our pending acquisitions, including the completion of the swap transaction agreed in the InterMedia acquisition, had been completed and the credit facilities committed for Fanch and Falcon had closed;

    (4) all of the Helicon and Rifkin notes had been repurchased through tender offers;

    (5) the credit facilities at Avalon and Bresnan that we plan to arrange will be on terms similar to the existing credit facilities. Since new credit facilities have not been negotiated and the existing credit facilities have not been amended at this time, borrowings under these credit facilities are classified as short-term debt;

    (6) the Avalon notes had not been put to us as permitted under the change of control provisions in the indentures for these notes. Because the Avalon

notes are puttable to us, they have been classified as short-term debt. We assume that we will repurchase all of the Falcon and Bresnan notes and debentures at a price equal to 101% of their aggregate principal amounts, plus accrued interest, or their accreted value, as applicable. The repurchase of the Falcon notes is financed by a bridge loan for which we have received a commitment, and the repurchase of the Bresnan notes will be financed by additional borrowings under credit facilities;

(7) no membership units in Charter Communications Holding Company had been exchanged for Class A or Class B common stock of Charter Communications, Inc.;

(8) pending acquisitions had been funded with additional debt of $0.7 billion, which is not arranged at this time and is therefore classified as short-term debt; and

(9) none of the options to purchase membership units granted under the Charter Communications Holding Company option plan or granted to our chief executive officer had been exercised.

This table should be read in conjunction with the "Unaudited Pro Forma Financial Statements" and the accompanying notes included elsewhere in this prospectus. See also "Use of Proceeds".

	AS OF JUNE 30, 1999		
	CHARTER COMMUNICATIONS HOLDING COMPANY ACTUAL	CHARTER COMMUNICATIONS, INC. PRO FORMA	PRO FORMA AS ADJUSTED
	(DOLLARS IN THOUSANDS)		
Short-term debt:			
Credit facilities(a)	$ --	$ --	$ 1,138,267
Notes -- Avalon(b)	--	--	346,000
Liability to Falcon sellers(c)	--	--	425,000
Liability to Rifkin sellers(c)	--	--	133,312
Liability to Bresnan sellers(c)	--	--	1,000,000
Other(d)	--	--	746,000
	--	--	3,788,579
Net unamortized discount	--	--	(67,375)
Total short-term debt	--	--	3,721,204
Long-term debt:			
Credit facilities(a)	2,025,000	2,025,000	5,515,156
8.250% senior notes -- Charter Holdings	600,000	600,000	600,000
8.625% senior notes -- Charter Holdings	1,500,000	1,500,000	1,500,000
9.920% senior discount notes -- Charter Holdings	1,475,000	1,475,000	1,475,000
10% senior discount notes -- Renaissance	114,413	114,413	114,413
Bridge loan facility -- Falcon(e)	--	--	705,687
Other(f)	1,010	1,010	26,010
	5,715,423	5,715,423	9,936,266
Net unamortized discount	(581,113)	(581,113)	(581,113)
Total long-term debt	5,134,310	5,134,310	9,355,153
Members' equity(g)	3,204,122	--	--
Minority interest(g)(h)	--	3,425,490	5,368,064
Stockholders' equity:			
Class A common stock; $.001 par value; 1.5 billion shares authorized; 170 million shares issued and outstanding on a pro forma basis	--	170	170
Class B common stock; $.001 par value; 750 million shares authorized; 50,000 shares issued and outstanding on a pro forma basis	--	--	--
Preferred stock; $.001 par value; 250 million shares authorized; no shares issued and outstanding	--	--	--
Additional paid-in capital		2,676,962	2,809,388
Total stockholders' equity(h)(i)	--	2,677,132	2,809,558
Total capitalization	$8,338,432	$11,236,932	$21,253,979

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(a) Pro forma as adjusted credit facilities consist of $3.6 billion of existing credit facilities at Charter Operating, $1.9 billion of committed credit facilities at Falcon and Fanch and $1.1 billion of credit facilities at Avalon and Bresnan that we expect to arrange on terms similar to the existing credit facilities at those companies. Because the Avalon and Bresnan credit facilities have not been finalized, they are classified as short-term debt. If we are unable to arrange this new $1.1 billion in bank financing, the amount of debt needed to be raised prior to the closing of our pending acquisitions would increase, as discussed in (d) below. Additional interest expense that would be incurred as a result of less favorable terms is discussed in the "Unaudited Pro Forma Financial Statements".

(b) Consists of 9.375% senior subordinated notes of $150 million and 11.875% senior discount notes of $196 million.

(c) This represents the potential obligations to repurchase the equity interests issued to the Rifkin, Falcon and Bresnan sellers arising from possible violations of Section 5 of the Securities Act. Since these obligations could be put to us as unsecured creditor claims, we have classified them as short-term debt.

(d) Pro forma as adjusted amount includes $0.7 billion of additional debt that we expect to raise prior to the closing of the Bresnan acquisition to fund a portion of the purchase price of this acquisition. This amount would increase to $2.2 billion (representing the estimated $0.7 billion shortfall, $1.1 billion of uncommitted credit facilities and $0.3 billion of Avalon notes) to the extent we have to repay notes and credit facility borrowings of our pending acquisitions that are put to us or that we will need to repurchase upon a change of control of the acquired entities. Additionally, should we become obligated to purchase Rifkin, Falcon and Bresnan sellers' equity interests, as a result of possible violations of Section 5 of the Securities Act, the estimated shortfall would increase to $3.7 billion. Our shortfall would increase to $3.8 billion if we were required to pay InterMedia $0.1 billion for a system that we did not transfer in our swap with InterMedia because necessary regulatory approvals were still pending. If we are unable to arrange additional financing to fund these amounts, we would be unable to close the Bresnan acquisition and could be in default under one or more other obligations. If we are so in default, the Bresnan sellers or relevant creditors could initiate legal proceedings against us including under bankruptcy and reorganization laws, for any damages they suffer as a result of our non-performance. Any such action could trigger defaults under our other obligations, including our credit facilities and other debt instruments.

(e) The Falcon bridge loan has an average variable interest rate of 10.04%, with total borrowing capacity of $750 million. Proceeds will be used to fund Falcon notes and debentures that are put to us under applicable change of control provisions.

(f) Represents the notes of certain subsidiaries and preferred equity interests issued in the Helicon acquisition.

(g) Minority interest represents total member's equity of Charter Communications Holding Company multiplied by 56% (pro forma) and 66% (pro forma as adjusted), the estimated ownership percentages of Charter Communications Holding Company not held by Charter Communications, Inc. See "Unaudited Pro Forma Financial Statements". Pro forma as adjusted minority interest includes additional equity contributions into Charter Communications Holding Company by Mr. Allen, through Vulcan Cable III Inc., of $2.075 billion. Gains (losses) arising from issuances by Charter Communications Holding Company of its membership units will be recorded as capital transactions in our consolidated financial statements thereby increasing (decreasing) our total stockholders' equity.

(h) Approximately 66% of the membership units of Charter Communications Holding Company are exchangeable for Class A and Class B common stock of Charter Communications, Inc. at the option of the equity holders. We assume in this table that none of these membership units are exchanged for Charter Communications, Inc. common stock. If all equity holders in Charter Communications Holding Company exchanged all of their membership units for common stock, total stockholders' equity would increase by $5.4 billion and minority interest would decrease by $5.4 billion.

(j) Assuming the underwriters' option to purchase additional shares of Class A common stock is exercised and the net proceeds are used to purchase approximately an additional 3% of the membership units of Charter Communications Holding Company, total stockholders' equity would increase by $428.5 million.

DILUTION

The following table illustrates the dilution in pro forma net tangible book value (total tangible assets less total liabilities) on a per share basis. In calculating the dilution, we have made the same assumptions that we made with respect to our unaudited pro forma financial statements. We have also assumed the issuance of 170 million shares of Class A common stock offered in this prospectus.

Assumed initial public offering price per share		$ 18.00
Pro forma net tangible book value per share at June 30, 1999	$(12.20)	
Decrease in pro forma net tangible book value per share attributable to new investors purchasing shares in the offering	(45.30)	
Pro forma net tangible book value per share after the offering		(57.50)
Pro forma dilution per share to new investors(a)		$ 75.50

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(a) Assuming the exercise of the underwriters' over-allotment option, pro forma dilution per share to new investors would be $65.75.

The table above and related discussion assumes no exercise of any options to purchase membership units exchangeable for common stock of Charter Communications, Inc. At October 15, 1999, there were options outstanding to purchase 16,159,808 Charter Communications Holding Company membership units at exercise prices ranging from $20.00 to $20.73 per unit. Membership units received upon exercise of these options will be automatically exchanged for shares of Class A common stock on a one-for-one basis. To the extent that all of these options are exercised, no additional pro forma dilution per share to the new investors would occur.

The following table summarizes the relative investment in Charter Communications, Inc. by the existing holders of Charter Communications, Inc. common stock and by the investors in the offering, giving pro forma effect to the offering and treating all membership units of Charter Communications Holding Company as common stock of Charter Communications, Inc.

	NUMBER OF SHARES	CONSIDERATION PAID (IN THOUSANDS)	AVERAGE PRICE PER SHARE
Existing holders	324,955,052	$5,280,022	$16.25
New investors	170,000,000	3,060,000	18.00
Total	494,955,052	$8,340,022	

UNAUDITED PRO FORMA FINANCIAL STATEMENTS

The following Unaudited Pro Forma Financial Statements of Charter Communications, Inc. are based on the pro forma financial statements of Charter Communications Holding Company. Prior to the issuance and sale by Charter Communications, Inc. of Class A common stock in the offering, Charter Communications, Inc. is a holding company with no material assets or operations. The net proceeds from the initial public offering will be used to purchase membership units in Charter Communications Holding Company, including a controlling voting interest. As a result, Charter Communications, Inc. will consolidate the financial statements of Charter Communications Holding Company. Our consolidated financial statements will include the assets and liabilities of Charter Communications Holding Company at their historical carrying values since both Charter Communications, Inc. and Charter Communications Holding Company are under the control of Mr. Allen before and after the offering. Since January 1, 1999, Charter Communications Holding Company has closed numerous acquisitions and has several pending acquisitions. In addition, a subsidiary of Charter Communications Holding Company merged with Marcus Holdings in April 1999. Our financial statements, on a consolidated basis with Charter Communication Holding Company, are adjusted on a pro forma basis to illustrate the estimated effects of pending acquisitions and acquisitions closed since June 30, 1999 as if such transactions had occurred on June 30, 1999 for the Unaudited Pro Forma Balance Sheet and to illustrate the estimated effects of the following transactions as if they had occurred on January 1, 1998 for the Unaudited Pro Forma Statements of Operations:

(1) the acquisition of Charter Communications Holding Company on December 23, 1998 by Mr. Allen;

(2) the acquisition of certain cable systems from Sonic Communications Inc., located in California and Utah, on May 20, 1998 by Charter Communications Holding Company for an aggregate purchase price net of cash acquired, of $228.4 million, comprised of $167.5 million in cash and $60.9 million in a note payable to the seller;

(3) the acquisition of Marcus Cable by Mr. Allen and Marcus Holdings' merger with and into Charter Holdings effective March 31, 1999;

(4) the acquisitions and dispositions during 1998 by Marcus Cable;

(5) Charter Communications Holding Company's and its subsidiaries' acquisitions completed since January 1, 1999 and pending acquisitions; and

(6) the refinancing of all the debt of our subsidiaries through the issuance of notes and funding under our credit facilities.

The Unaudited Pro Forma Financial Statements also illustrate the estimated effects of the issuance and sale by us of 170 million shares of Class A common stock using an initial offering price of $18.00, after deducting underwriting discounts and estimated offering expenses, and the equity contribution of the net proceeds to Charter Communications Holding Company. We have assumed that the underwriters have not exercised their over-allotment option and none of the options to purchase membership units granted under the Charter Communications Holding Company option plan or granted to our chief executive officer have been exercised. We have assumed the net proceeds would purchase 170 million common membership units in Charter Communications Holding Company, representing a 44% economic interest and a 100% voting interest, prior to the equity contributions from Mr. Allen and the closing of any of the pending acquisitions. Prior to the initial public offering, Charter Investment, Inc. owned approximately 217.6 million common membership units of Charter Communications Holding Company.

After considering additional membership units issued by Charter Communications Holding Company to Mr. Allen, through Vulcan Cable III Inc., and to the sellers of Falcon and Bresnan, the economic interest held by Charter Communications, Inc. in Charter Communications Holding Company is reduced to 31%. Based on the terms of the agreements with the sellers of Falcon and Bresnan, we estimate they will receive 16.4 and 37.0 million membership units, respectively, at a price per unit of $25.97 and $27.04, respectively. The number of membership units could vary based on the value of Charter Communications Holding Company at the closing of the acquisitions; however, we believe the effects of any change in this number of membership units would not have a material impact on the Unaudited Pro Forma Financial Statements. Because of possible violations of Section 5 of the Securities Act, the holders of these equity interests may have unsecured creditor rights to require us to repurchase all of these equity interests in connection with the issuance of membership units to Falcon and Bresnan sellers. We have classified these potential obligations as short-term debt in the Unaudited Pro Forma Financial Statements. Accordingly, we have increased Charter Communications, Inc.'s equity interest in Charter Communications Holding Company to 34%.

Mr. Allen will receive 43.4 million membership units for the $750 million equity investment he is making at the time of the offering. Prior to the initial public offering Mr. Allen contributed $1.325 billion and received 63.9 million membership units. As such, the consolidated pro forma financial statements of Charter Communications, Inc. reflect a minority interest equal to 66% of the equity of Charter Communications Holding Company after the investment by Charter Communications, Inc. and depict 66% of the net losses applicable to the common members of Charter Communications Holding Company being allocated to the minority interest.

The Unaudited Pro Forma Financial Statements reflect the application of the principles of purchase accounting to the transactions listed in items (1) through (5) above. The allocation of purchase price is based, in part, on preliminary information which is subject to adjustment upon obtaining complete valuation information of intangible assets. We believe that finalization of the purchase price will not have a material impact on the results of operations or financial position of Charter Communications, Inc. or Charter Communications Holding Company.

The unaudited pro forma adjustments are based upon available information and certain assumptions that we believe are reasonable. In particular, the pro forma adjustments assume the following:

- We will repurchase the Helicon notes at a price equal to 103% of their aggregate principal amount, plus accrued interest. The call price of 103% is not permitted until November 1, 1999. The Helicon notes are currently callable at 106%.

- We will repurchase the Rifkin notes at a price in excess of their principal amount, plus accrued interest as of June 30, 1999.

- We will arrange new credit facilities at Avalon and Bresnan on terms similar to the existing credit facilities at those companies.

- We will transfer to InterMedia the Indiana cable system that was retained at the time of the InterMedia closing pending receipt of necessary regulatory approvals.

- The holders of the public notes and debentures of Avalon will not require us to repurchase these notes as required by change of control provisions in the indentures for these notes and debentures. We will repurchase the Falcon and the Bresnan notes at a price equal to 101% of the aggregate principal amount, plus accrued interest. The repurchase of the Falcon notes will be financed by a bridge loan for which we have received a commitment and the repurchase of the Bresnan notes will be financed by additional borrowings under credit facilities that have not yet been arranged.

- We will pay $425 million of Falcon's purchase price in the form of membership units in Charter Communications Holding Company. A portion of the purchase price, ranging from a minimum with an estimated value of $425 million to a maximum with a fixed value of $550 million, will be payable in the form of membership units in Charter Communications Holding Company. The exact minimum amount of purchase price payable in membership units will be determined by reference to a formula in the Falcon acquisition purchase agreement. The Falcon sellers have the right to determine the amount of the purchase price payable in membership units within the minimum and maximum range.

- As of the closing of the offering, approximately 66% of the membership units of Charter Communications Holding Company will be exchangeable for Class A and Class B common stock of Charter Communications, Inc. at the option of the holders. We assume none of these membership units are exchanged for Charter Communications, Inc.'s common stock.

- We will fund the Bresnan acquisition with additional long-term debt of $0.7 billion with an assumed interest rate of 10%. The 10% rate is a current market rate approximating the rate on debt similar to our 9.92% senior discount notes issued in March 1999. These additional funds have not been arranged at this time.

The estimated impacts of alternative outcomes of the events described above are disclosed in the notes to the Unaudited Pro Forma Financial Statements.

We plan to fund the Avalon, Fanch and Falcon acquisitions with the proceeds of the offering, Mr. Allen's equity contributions through Vulcan Cable III Inc., borrowings under committed credit facilities and equity issued to specified sellers in the Falcon acquisition. We plan to fund any repurchases of Falcon debentures and notes that are put to us with the committed Falcon bridge loan facility, or other debt financing if available.

The Unaudited Pro Forma Financial Statements include as short-term debt $0.7 billion of funds that we need to raise prior to the closing of the Bresnan acquisition to fund a portion of the purchase price for this acquisition. Although we intend to raise these funds by issuing debt or equity securities, this financing has not yet been arranged. The amount of funds that we need to raise may increase to $2.2 billion, representing the $0.7 billion shortfall, $1.1 billion of uncommitted credit facilities and $0.3 billion of Avalon notes, to the extent that we have to repay credit facility borrowings of our pending acquisitions or repurchase Avalon notes, in each case on account of change of control provisions in the relevant instruments. Additionally, if we become obligated to repurchase Rifkin, Falcon and Bresnan sellers' equity interests as a result of possible violations of Section 5 of the Securities Act in connection with the issuances of these equity interests, the expected shortfall would increase to $3.7 billion. The liabilities associated with the potential rescission obligations have been classified as short-term debt. The shortfall would increase further to $3.8 billion if we are required to pay InterMedia $0.1 billion for a cable system that was not transferred in the InterMedia acquisition because necessary regulatory approvals were still pending.

We do not currently have sufficient available or committed funds to satisfy the $0.7 billion shortfall or any of these other potential obligations. If we are unable to arrange additional financing to fund these amounts, we would be unable to close the Bresnan acquisition and could be in default under one or more obligations. If we are so in default, the Bresnan sellers or relevant creditors could initiate legal proceedings against us, including under bankruptcy and reorganization laws, for any damages they suffer as a result of non-performance. Any such action could trigger defaults under our other obligations, including our credit facilities and other debt instruments.

The Unaudited Pro Forma Financial Statements of Charter Communications, Inc. do not purport to be indicative of what our financial position or results of operations would actually have been had the transactions described above been completed on the dates indicated or to project our results of operations for any future date.

UNAUDITED PRO FORMA STATEMENT OF OPERATIONS

SIX MONTHS ENDED JUNE 30, 1999

	CHARTER COMMUNICATIONS HOLDING COMPANY (NOTE A)	RECENT ACQUISITIONS (NOTE B)	SUBTOTAL	PENDING ACQUISITIONS (NOTE B)
	(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)			
Revenues	$ 594,173	$ 315,541	$ 909,714	$ 522,334
Operating expenses:				
Operating, general and administrative	310,325	160,519	470,844	267,170
Depreciation and amortization	313,621	161,876	475,497	361,952
Stock option compensation expense	38,194	--	38,194	--
Corporate expense charges (Note E)	11,073	20,059	31,132	16,595
Management fees	--	5,572	5,572	3,168
Total operating expenses	673,213	348,026	1,021,239	648,885
Loss from operations	(79,040)	(32,485)	(111,525)	(126,551)
Interest expense	(183,869)	(114,588)	(298,457)	(255,682)
Interest income	10,189	456	10,645	788
Other income (expense)	2,682	(905)	1,777	(15)
Income (loss) before minority interest	(250,038)	(147,522)	(397,560)	(381,460)
Minority interest	--	--	--	--
Loss before extraordinary item	$ (250,038)	$(147,522)	$ (397,560)	$ (381,460)
Basic loss per share (Note F)				
Diluted loss per share (Note F)				
Weighted average shares outstanding:				
Basic				
Diluted				
OTHER FINANCIAL DATA:				
EBITDA (Note G)	$ 237,263	$ 128,486	$ 365,749	$ 235,386
EBITDA margin (Note H)	39.9%	40.7%	40.2%	45.1%
Adjusted EBITDA (Note I)	$ 283,848	$ 155,022	$ 438,870	$ 255,164
Cash flows from operating activities	172,770	89,238	262,008	189,042
Cash flows used in investing activities	(271,191)	(111,785)	(382,976)	(67,411)
Cash flows from (used in) financing activities	207,131	188,571	395,702	455,277
Cash interest expense				
Capital expenditures	262,507	101,127	363,634	116,268
OPERATING DATA (AT END OF PERIOD, EXCEPT FOR AVERAGES):				
Homes passed (Note J)	4,509,000	1,446,000	5,955,000	3,793,000
Basic customers (Note K)	2,734,000	969,000	3,703,000	2,463,000
Basic penetration (Note L)	60.6%	67.0%	62.2%	64.9%
Premium units (Note M)	1,676,000	543,000	2,219,000	856,000
Premium penetration (Note N)	61.3%	56.0%	59.9%	34.8%
Average monthly revenue per basic customer (Note O)				

UNAUDITED PRO FORMA STATEMENT OF OPERATIONS

	REFINANCING ADJUSTMENTS (NOTE C)	OFFERING ADJUSTMENTS (NOTE D)	TOTAL
	(DOLLARS IN THOUSANDS, EXCEPT PER SHARE DATA)		
Revenues	$ --	$ --	$ 1,432,048
Operating expenses:			
Operating, general and administrative	--	--	738,014
Depreciation and amortization	--	--	837,449
Stock option compensation expense	--	--	38,194
Corporate expense charges (Note E)	--	--	47,727
Management fees	--	--	8,740

Total operating expenses	--	--	1,670,124
Loss from operations	--	--	(238,076)
Interest expense	4,300	--	(549,839)
Interest income	--	--	11,433
Other income (expense)	--	--	1,762
Income (loss) before minority interest	4,300	--	(774,720)
Minority interest	--	508,552	508,552
Loss before extraordinary item	$ 4,300	$508,552	$ (266,168)
Basic loss per share (Note F)			$(1.57)
Diluted loss per share (Note F)			$(1.57)
Weighted average shares outstanding:			
Basic			170,050,000
Diluted			170,050,000
OTHER FINANCIAL DATA:			
EBITDA (Note G)			$ 601,135
EBITDA margin (Note H)			42.0%
Adjusted EBITDA (Note I)			$ 694,034
Cash flows from operating activities			451,050
Cash flows used in investing activities			(450,387)
Cash flows from (used in) financing activities			850,979
Cash interest expense			401,319
Capital expenditures			479,902
OPERATING DATA (AT END OF PERIOD, EXCEPT FOR AVERAGES):			
Homes passed (Note J)			9,748,000
Basic customers (Note K)			6,166,000
Basic penetration (Note L)			63.3%
Premium units (Note M)			3,075,000
Premium penetration (Note N)			49.9%
Average monthly revenue per basic customer (Note O)			$ 38.71

NOTES TO UNAUDITED PRO FORMA STATEMENT OF OPERATIONS

NOTE A: Pro forma operating results for Charter Communications Holding Company consist of the following (dollars in thousands):

	HISTORICAL			
	1/1/99 THROUGH 6/30/99 CHARTER COMMUNICATIONS HOLDING COMPANY	1/1/99 THROUGH 3/31/99 MARCUS HOLDINGS(A)	PRO FORMA ADJUSTMENTS	TOTAL
Revenues	$ 468,993	$125,180	$ --	$ 594,173
Operating expenses:				
Operating, general and administrative	241,341	68,984	--	310,325
Depreciation and amortization	249,952	51,688	11,981(b)	313,621
Stock option compensation expense	38,194	--	--	38,194
Corporate expense charges	11,073	--	--	11,073
Management fees	--	4,381	(4,381)(c)	--
Total operating expenses	540,560	125,053	7,600	673,213
Income (loss) from operations	(71,567)	127	(7,600)	(79,040)
Interest expense	(157,669)	(27,067)	867(d)	(183,869)
Interest income	10,085	104	--	10,189
Other income (expense)	2,840	(158)	--	2,682
Loss before extraordinary item	$(216,311)	$(26,994)	$(6,733)	$(250,038)

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(a) Marcus Holdings represents the results of operations of Marcus Holdings through March 31, 1999, the date of its merger with Charter Holdings.

(b) As a result of Mr. Allen acquiring a controlling interest in Marcus Cable, a large portion of the purchase price was recorded as franchises ($2.5 billion) that are amortized over 15 years. This resulted in additional amortization for the period from January 1, 1999 through March 31, 1999. The adjustment to depreciation and amortization expense consists of the following (dollars in millions):

	FAIR VALUE	WEIGHTED AVERAGE USEFUL LIFE (IN YEARS)	DEPRECIATION/ AMORTIZATION
Franchises	$2,500.0	15	$ 40.8
Cable distribution systems	720.0	8	21.2
Land, buildings and improvements	28.3	10	0.7
Vehicles and equipment	13.6	3	1.0
Total depreciation and amortization			63.7
Less -- historical depreciation and amortization of Marcus Cable			(51.7)
Adjustment			$ 12.0

(c) Reflects the elimination of management fees.

(d) As a result of the acquisition of Marcus Cable by Mr. Allen, the carrying value of outstanding debt was recorded at estimated fair value, resulting in a debt premium that is to be amortized as an offset to interest expense over the term of the debt. This resulted in a reduction of interest expense.

NOTE B: Pro forma operating results for our recent acquisitions and pending acquisitions consist of the following (dollars in thousands):

	SIX MONTHS ENDED JUNE 30, 1999 RECENT ACQUISITIONS -- HISTORICAL							
	RENAISSANCE(A)	AMERICAN CABLE(A)	GREATER MEDIA SYSTEMS	HELICON	RIFKIN(A)	INTERMEDIA SYSTEMS	OTHER	TOTAL RECENT
Revenues	$20,396	$12,311	$42,348	$ 42,956	$105,592	$100,644	$ 9,157	$333,404
Operating expenses:								
Operating, general and administrative	9,382	6,465	26,067	26,927	59,987	55,248	4,921	188,997
Depreciation and amortization	8,912	5,537	5,195	13,584	54,250	52,309	2,919	142,706
Management fees	--	369	--	2,148	1,701	1,566	298	6,082
Total operating expenses	18,294	12,371	31,262	42,659	115,938	109,123	8,138	337,785
Income (loss) from operations	2,102	(60)	11,086	297	(10,346)	(8,479)	1,019	(4,381)
Interest expense	(6,321)	(3,218)	(565)	(15,831)	(23,781)	(11,757)	(1,653)	(63,126)
Interest income	122	32	--	105	--	163	--	422
Other income (expense)	--	2	(398)	--	(471)	(6)	(30)	(903)
Income (loss) before income tax expense	(4,097)	(3,244)	10,123	(15,429)	(34,598)	(20,079)	(664)	(67,988)
Income tax expense	(65)	5	4,535	--	(1,239)	(2,690)	--	546
Income (loss) before extraordinary item	$(4,032)	$(3,249)	$5,588	$(15,429)	$(33,359)	$(17,389)	$ (664)	$(68,534)

	SIX MONTHS ENDED JUNE 30, 1999 PENDING ACQUISITIONS -- HISTORICAL				
	AVALON	FALCON	FANCH(B)	BRESNAN	TOTAL PENDING
Revenues	$ 51,769	$ 212,205	$98,931	$137,291	$ 500,196
Operating expenses:					
Operating, general and administrative	29,442	112,557	44,758	84,256	271,013
Depreciation and amortization	22,096	110,048	32,303	26,035	190,482
Equity-based deferred compensation	--	44,600	--	--	44,600
Management fees	--	--	2,644	--	2,644
Total operating expenses	51,538	267,205	79,705	110,291	508,739
Income (loss) from operations	231	(55,000)	19,226	27,000	(8,543)
Interest expense	(23,246)	(64,852)	(666)	(31,941)	(120,705)
Interest income	708	--	6	--	714
Other income (expense)	--	9,970	89	(607)	9,452
Income (loss) before income tax expense (benefit)	(22,307)	(109,882)	18,655	(5,548)	(119,082)
Income tax expense (benefit)	(1,362)	(2,459)	118	--	(3,703)
Income (loss) before extraordinary item	$(20,945)	$(107,423)	$18,537	$ (5,548)	$(115,379)

	SIX MONTHS ENDED JUNE 30, 1999				
	RECENT ACQUISITIONS				
		PRO FORMA			
	HISTORICAL	ACQUISITIONS(C)	DISPOSITIONS(D)	ADJUSTMENTS	TOTAL
Revenues	$333,404	$ 7,881	$(25,744)	$ --	$ 315,541
Operating expenses:					
Operating, general and administrative	188,997	4,147	(12,566)	(20,059)(f)	160,519
Depreciation and amortization	142,706	1,075	(10,135)	28,230(g)	161,876
Equity-based deferred compensation	--	--	--	--	--
Corporate expense charges	--	--	--	20,059(f)	20,059
Management fees	6,082	375	(885)	--	5,572
Total operating expenses	337,785	5,597	(23,586)	28,230	348,026
Income (loss) from operations	(4,381)	2,284	(2,158)	(28,230)	(32,485)
Interest expense	(63,126)	(1,361)	4	(50,105)(i)	(114,588)
Interest income	422	34	--	--	456
Other income (expense)	(903)	5	(5)	(2)(j)	(905)
Income (loss) before income tax expense (benefit)	(67,988)	962	(2,159)	(78,337)	(147,522)
Income tax (benefit) expense	546	(114)	--	(432)(k)	--
Income (loss) before extraordinary item	$(68,534)	$ 1,076	$ (2,159)	$(77,905)	$(147,522)

	SIX MONTHS ENDED JUNE 30, 1999				
	PENDING ACQUISITIONS				
		PRO FORMA			
	HISTORICAL	ACQUISITIONS(C)	DISPOSITIONS(E)	ADJUSTMENTS	TOTAL
Revenues	$ 500,196	$29,378	$(7,240)	$ --	$ 522,334
Operating expenses:					
Operating, general and administrative	271,013	16,317	(3,565)	(16,595)(f)	267,170
Depreciation and amortization	190,482	6,444	(3,524)	168,550(g)	361,952
Equity-based deferred compensation	44,600	--	--	(44,600)(h)	--
Corporate expense charges	--	--	--	16,595(f)	16,595
Management fees	2,644	757	(233)	--	3,168
Total operating expenses	508,739	23,518	(7,322)	123,950	648,885
Income (loss) from operations	(8,543)	5,860	82	(123,950)	(126,551)
Interest expense	(120,705)	(567)	27	(134,437)(i)	(255,682)
Interest income	714	74	--	--	788
Other income (expense)	9,452	48,844	(2,555)	(55,756)(j)	(15)
Income (loss) before income tax expense (benefit)	(119,082)	54,211	(2,446)	(314,143)	(381,460)
Income tax (benefit) expense	(3,703)	97	--	3,606(k)	--
Income (loss) before extraordinary item	$(115,379)	$54,114	$(2,446)	$(317,749)	$(381,460)

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(a) Renaissance represents the results of operations of Renaissance through April 30, 1999, the date of acquisition by Charter Communications Holding Company. American Cable represents the results of operations of American Cable through May 7, 1999, the date of acquisition by Charter Communications Holding Company. Rifkin includes the results of operations for the six months ended June 30, 1999 of Rifkin Acquisition Partners, L.L.L.P., Rifkin Cable Income Partners L.P., Indiana Cable Associates, Ltd. and R/N South Florida Cable Management Limited Partnership, all under common ownership as follows (dollars in thousands):

RIFKIN ACQUISITION	RIFKIN CABLE INCOME	INDIANA CABLE	SOUTH FLORIDA	OTHER	TOTAL

Revenues	$ 48,584	$2,708	$ 4,251	$ 12,274	$37,775	$105,592
Income (loss) from operations	(2,602)	166	(668)	(9,214)	1,972	(10,346)
Income (loss) before extraordinary item	(13,197)	69	(1,072)	(10,449)	(8,710)	(33,359)

(b) Fanch includes the results of operations for the six months ended June 30, 1999, of Fanch Cable Systems as follows (dollars in thousands):

	FANCH CABLE	OTHER	TOTAL
Revenues	$90,357	$8,574	$98,931
Income from operations	17,825	1,401	19,226
Income before extraordinary item	17,929	608	18,537

(c) Represents the historical results of operations for the period from January 1, 1999 through the date of purchase for acquisitions completed by Rifkin, Fanch and Bresnan.

These acquisitions will be accounted for using the purchase method of accounting. The purchase price in millions and closing dates for significant acquisitions are as follows:

	RIFKIN ACQUISITIONS	FANCH ACQUISITIONS	BRESNAN ACQUISITIONS
Purchase price	$165.0	$42.2	$40.0
Closing date	February 1999	February 1999	January 1999
Purchase price	$53.8	$248.0	$27.0
Closing date	July 1999	February 1999	March 1999
Purchase price		$70.5	
Closing date		March 1999	
Purchase price		$50.0	
Closing date		June 1999	

(d) Represents the elimination of the operating results related to the cable systems transferred to InterMedia as part of a swap of cable systems in October 1999. The fair value of our systems transferred to InterMedia was $331.8 million. No material gain or loss is anticipated on the disposition as these systems were recently acquired and recorded at fair value at that time.

(e) Represents the elimination of the operating results related to the Indiana cable system that we are required to transfer to InterMedia as part of a swap and to the sale of several smaller cable systems. A definitive written agreement exists for the disposition of the Indiana system. The fair value of the Indiana system is $88.2 million. No material gain or loss is anticipated on the disposition as this system was recently acquired and recorded at fair value at that time.

(f) Reflects a reclassification of expenses representing corporate expenses that would have occurred at Charter Investment, Inc.

(g) Represents additional amortization of franchises as a result of our recent and pending acquisitions. A large portion of the purchase price was allocated to franchises ($12.4 billion) that are amortized over 15 years. The adjustment to depreciation and amortization expense consists of the following (dollars in millions):

	FAIR VALUE	WEIGHTED AVERAGE USEFUL LIFE	DEPRECIATION/ AMORTIZATION
Franchises	$12,356.5	15	$400.2
Cable distribution systems	1,729.1	8	108.3
Land, buildings and improvements	53.9	10	2.6
Vehicles and equipment	89.1	3	12.7
Total depreciation and amortization			523.8
Less-historical depreciation and amortization			(327.0)
Adjustment			$196.8

(h) Reflects the elimination of an estimated $44.6 million of change in control payments under the terms of Falcon's equity-based compensation plans that are triggered by the acquisition of Falcon. These plans will be terminated by us and the employees will participate in our stock option plan. As such, these costs will not recur.

(i) Reflects additional interest expense on borrowings, which will be used to finance the acquisitions as follows (dollars in millions):

$1.6 billion credit facilities (at composite current rate of 7.4%)	$ 67.7
$114.4 million 10.0% senior discount notes ($82.6 million carrying value) -- Renaissance	4.1
$150.0 million 9.375% senior subordinated notes -- Avalon	7.0
$196.0 million 11.875% senior discount notes ($128.6 million	

carrying value) -- Avalon	6.6
$3.2 billion credit facilities of acquisitions (at composite current rate of 7.9%)	116.0
$746.0 million anticipated long-term debt (at 10.0%)	37.3
$705.7 million 10.04% bridge loan facility -- Falcon	35.4
$1.0 billion 8% liability to sellers -- Bresnan	40.0

$425.0 million 8% liability to sellers -- Falcon	17.0
$133.3 million 8% liability to sellers -- Rifkin	5.3
Interest expense prior to acquisition:	
$381.1 million of credit facilities for Renaissance acquisition (acquired April 30, 1999) at composite current rate of 7.4%	9.4
$240.0 million of credit facilities for American Cable acquisition (acquired May 7, 1999) at composite current rate of 7.4%	5.9
$500.0 million of credit facilities for Greater Media acquisition (acquired June 30, 1999) at composite current rate of 7.4%	18.5
Total pro forma interest expense	370.2
Less-historical interest expense from acquired companies	(185.7)
Adjustment	$ 184.5

The amounts shown above as liabilities to the Rifkin, Falcon and Bresnan sellers represent the possible obligations that we may owe to these sellers based on the possible violations of Section 5 of the Securities Act in connection with the issuance of membership interests to these sellers.

We have assumed that all of the Rifkin notes will be tendered. Should we be unable to purchase all or a portion of the Rifkin notes, interest expense will increase by up to $2.3 million. We have assumed we will fund certain pending acquisitions prior to closing with additional long-term debt of $0.7 billion. An interest rate of 10% reflects the anticipated borrowing rate available to Charter Communications Holding Company. An increase in the interest rate of 0.125% on this assumed debt would result in an increase in interest expense of $0.5 million. Should the estimated shortfall of $0.7 billion increase to $2.2 billion, based on $1.1 billion of uncommitted credit facilities and $0.3 billion of Avalon debt which may be put to us based on change of control provisions, interest expense will increase by up to $9.9 million. Additionally, should we become obligated to purchase Rifkin, Falcon and Bresnan sellers' equity interests, the estimated shortfall would increase to $3.7 billion and interest expense will increase by $15.6 million. Should we be required to pay InterMedia $0.1 billion for a system that we did not transfer in our swap with InterMedia because necessary regulatory approvals were still pending, interest expense would increase by $8.8 million. Principal approximates carrying value for all undiscounted debt.

(j) Represents the elimination of gain (loss) on sale of cable television systems whose results of operations have been eliminated in (d) above.

(k) Reflects the elimination of income tax expense (benefit) as a result of expected recurring future losses. The losses will not be tax benefited and no net deferred tax assets will be recorded.

NOTE C: In March 1999, we extinguished substantially all of our long-term debt, excluding borrowings of our previous credit facilities, and refinanced all previous credit facilities. See "Capitalization". The refinancing adjustment of lower interest expense consists of the following (dollars in millions):

DESCRIPTION	INTEREST EXPENSE
$600 million 8.25% senior notes	$ 24.8
$1.5 billion 8.625% senior notes	64.7
$1.475 billion ($932 million carrying value) 9.92% senior discount notes	45.4
Credit facilities ($652 million at composite current rate of 7.4%)	24.9
Amortization of debt issuance costs	7.8
Commitment fee on unused portion of our credit facilities ($1.6 billion at 0.375%)	3.0
Total pro forma interest expense	170.6
Less -- historical interest expense (net of Renaissance and American Cable interest expense consolidated in Charter Holdings)	(174.9)
Adjustment	$ (4.3)

An increase in the interest rate of 0.125% on all variable rate debt would result in an increase in interest expense of $6.1 million.

NOTE D: Represents the allocation of 66% of the net loss applicable to common members of Charter Communications Holding Company to the minority interest.

NOTE E: Charter Investment, Inc. has provided corporate management and consulting services to Charter Operating. In connection with the offering, the existing management agreement will be assigned to Charter Communications, Inc. and Charter Communications, Inc. will enter into a new management agreement with Charter Communications Holding Company. See "Certain Relationships and Related Transactions".

NOTE F: Basic loss per share assumes none of the membership units of Charter Communications Holding Company are exchanged for Charter Communications, Inc. common stock and none of the outstanding options to purchase membership units of Charter Communications Holding Company that will be automatically exchanged for Charter Communications, Inc. common stock are exercised. Basic loss per share equals the loss applicable to common equity holders divided by weighted average shares outstanding. If all of the membership units were exchanged or options exercised, the effects would be antidilutive.

NOTE G: EBITDA represents earnings (loss) before interest, income taxes, depreciation and amortization. EBITDA is presented because it is a widely accepted financial indicator of a cable television company's ability to service indebtedness. However, EBITDA should not be considered as an alternative to income from operations or to cash flows from operating, investing or financing activities, as determined in accordance with generally accepted accounting principles. EBITDA should also not be construed as an indication of a company's operating performance or as a measure of liquidity. In addition, because EBITDA is not calculated identically by all companies, the presentation here may not be comparable to other similarly titled measures of other companies. Management's discretionary use of funds depicted by EBITDA may be limited by working capital, debt service and capital expenditure requirements and by restrictions related to legal requirements, commitments and uncertainties.

NOTE H: EBITDA margin represents EBITDA as a percentage of revenues.

NOTE I: Adjusted EBITDA means EBITDA before stock option compensation expense, corporate expenses, management fees and other income (expense). Adjusted EBITDA is presented because it is a widely accepted financial indicator of a cable company's ability to service indebtedness. However, Adjusted EBITDA should not be considered as an alternative to income from operations or to cash flows from operating, investing or financing activities, as determined in accordance with generally accepted accounting principles. Adjusted EBITDA should also not be construed as an indication of a company's operating performance or as a measure of liquidity. In addition, because Adjusted EBITDA is not calculated identically by all companies, the presentation here may not be comparable to other similarly titled measures of other companies. Management's discretionary use of funds depicted by Adjusted EBITDA may be limited by working capital, debt service and capital expenditure requirements and by restrictions related to legal requirements, commitments and uncertainties.

NOTE J: Homes passed are the number of living units, such as single residence homes, apartments and condominium units, passed by the cable television distribution network in a given cable system service area.

NOTE K: Basic customers are customers who receive basic cable service.

NOTE L: Basic penetration represents basic customers as a percentage of homes passed.

NOTE M: Premium units represent the total number of subscriptions to premium channels.

NOTE N: Premium penetration represents premium units as a percentage of basic customers.

NOTE O: Average monthly revenue per basic customer represents revenues divided by the number of months in the period divided by the number of basic customers at June 30, 1999.

UNAUDITED PRO FORMA STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 1998

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE)

	CHARTER COMMUNICATIONS HOLDING COMPANY (NOTE A)	MARCUS (NOTE B)	RECENT ACQUISITIONS (NOTE C)	SUBTOTAL
Revenues	$ 601,953	$ 457,929	$ 608,953	$1,668,835
Operating expenses:				
Operating, general and administrative	304,555	236,595	307,447	848,597
Depreciation and amortization	370,406	258,348	335,799	964,553
Stock option compensation expense	845	--	--	845
Corporate expense charges (Note F)	16,493	17,042	10,991	44,526
Management fees	--	--	14,668	14,668
Total operating expenses	692,299	511,985	668,905	1,873,189
Loss from operations	(90,346)	(54,056)	(59,952)	(204,354)
Interest expense	(204,770)	(140,651)	(271,450)	(616,871)
Other income (expense)	518	--	(5,825)	(5,307)
Income (loss) before minority interest	(294,598)	(194,707)	(337,227)	(826,532)
Minority interest	--	--	--	--
Loss before extraordinary item	$ (294,598)	$ (194,707)	$(337,227)	$ (826,532)
Basic loss per share (Note G)				
Diluted loss per share (Note G)				
Weighted average shares outstanding:				
Basic				
Diluted				
OTHER FINANCIAL DATA:				
EBITDA (Note H)	$ 280,578	$ 204,292	$ 270,022	$ 754,892
EBITDA margin (Note I)	46.6%	44.6%	44.3%	45.2%
Adjusted EBITDA (Note J)	$ 297,398	$ 221,334	$ 301.506	$ 820,238
Cash flows from operating activities	141,602	135,466	194,041	471,109
Cash flows used in investing activities	(206,607)	(217,729)	(233,161)	(657,497)
Cash flows from (used in) financing activities	210,306	109,924	23,252	343,482
Cash interest expense				
Capital expenditures	213,353	224,723	96,025	534,101
OPERATING DATA (AT END OF PERIOD, EXCEPT FOR AVERAGES):				
Homes passed (Note K)	2,149,000	1,743,000	1,922,000	5,814,000
Basic customers (Note L)	1,255,000	1,061,000	1,325,000	3,641,000
Basic penetration (Note M)	58.4%	60.9%	68.9%	62.6%
Premium units (Note N)	845,000	411,000	777,000	2,033,000
Premium penetration (Note O)	67.3%	38.7%	58.6%	55.8%
Average monthly revenue per basic customer (Note P)				

UNAUDITED PRO FORMA STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 1998

(DOLLARS IN THOUSANDS, EXCEPT PER SHARE)

	PENDING ACQUISITIONS (NOTE C)	REFINANCING ADJUSTMENTS (NOTE D)	OFFERING ADJUSTMENTS (NOTE E)	TOTAL
Revenues	$1,022,669	$ --	$ --	$ 2,691,504
Operating expenses:				
Operating, general and administrative	511,118	--	--	1,359,715
Depreciation and amortization	743,845	--	--	1,708,398
Stock option compensation expense	--	--	--	845
Corporate expense charges (Note F)	37,090	--	--	81,616
Management fees	6,135	--	--	20,803
Total operating expenses	1,298,188	--	--	3,171,377
Loss from operations	(275,519)	--	--	(479,873)
Interest expense	(457,586)	7,000	--	(1,067,457)
Other income (expense)	(5,637)	--	--	(10,944)
Income (loss) before minority interest	(738,742)	7,000	--	(1,558,274)
Minority interest	--		1,022,903	1,022,903
Loss before extraordinary item	$ (738,742)	$7,000	$1,022,903	$ (535,371)
Basic loss per share (Note G)				$ (3.15)
Diluted loss per share (Note G)				$ (3.15)

Weighted average shares outstanding:		
Basic		170,050,000
Diluted		170,050,000
OTHER FINANCIAL DATA:		
EBITDA (Note H)	462,689	$ 1,217,581
EBITDA margin (Note I)	45.2%	45.2%
Adjusted EBITDA (Note J)	$ 511,551	$ 1,331,789
Cash flows from operating activities	254,086	725,195
Cash flows used in investing activities	(274,405)	(931,902)
Cash flows from (used in) financing activities	115,779	459,261
Cash interest expense		772,124
Capital expenditures	219,045	753,146
OPERATING DATA (AT END OF PERIOD, EXCEPT FOR AVERAGES):		
Homes passed (Note K)	3,787,000	9,601,000
Basic customers (Note L)	2,453,000	6,094,000
Basic penetration (Note M)	64.8%	63.5%
Premium units (Note N)	862,000	2,895,000
Premium penetration (Note O)	35.1%	47.5%
Average monthly revenue per basic customer (Note P)		$ 36.81

NOTES TO THE UNAUDITED PRO FORMA STATEMENT OF OPERATIONS

NOTE A: Pro forma operating results for Charter Communications Holding Company, including the acquisition of us on December 23, 1998 by Mr. Allen and the acquisition of Sonic, consist of the following (dollars in thousands):

	1/1/98 THROUGH 12/23/98			12/24/98 THROUGH 12/31/98	1/1/98 THROUGH 5/20/98		
	CCA GROUP	CHARTERCOMM HOLDINGS	CHARTER COMMUNICATIONS HOLDING COMPANY		SONIC	ELIMINATIONS	SUBTOTAL
Revenues	$ 324,432	$196,801	$ 49,731	$13,713	$17,276	$ --	$ 601,953
Operating expenses:							
Operating, general and administrative	164,145	98,331	25,952	7,134	8,993	--	304,555
Depreciation and amortization	136,689	86,741	16,864	8,318	2,279	--	250,891
Stock option compensation expense	--	--	--	845	--	--	845
Management fees/corporate expense charges	17,392	14,780	6,176	473	--	--	38,821
Total operating expenses	318,226	199,852	48,992	16,770	11,272	--	595,112
Income (loss) from operations	6,206	(3,051)	739	(3,057)	6,004	--	6,841
Interest expense	(113,824)	(66,121)	(17,277)	(2,353)	(2,624)	1,900(c)	(200,299)
Other income (expense)	4,668	(1,684)	(684)	133	(15)	(1,900)(c)	518
Income (loss) before income taxes	(102,950)	(70,856)	(17,222)	(5,277)	3,365	--	(192,940)
Provision for income taxes	--	--	--	--	1,346	--	1,346
Income (loss) before extraordinary item	$(102,950)	$(70,856)	$(17,222)	$(5,277)	$ 2,019	$ --	$(194,286)

	PRO FORMA	
	ADJUSTMENTS	TOTAL
Revenues	$ --	$ 601,953
Operating expenses:		
Operating, general and administrative	--	304,555
Depreciation and amortization	119,515(a)	370,406
Stock option compensation expense	--	845
Management fees/corporate expense charges	(22,328)(b)	16,493
Total operating expenses	97,187	692,299
Income (loss) from operations	(97,187)	(90,346)
Interest expense	(4,471)(d)	(204,770)
Other income (expense)	--	518
Income (loss) before income taxes	(101,658)	(294,598)
Provision for income taxes	(1,346)(e)	--
Income (loss) before extraordinary item	$(100,312)	$(294,598)

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(a) Represents additional amortization of franchises as a result of the acquisition of us by Mr. Allen. A large portion of the purchase price was allocated to franchises ($3.6 billion) that are amortized over 15 years. The adjustment to depreciation and amortization expense consists of the following (dollars in millions):

	FAIR VALUE	WEIGHTED AVERAGE USEFUL LIFE (IN YEARS)	DEPRECIATION/ AMORTIZATION

Franchises	$3,600.0	15	$240.0
Cable distribution systems	1,439.2	12	115.3
Land, buildings and improvements	41.3	11	3.5
Vehicles and equipment	61.2	5	11.6
Total depreciation and amortization			370.4
Less-historical depreciation and amortization			(250.9)
Adjustment			$119.5

(b) Reflects the reduction in corporate expense charges of approximately $8.2 million to reflect the actual costs incurred. Management fees charged to CCA Group and CharterComm Holdings, companies not controlled by Charter Investment, Inc. at that time, exceeded the allocated costs incurred by Charter Investment, Inc. on behalf of those companies by $8.2 million. Also reflects the elimination of approximately $14.4 million of change of control payments under the terms of then-existing equity appreciation rights plans. Such payments were triggered by the acquisition of us by Mr. Allen. Such payments were made by Charter Investment, Inc. and were not subject to reimbursement by us, but were allocated to us for financial reporting purposes. The equity appreciation rights plans were terminated in connection with the acquisition of us by Mr. Allen, and these costs will not recur.

(c) Represents the elimination of intercompany interest on a note payable from Charter Communications Holding Company to CCA Group.

(d) Reflects additional interest expense on $228.4 million of borrowings under our previous credit facilities used to finance the Sonic acquisition by us using a composite current rate of 7.4% as follows (dollars in millions):

$228.4 million under previous credit facilities	$ 7.1
Less-historical Sonic interest expense	(2.6)
Adjustment	$ 4.5

(e) Reflects the elimination of provision for income taxes, as a result of expected recurring future losses. The losses will not be tax benefited and no net deferred tax assets will be recorded.

NOTE B: Pro forma operating results for Marcus Holdings consist of the following (dollars in thousands):

	YEAR ENDED DECEMBER 31, 1998	PRO FORMA ACQUISITIONS(A)	PRO FORMA DISPOSITIONS(B)	PRO FORMA ADJUSTMENTS	PRO FORMA TOTAL
Revenues	$ 499,820	$2,620	$ (44,511)	$ --	$ 457,929
Operating expenses:					
Operating, general and administrative	271,638	1,225	(20,971)	(15,297)(c)	236,595
Depreciation and amortization	215,789	--	--	42,559(d)	258,348
Corporate expense charges	--	--	--	17,042(c)	17,042
Management fees	3,341	--	--	(3,341)(c)	--
Transaction and severance costs	135,379	--	--	(135,379)(e)	--
Total operating expenses	626,147	1,225	(20,971)	(94,416)	511,985
Income (loss) from operations	(126,327)	1,395	(23,540)	94,416	(54,056)
Interest expense	(159,985)	--	--	19,334(d)	(140,651)
Other income (expense)	201,278	--	(201,278)	--	--
Income (loss) before extraordinary item	$ (85,034)	$1,395	$(224,818)	$ 113,750	$(194,707)

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(a) Represents the results of operations of acquired cable systems prior to their acquisition in 1998 by Marcus Holdings.

(b) Represents the elimination of the operating results and corresponding gain on sale of cable systems sold by Marcus Holdings during 1998.

(c) Represents a reclassification to reflect the expenses totaling $15.3 million from operating, general and administrative to corporate expenses. Also reflects the elimination of management fees and the addition of corporate expense charges of $1.7 million for actual costs incurred by Charter Investment, Inc. on behalf of Marcus Holdings. Management fees charged to Marcus Holdings exceeded the costs incurred by Charter Investment, Inc. by $1.3 million.

(d) As a result of the acquisition of Marcus Holdings by Mr. Allen, a large portion of the purchase price was recorded as franchises ($2.5 billion) that are amortized over 15 years. This resulted in additional amortization for year ended December 31, 1998. The adjustment to depreciation and amortization expense consists of the following (dollars in millions):

	FAIR VALUE	WEIGHTED AVERAGE USEFUL LIFE (IN YEARS)	DEPRECIATION/ AMORTIZATION
Franchises	$2,500.0	15	$ 167.2
Cable distribution systems	720.0	8	84.5
Land, buildings and improvements	28.3	10	2.7
Vehicles and equipment	13.6	3	4.0
Total depreciation and amortization			258.4
Less-historical depreciation and amortization			(215.8)
Adjustment			$ 42.6

Additionally, the carrying value of outstanding debt was recorded at estimated fair value, resulting in a debt premium that is to be amortized as an offset to interest expense over the term of the debt. This resulted in a reduction in interest expense for the year ended December 31, 1998.

(e) As a result of the acquisition of Marcus Holdings by Mr. Allen, Marcus Holdings recorded transaction costs of approximately $135.4 million. These costs were primarily comprised of approximately $90.2 million in compensation paid to employees of Marcus Holdings in settlement of specially designated Class B membership units approximately $24.0 million of transaction fees paid to certain equity partners for investment banking services and $5.2 million of transaction fees paid primarily for professional fees. In addition, Marcus Holdings recorded costs related to employee and officer stay-bonus and severance arrangements of approximately $16.0 million.

NOTE C: Pro forma operating results for our recently completed and pending acquisitions consist of the following (dollars in thousands):

	RECENT ACQUISITIONS -- HISTORICAL							
	YEAR ENDED DECEMBER 31, 1998							
	RENAISSANCE	AMERICAN CABLE	GREATER MEDIA SYSTEMS	HELICON	RIFKIN(A)	INTERMEDIA SYSTEMS	OTHER	TOTAL RECENT
Revenues	$ 41,524	$15,685	$78,635	$ 75,577	$124,382	$176,062	$15,812	$527,677
Operating expenses:								
Operating, general and administrative	21,037	7,441	48,852	40,179	63,815	86,753	7,821	275,898
Depreciation and amortization	19,107	6,784	8,612	24,290	47,657	85,982	4,732	197,164
Corporate expense charges	--	--	--	--	--	--	--	--
Management fees	--	471	--	3,496	4,106	3,147	--	11,220
Total operating expenses	40,144	14,696	57,464	67,965	115,578	175,882	12,553	484,282
Income from operations	1,380	989	21,171	7,612	8,804	180	3,259	43,395
Interest expense	(14,358)	(4,501)	(535)	(27,634)	(30,482)	(25,449)	(4,023)	(106,982)
Interest income	158	122	--	93	--	341	--	714
Other income (expense)	--	--	(493)	--	36,279	23,030	5	58,821
Income (loss) before income tax expense	(12,820)	(3,390)	20,143	(19,929)	14,601	(1,898)	(759)	(4,052)
Income tax expense	135	--	7,956	--	(4,178)	1,623		5,536
Income (loss) before extraordinary item	$(12,955)	$(3,390)	$12,187	$(19,929)	$ 18,779	$ (3,521)	$ (759)	$ (9,588)

	YEAR ENDED DECEMBER 31, 1998				
	PENDING ACQUISITIONS -- HISTORICAL				
	AVALON	FALCON	FANCH(B)	BRESNAN	TOTAL PENDING
Revenues	$ 18,187	$ 307,558	$141,104	$261,964	$ 728,813
Operating expenses:					
Operating, general and administrative	10,067	161,233	62,977	150,750	385,027
Depreciation and amortization	8,183	152,585	45,886	54,308	260,962
Corporate expense charges	655	--	105	--	760
Management fees	--	--	3,998	--	3,998
Total operating expenses	18,905	313,818	112,966	205,058	650,747
Income (loss) from operations	(718)	(6,260)	28,138	56,906	78,066
Interest expense	(8,223)	(102,591)	(1,873)	(18,296)	(130,983)
Interest income	173	--	17	--	190
Other income (expense)	(463)	(3,093)	(6,628)	26,754	16,570
Income (loss) before income tax expense (benefit)	(9,231)	(111,944)	19,654	65,364	(36,157)
Income tax expense (benefit)	186	1,897	286	--	2,369
Income (loss) before extraordinary item	$ (9,417)	$(113,841)	$ 19,368	$ 65,364	$ (38,526)

	YEAR ENDED DECEMBER 31, 1998				
	RECENT ACQUISITIONS				
		PRO FORMA			
	HISTORICAL	ACQUISITIONS(C)	DISPOSITIONS(D)	ADJUSTMENTS	TOTAL RECENT
Revenues	$ 527,677	$127,429	$(46,153)	$ --	$ 608,953
Operating expenses:					
Operating, general and administrative	275,898	66,641	(24,101)	(10,991)(f)	307,447
Depreciation and amortization	197,164	31,262	(29,773)	137,146(g)	335,799
Corporate expense charges	--	--	--	10,991(f)	10,991
Management fees	11,220	4,042	(594)	--	14,668
Total operating expenses	484,282	101,945	(54,468)	137,146	668,905
Income (loss) from operations	43,395	25,484	8,315	(137,146)	(59,952)
Interest expense	(106,982)	(30,354)	16,923	(151,037)(h)	(271,450)
Interest income	714	323	--	--	1,037
Other income (expense)	58,821	(178)	235	(65,740)(i)	(6,862)
Income (loss) before income tax expense (benefit)	(4,052)	(4,725)	25,473	(353,923)	(337,227)
Income tax expense (benefit)	5,536	2,431	10	(7,977)(j)	--
Income (loss) before extraordinary item	$ (9,588)	$ (7,156)	$ 25,463	$(345,946)	$(337,227)

	YEAR ENDED DECEMBER 31, 1998				
	PENDING ACQUISITIONS				
		PRO FORMA			
	HISTORICAL	ACQUISITIONS(C)	DISPOSITIONS(E)	ADJUSTMENTS	TOTAL PENDING
Revenues	$ 728,813	$319,072	$ (25,216)	$ --	$1,022,669
Operating expenses:					
Operating, general and administrative	385,027	160,438	(12,979)	(21,368)(f)	511,118
Depreciation and amortization	260,962	88,436	(9,355)	403,802(g)	743,845
Corporate expense charges	760	14,962	--	21,368(f)	37,090
Management fees	3,998	2,175	(38)	--	6,135
Total operating expenses	650,747	266,011	(22,372)	403,802	1,298,188
Income (loss) from operations	78,066	53,061	(2,844)	(403,802)	(275,519)
Interest expense	(130,983)	(23,667)	742	(303,678)(h)	(457,586)
Interest income	190	801	--	--	991
Other income (expense)	16,570	4,446	(1,080)	(26,564)(i)	(6,628)
Income (loss) before income tax expense (benefit)	(36,157)	34,641	(3,182)	(734,044)	(738,742)
Income tax expense (benefit)	2,369	(1,762)	--	(607)(j)	--
Income (loss) before extraordinary item	$ (38,526)	$ 36,403	$ (3,182)	$(733,437)	$ (738,742)

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(a) Rifkin includes the results of operations of Rifkin Acquisition Partners, L.L.L.P., as follows (dollars in thousands):

	RIFKIN ACQUISITION	OTHER	TOTAL
Revenues	$89,921	$34,461	$124,382

Income from operations................................	1,040	7,764	8,804
Income before extraordinary item......................	24,419	(5,640)	18,779

(b) Fanch includes the results of operations of Fanch Cable Systems as follows (dollars in thousands):

	FANCH CABLE	OTHERS	TOTAL
Revenues...	$124,555	$16,549	$141,104
Income from operations...............................	25,241	2,897	28,138
Income before extraordinary item.....................	18,814	554	19,368

(c) Represents the historical results of operations for the period from January 1, 1998 through the date of purchase for acquisitions completed by Renaissance, the InterMedia systems, Helicon, Rifkin, Avalon, Falcon, Fanch and Bresnan and for the period from January 1, 1998 through December 31, 1998 for acquisitions to be completed in 1999.

These acquisitions will be accounted for using the purchase method of accounting. Definitive written agreements exist for all acquisitions that have not yet closed. Purchase prices and the closing dates or anticipated closing dates for significant acquisitions are as follows (dollars in millions):

	RENAISSANCE	INTERMEDIA	HELICON	RIFKIN	AVALON
Purchase price	$309.5	$29.1	$26.1	$165.0	$30.5
Closing date	April 1998	December 1998	December 1998	February 1999	July 1998
Purchase price				$53.8	$431.6
Closing date				July 1999	November 1998
Purchase price					
Closing date					
Purchase price					
Closing date					

	FALCON	FANCH	BRESNAN
Purchase price	$86.2	$42.2	$17.0
Closing date	July 1998	February 1999	February 1998
Purchase price	$158.6	$248.0	$11.8
Closing date	September 1998	February 1999	October 1998
Purchase price	$513.3	$70.5	$40.0
Closing date	September 1998	March 1999	January 1999
Purchase price		$50.0	$27.0
Closing date		June 1999	March 1999

The InterMedia acquisition above is part of a "swap".

(d) Represents the elimination of the operating results primarily related to the cable systems transferred to InterMedia as part of a swap of cable systems in October 1999. The fair value of the systems transferred to InterMedia was $331.8 million. No material gain or loss is anticipated on the disposition as these systems were recently acquired and recorded at fair value at that time.

(e) Represents the elimination of the operating results related to the Indiana cable system that we are required to transfer to InterMedia as part of a swap and to the sale of several smaller cable systems. A definitive written agreement exists for the disposition of the Indiana system. The fair value of the system is $88.2 million. No material gain or loss is anticipated on the disposition as this system was recently acquired and recorded at fair value at that time.

(f) Reflects a reclassification of expenses representing corporate expenses that would have occurred at Charter Investment, Inc.

(g) Represents additional amortization of franchises as a result of our recently completed and pending acquisitions. A large portion of the purchase price was allocated to franchises ($12.4 billion) that are amortized over 15 years. The adjustments to depreciation and amortization expense consists of the following (dollars in millions):

	FAIR VALUE	WEIGHTED AVERAGE USEFUL LIFE	DEPRECIATION/ AMORTIZATION
Franchises	$12,356.5	15	$ 823.8
Cable distribution systems	1,729.1	8	223.7
Land, building and improvements	53.9	10	5.2
Vehicles and equipment	89.1	3	26.9
Total depreciation and amortization			1,079.6
Less-historical depreciation and amortization			(538.7)
Adjustment			$ 540.9

(h) Reflects additional interest expense on borrowings which will be used to finance the acquisitions as follows (dollars in millions):

$1.2 billion of credit facilities at composite current rate of 7.4% drawn down in March 1999 included in Charter Holdings' historical cash	$ 85.9
$1.6 billion of credit facilities at composite current rate of 7.4%	118.4
$114.4 million 10% senior discount notes ($78.1 million carrying value) -- Renaissance	8.0
$150.0 million 9.375% senior subordinated notes -- Avalon	14.1
$196.0 million 11.875% senior discount notes ($123.5 million carrying value) -- Avalon	13.6
$3.1 billion credit facilities of acquisitions (at composite current rate of 7.4%)	218.8
$746.0 million anticipated long-term debt (at 10%)	74.6
$705.7 million 10.04% bridge loan facility -- Falcon	70.9
$1.0 billion 8% liability to sellers -- Bresnan	80.0
$425.0 million 8% liability to sellers -- Falcon	34.0
$133.3 million 8% liability to sellers -- Rifkin	10.7
Total pro forma interest expenses	729.0
Less-historical interest expense from acquired companies	(274.3)
Adjustment	$ 454.7

The liabilities to the Bresnan, Falcon and Rifkin sellers represents the potential obligations to repurchase equity interests issued to the sellers arising from possible violations of the Securities Act in connection with the issuance of equity interests to these sellers.

We have assumed that all of the Rifkin notes will be tendered. Should we be unable to purchase all or a portion of the Rifkin notes, interest expense will increase by up to $4.7 million. We have assumed we will fund certain pending acquisitions prior to closing with additional long-term debt of $0.7 billion. An interest rate of 10% reflects the anticipated borrowing rate available to Charter Communications Holding Company. An increase in the interest rate of 0.125% on this assumed debt would result in an increase in interest expense of $0.9 million. Should the estimated shortfall of $0.7 billion increase to $2.2 billion, based on $1.1 billion of uncommitted credit facilities and $0.3 billion of debt which may be put to us based on change of control provisions, interest expense will increase by up to $19.8 million. Additionally, should we become obligated to purchase Rifkin, Falcon and Bresnan seller's equity interests, the estimated shortfall would increase to $3.7 billion and interest expense would increase by an additional $31.2 million. Should we be required to pay InterMedia $0.1 billion for a system that did not transfer in our swap with InterMedia because necessary regulatory approvals were still pending, interest expense would increase by $8.8 million. Principal approximates carrying value for all undiscounted debt.

(i) Represents the elimination of gain (loss) on the sale of cable television systems whose results of operations have been eliminated in (c) above.

(j) Reflects the elimination of income tax expense (benefit) as a result of expected recurring future losses. The losses will not be tax benefited and no net deferred tax assets will be recorded.

NOTE D: In March 1999, we extinguished substantially all of our long-term debt, excluding borrowings of our previous credit facilities, and refinanced all previous credit facilities. In addition, we incurred and plan to incur additional debt in connection with our pending and recently completed acquisitions. See "Capitalization". The refinancing adjustment to interest expense consists of the following (dollars in millions):

DESCRIPTION	INTEREST EXPENSE
$600 million 8.25% senior notes	$ 49.6
$1.5 billion 8.625% senior notes	129.4
$1.475 billion ($906 carrying value) 9.92% senior discount notes	90.0
Credit facilities ($652 at composite current rate of 7.4%)	48.2
Amortization of debt issuance costs	16.0
Commitment fee on unused portion of credit facilities ($1.4 billion at 0.375%)	5.2
Total pro forma interest expense	338.4
Less -- interest expense (including Marcus Cable)	(345.4)
Adjustment	$ (7.0)

An increase in the interest rate on all variable rate debt of 0.125% would result in an increase in interest expense of $12.1 million.

NOTE E: Represents the allocation of 66% of the net loss of Charter Communications Holding Company to the minority interest.

NOTE F: Charter Investment, Inc. provided corporate management and consulting services to Charter Operating in 1998 and to Marcus Holdings beginning in October 1998. See "Certain Relationships and Related Transactions".

NOTE G: Basic loss per share assumes none of the membership units of Charter Communications Holding Company are exchanged for Charter Communications, Inc. common stock and none of the outstanding options to purchase membership units of Charter Communications Holding Company that are automatically exchanged for Charter Communications, Inc. common stock are exercised. Basic loss per share equals the loss applicable to common equity holders divided by weighted average shares outstanding. If all of the membership units were exchanged or options exercised, the effects would be antidilutive.

NOTE H: EBITDA represents earnings (loss) before interest, income taxes, depreciation and amortization. EBITDA is presented because it is a widely accepted financial indicator of a cable television company's ability to service indebtedness. However, EBITDA should not be considered as an alternative to income from operations or to cash flows from operating, investing or financing activities, as determined in accordance with generally accepted accounting principles. EBITDA should also not be construed as an indication of a company's operating performance or as a measure of liquidity. In addition, because EBITDA is not calculated identically by all companies, the presentation here may not be comparable to other similarly titled measures of other companies. Management's discretionary use of funds depicted by EBITDA may be limited by working capital, debt service and capital expenditure requirements and by restrictions related to legal requirements, commitments and uncertainties.

NOTE I: EBITDA margin represents EBITDA as a percentage of revenues.

NOTE J: Adjusted EBITDA means EBITDA before stock option compensation expense, corporate expenses, management fees and other income (expense). Adjusted EBITDA is presented because it is a widely accepted financial indicator of a cable company's ability to service indebtedness. However, Adjusted EBITDA should not be considered as an alternative to income from operations or to cash flows from operating, investing or financing activities, as determined in accordance with generally accepted accounting principles. Adjusted EBITDA should also not be construed as an indication of a company's operating performance or as a measure of liquidity. In addition, because Adjusted EBITDA is not calculated identically by all companies, the presentation here may not be comparable to other similarly titled measures of other companies. Management's discretionary use of funds depicted by Adjusted EBITDA may be limited by working capital, debt service and capital expenditure requirements and by restrictions related to legal requirements, commitments and uncertainties.

NOTE K: Homes passed are the number of living units, such as single residence homes, apartments and condominium units, passed by the cable television distribution network in a given cable system service area.

NOTE L: Basic customers are customers who receive basic cable service.

NOTE M: Basic penetration represents basic customers as a percentage of homes passed.

NOTE N: Premium units represent the total number of subscriptions to premium channels.

NOTE O: Premium penetration represents premium units as a percentage of basic customers.

NOTE P: Average monthly revenue per basic customer represents revenues divided by the number of months in the period divided by the number of basic customers at December 31, 1998.

UNAUDITED PRO FORMA BALANCE SHEET
AS OF JUNE 30, 1999

	CHARTER COMMUNICATIONS HOLDING COMPANY	RECENT ACQUISITIONS (NOTE A)	SUBTOTAL	PENDING ACQUISITIONS (NOTE A)	OFFERING ADJUSTMENTS (NOTE B)	PRO FORMA TOTAL
	(DOLLARS IN THOUSANDS)					
ASSETS						
Cash and cash equivalents...	$ 109,626	$ 9,289	$ 118,915	$ 15,756	$ --	$ 134,671
Accounts receivable, net....	32,487	22,520	55,007	36,660	--	91,667
Prepaid expenses and other.....................	10,181	5,507	15,688	36,828	--	52,516
Total current assets...	152,294	37,316	189,610	89,244	--	278,854
Property, plant and equipment.................	1,764,499	580,311	2,344,810	1,198,047	--	3,542,857
Franchises..................	6,591,972	2,614,034	9,206,006	8,749,216	--	17,955,222
Other assets................	178,709	(381)	178,328	(41,754)	--	136,574
Total assets...........	$8,687,474	$3,231,280	$11,918,754	$ 9,994,753	$ --	$21,913,507
LIABILITIES AND STOCKHOLDERS' EQUITY						
Short-term debt............	$ --	$ 133,312	$ 133,312	$ 3,587,892	$ --	$ 3,721,204
Accounts payable and accrued expenses..................	273,987	79,072	353,059	229,058	--	582,117
Current deferred revenue....	--	2,356	2,356	--	--	2,356
Payables to manager of cable television systems........	21,745	--	21,745	--	--	21,745
Pending acquisition payable...................	--	--	--	2,898,500	(2,898,500)	--
Total current liabilities..........	295,732	214,740	510,472	6,715,450	(2,898,500)	4,327,422
Long-term debt.............	5,134,310	3,016,540	8,150,850	1,204,303	--	9,355,153
Other long-term liabilities...............	53,310	--	53,310	--	--	53,310
Minority interest...........	--	--	--	--	5,368,064	5,368,064
Member's equity.............	3,204,122	--	3,204,122	2,075,000	(5,279,122)	--
Common stock................	--	--	--	--	170	170
Additional paid-in capital...................	--	--	--	--	2,809,388	2,809,388
Total stockholders' equity...............	--	--	--	--	2,809,558	2,809,558
Total liabilities and stockholders' equity...............	$8,687,474	$3,231,280	$11,918,754	$ 9,994,753	$ --	$21,913,507

NOTES TO THE UNAUDITED PRO FORMA BALANCE SHEET

NOTE A: Pro forma balance sheet for our recently completed acquisitions and pending acquisitions consists of the following (dollars in thousands):

	AS OF JUNE 30, 1999				
	RECENT ACQUISITIONS -- HISTORICAL				
	HELICON	RIFKIN	INTERMEDIA SYSTEMS	OTHER	TOTAL RECENT
Cash and cash equivalents	$ 6,894	$ 7,156	--	$ 73	$ 14,123
Accounts receivable, net	1,859	13,118	16,009	1,619	32,605
Receivable from related party	6	--	5,250	--	5,256
Prepaid expenses and other	2,172	2,271	719	155	5,317
Total current assets	10,931	22,545	21,978	1,847	57,301
Property, plant and equipment	88,252	297,318	231,382	20,610	637,562
Franchises	5,610	437,479	226,040	54,956	724,085
Deferred income taxes	--	--	15,288	--	15,288
Other assets	87,165	--	5,535	126	92,826
Total assets	$ 191,958	$757,342	$500,223	$77,539	$1,527,062
Accounts payable and accrued expenses	$ 14,288	$ 46,777	$ 19,874	$ 1,699	$ 82,638
Current deferred revenue	--	--	11,778	1,076	12,854
Note payable to related party	--	--	4,607	--	4,607
Total current liabilities	14,288	46,777	36,259	2,775	100,099
Deferred income taxes	--	6,703	--	--	6,703
Long-term debt	299,076	546,575	--	40,687	886,338
Note payable to related party, including accrued interest	5,000	--	414,493	--	419,493
Other long-term liabilities, including redeemable preferred shares	21,162	--	18,168	--	39,330
Equity	(147,568)	157,287	31,303	34,077	75,099
Total liabilities and equity	$ 191,958	$757,342	$500,223	$77,539	$1,527,062

	AS OF JUNE 30, 1999				
	PENDING ACQUISITIONS -- HISTORICAL				
	AVALON	FALCON	FANCH	BRESNAN	TOTAL PENDING
Cash and cash equivalents	$ 3,457	$ 11,852	$ 785	$ 2,826	$ 18,920
Accounts receivable, net	6,158	19,102	2,814	8,917	36,991
Receivable from related party	--	6,949	--	--	6,949
Prepaid expenses and other	415	35,007	1,249	--	36,671
Total current assets	10,030	72,910	4,848	11,743	99,531
Property, plant and equipment	116,587	522,587	241,169	330,876	1,211,219
Franchises	470,041	384,197	4,602	324,990	1,183,830
Other assets	32	457,148	606,851	23,515	1,087,546
Total assets	$596,690	$1,436,842	$857,470	$691,124	$3,582,126
Current maturities of long-term debt	$ 25	$ --	$ 754	$ --	$ 779
Accounts payable and accrued expenses	13,983	144,892	27,156	43,518	229,549
Current deferred revenue	3,136	2,630	--	--	5,766
Other current liabilities	3,160	--	--	3,698	6,858
Total current liabilities	20,304	147,522	27,910	47,216	242,952
Deferred income taxes	--	2,287	--	--	2,287
Long-term debt	446,079	1,665,676	12,728	846,364	2,970,847
Note payable to related party, including accrued interest	--	--	1,457	--	1,457
Other long-term liabilities, including redeemable preferred shares	--	400,471	197	6,015	406,683
Equity	130,307	(779,114)	815,178	(208,471)	(42,100)
Total liabilities and equity	$596,690	$1,436,842	$857,470	$691,124	$3,582,126

	AS OF JUNE 30, 1999				
	RECENT ACQUISITIONS				
		PRO FORMA			
	HISTORICAL	ACQUISITIONS(A)	DISPOSITIONS(B)	ADJUSTMENTS	TOTAL
Cash and cash equivalents	$ 14,123	$ 54	$ (4,888)	$ --	$ 9,289
Accounts receivable, net	32,605	830	(1,493)	(9,422)(c)	22,520
Receivable from related party	5,256	3	--	(5,259)(d)	--
Prepaid expenses and other	5,317	348	(158)	--	5,507
Total current assets	57,301	1,235	(6,539)	(14,681)	37,316
Property, plant and equipment	637,562	4,208	(61,459)	--	580,311
Franchises	724,085	6	(267,781)	2,157,724(e)	2,614,034
Deferred income taxes	15,288	--	--	(15,288)(f)	--
Other assets	92,826	90	(381)	(92,916)(g)	(381)
Total assets	$1,527,062	$5,539	$(336,160)	$2,034,839	$3,231,280
Current maturities of long-term debt	$ --	$ --	$ --	--	--
Short-term debt	--	--	--	$ 133,312(i)	$ 133,312
Accounts payable and accrued expenses	82,638	796	(4,362)	--	79,072
Current deferred revenue	12,854	--	--	(10,498)(c)	2,356
Note payable to related party	4,607	--	--	(4,607)(h)	--
Pending acquisition payable	--	--	--	--	--
Other current liabilities	--	--	--	--	--
Total current liabilities	100,099	796	(4,362)	118,207	214,740
Deferred revenue	--	170	--	(170)(c)	--
Deferred income taxes	6,703	--	--	(6,703)(f)	--
Long-term debt	886,338	1,063	(331,798)	2,460,937(i)	3,016,540
Note payable to related party, including accrued interest	419,493	--	--	(419,493)(h)	--
Other long-term liabilities, including redeemable preferred shares	39,330	--	--	(39,330)(j)	--
Equity	75,099	3,510	--	(78,609)(k)	--
Total liabilities and equity	$1,527,062	$5,539	$(336,160)	$2,034,839	$3,231,280

	AS OF JUNE 30, 1999				
	PENDING ACQUISITIONS				
		PRO FORMA			
	HISTORICAL	ACQUISITIONS(A)	DISPOSITIONS(B)	ADJUSTMENTS	TOTAL
Cash and cash equivalents	$ 18,920	$ 755	$ (3,919)	$ --	$ 15,756
Accounts receivable, net	36,991	55	(386)	--	36,660
Receivable from related party	6,949	591	--	(7,540)(d)	--
Prepaid expenses and other	36,671	196	(39)	--	36,828
Total current assets	99,531	1,597	(4,344)	(7,540)	89,244
Property, plant and equipment	1,211,219	7,188	(20,360)	--	1,198,047
Franchises	1,183,830	359	(64,362)	7,629,389(e)	8,749,216
Deferred income taxes	--	--	--	--	--
Other assets	1,087,546	1,242	(88)	(1,130,454)(g)	(41,754)
Total assets	3,582,126	$10,386	$(89,154)	$ 6,491,395	$9,994,753
Current maturities of long-term debt	$ 779	$ --	--	$ (779)(i)	$ --
Short-term debt	--	--	--	3,587,892(i)	3,587,892
Accounts payable and accrued expenses	229,549	461	(952)	--	229,058
Current deferred revenue	5,766	263	--	(6,029)(c)	--
Note payable to related party	--	(2,561)	--	2,561(h)	--
Pending acquisition payable	--	--	--	2,898,500(i)	2,898,500
Other current liabilities	6,858	--	--	(6,858)(h)	--
Total current liabilities	242,952	(1,837)	(952)	6,475,287	6,715,450
Deferred revenue	--	--	--	--	--
Deferred income taxes	2,287	359	--	(2,646)(f)	--
Long-term debt	2,970,847	2,815	(88,202)	(1,681,157)(i)	1,204,303
Note payable to related party, including accrued interest	1,457	--	--	(1,457)(h)	--

Other long-term liabilities, including redeemable preferred shares.............	406,683	10	--	(406,693)(j)	--
Equity.........................	(42,100)	9,039	--	2,108,061(k)	2,075,000
Total liabilities and equity.....................	$3,582,126	$10,386	$(89,154)	$ 6,491,395	$9,994,753

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(a) Represents the historical balance sheets as of June 30, 1999 for acquisitions to be completed subsequent to June 30, 1999.

(b) Represents the historical assets and liabilities as of June 30, 1999 of cable systems transferred to InterMedia on October 1, 1999 and one Indiana cable system we are required to transfer to InterMedia as part of a swap of cable systems. The cable system being swapped will be accounted for at fair value. No material gain or loss is anticipated in conjunction with the swap. See "Business -- Acquisitions -- InterMedia Systems".

(c) Represents the offset of advance billings against deferred revenue to be consistent with Charter Communications Holding Company accounting policy and the elimination of deferred revenue.

(d) Reflects assets retained by the seller.

(e) Substantial amounts of the purchase price have been allocated to franchises based on estimated fair values. This results in an allocation of purchase price as follows (dollars in thousands):

	INTERMEDIA SYSTEMS	HELICON	RIFKIN
Working capital	$(20,493)	$ (3,363)	$ (23,796)
Property, plant and equipment	149,563	88,252	301,526
Franchises	775,399	465,111	1,182,270
Other	(469)	--	--
	$904,000	$550,000	$1,460,000

	AVALON	FALCON	FANCH	BRESNAN	OTHER	TOTAL
Working capital	$ (3,396)	$ (78,943)	$ (22,308)	$ (31,775)	$ 148	$ (183,926)
Property, plant and equipment	121,470	524,892	241,169	330,876	20,610	1,778,358
Franchises	741,101	3,095,581	2,181,139	2,795,757	126,892	11,363,250
Other	--	8,334	--	--	--	7,865
	$859,175	$3,549,864	$2,400,000	$3,094,858	$147,650	$12,965,547

The sources of cash for the recent and pending acquisitions are as follows (dollars in millions):

Escrow deposit -- Avalon		$ 50.0
Current liabilities:		
Liability to Falcon sellers	$ 425.0	
Liability to Bresnan sellers	1,000.0	
Liability to Rifkin sellers	133.3	1,558.3
Funded or expected equity contributions:		
Mr. Allen equity contributions	1,325.0	
Mr. Allen committed equity contribution	750.0	
Net proceeds from sale of Class B shares	0.9	
Net proceeds from initial public offering	2,897.6	4,973.5
Expected credit facilities draw down:		
Charter Operating's credit facilities		1,589.6
Credit facilities of acquisitions:		
Falcon	1,011.0	
Avalon	169.0	
Bresnan	983.8	
Fanch	875.0	3,038.8
Anticipated long-term debt		746.0
Publicly held debt, at fair market value:		
9.375% senior subordinated notes -- Avalon	150.0	
11.875% senior discount notes -- Avalon	128.6	278.6
Falcon bridge loan facility		705.7
Helicon preferred limited liability company interest		25.0
		$12,965.5

The amounts shown above as liabilities to the Rifkin, Falcon and Bresnan sellers represent the possible obligations that we may owe to these sellers based on the possible violations of Section 5 of the Securities Act in connection with the issuance of membership interests to these sellers.

(f) Represents the elimination of deferred income tax assets and liabilities.

(g) Represents the elimination of the unamortized historical cost of various assets based on the allocation of purchase price (see (e) above) as follows (dollars in thousands):

Subscriber lists	$ (528,890)
Noncompete agreements	(14,871)
Deferred financing costs	(59,746)
Goodwill	(738,127)
Escrow deposit on pending Avalon acquisition	(50,000)
Other assets	(94,268)
	(1,485,902)
Less-accumulated amortization	262,532
	$(1,223,370)

(h) Represents liabilities retained by the seller.

(i) Represents the following (dollars in millions):

Long-term debt not assumed	$ (1,889.0)
Helicon notes (to be called)	(115.0)
Rifkin notes (to be tendered)	(125.0)
Falcon notes and debentures (to be put)	(705.7)
Bresnan notes (to be put)	(348.0)
Total pro forma debt not assumed	(3,182.7)
Additional borrowings	5,394.6
Falcon bridge loan facility	705.7
Liability to Falcon sellers	425.0
Liability to Rifkin sellers	133.3
Liability to Bresnan sellers	1,000.0
Payable to be financed by equity	2,898.5
Helicon preferred limited liability company interests	25.0
	$ 7,399.4

The liabilities to the Bresnan, Falcon and Rifkin sellers represent the potential obligations to repurchase equity interests issued to the sellers arising from possible violations of the Securities Act in connection with the issuance of equity interests to these sellers.

(j) Represents the elimination of historical liabilities retained by the seller and the elimination of Falcon's historical redeemable preferred shares.

(k) Represents the following (dollars in thousands):

Elimination of historical equity	$ (45,548)
Additional contributions into Charter Communications Holding Company:	
Mr. Allen's equity contribution	1,325,000
Mr. Allen's committed equity contribution	750,000
	$2,029,452

NOTE B: Offering adjustments include the issuance and sale by Charter Communications, Inc. of Class A common stock for net proceeds of $2.90 billion, after deducting underwriting discounts and commissions and estimated offering expenses, and proceeds of $.9 million from the sale of Class B common stock, all applied to reduce the pending acquisition payable. Also included as an offering adjustment is the effect of consolidating Charter Communications Holding Company into Charter Communications, Inc. using historical carrying values based on Charter Communications, Inc.'s purchase of membership units, including voting control, in Charter Communications Holding Company. This results in the $5.4 billion of member's equity in Charter Communications Holding Company becoming minority interest in the consolidated balance sheet of Charter Communications, Inc.

Minority interest is calculated as follows (dollars in thousands):

Historical member's equity	$3,204,122
Expected equity contributions	4,973,500
Pro forma members' equity	8,177,622
Minority interest percentage	66%
Minority interest	$5,368,064

Total stockholders' equity is calculated as follows (dollars in thousands):

Net proceeds from sale of common stock......................	$2,898,500
Reductions in net equity allocated to minority interest.....	(88,942)
	$2,809,558

Certain equity interests in Charter Communications Holding Company are exchangeable into common stock of Charter Communications, Inc. We assume no such equity interests are exchanged. If all equity holders (other than Charter Communications, Inc.) in Charter Communications Holding Company exchanged all of their units for common stock, total stockholders' equity would increase by $5.4 billion and minority interest would decrease by $5.4 billion.

SELECTED HISTORICAL FINANCIAL DATA

On July 22, 1999, Charter Communications, Inc. was formed. Charter Communications, Inc. will be a holding company whose sole asset, upon closing of the offering and before the closing of the Falcon and Bresnan acquisitions, will be an approximate 34% economic interest and a 100% voting interest in Charter Communications Holding Company. This results in the consolidation of Charter Communications Holding Company and Charter Communications, Inc. We have included below selected historical financial data for Charter Communications Holding Company.

The selected historical financial data below for the years ended December 31, 1996 and 1997, for the periods from January 1, 1998 through December 23, 1998, from December 24, 1998 through December 31, 1998, and January 1, 1999 through June 30, 1999 are derived from the consolidated financial statements of Charter Communications Holding Company. The consolidated financial statements of Charter Communications Holding Company for the years ended December 31, 1996 and 1997, for the periods from January 1, 1998 through December 23, 1998 and from December 24, 1998 through December 31, 1998, have been audited by Arthur Andersen LLP, independent public accountants, and are included elsewhere in this prospectus. The selected historical financial data for the period from October 1, 1995 through December 31, 1995, are derived from the predecessor of Charter Communications Holding Company's unaudited financial statements and are not included elsewhere in this prospectus. The selected historical financial data for the year ended December 31, 1994 and for the period from January 1, 1995 through September 30, 1995 are derived from the unaudited financial statements of Charter Communications Holding Company's predecessor business and are not included elsewhere in this prospectus. The information presented below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the historical financial statements of Charter Communications Holding Company and related notes included elsewhere in this prospectus.

	PREDECESSOR OF CHARTER COMMUNICATIONS HOLDING COMPANY		CHARTER COMMUNICATIONS HOLDING COMPANY					
	YEAR ENDED DECEMBER 31, 1994	1/1/95 THROUGH 9/30/95	10/1/95 THROUGH 12/31/95	YEAR ENDED DECEMBER 31, 1996	YEAR ENDED DECEMBER 31, 1997	1/1/98 THROUGH 12/23/98	12/24/98 THROUGH 12/31/98	1/1/99 THROUGH 6/30/99
	(DOLLARS IN THOUSANDS)							
STATEMENT OF OPERATIONS:								
Revenues	$ 6,584	$5,324	$ 1,788	$14,881	$18,867	$49,731	$ 13,713	$ 468,993
Operating expenses:								
Operating, general and administrative	3,247	2,581	931	8,123	11,767	25,952	7,134	241,341
Depreciation and amortization	2,508	2,137	648	4,593	6,103	16,864	8,318	249,952
Stock option compensation expense	--	--	--	--	--	--	845	38,194
Management fees/corporate expense charges	106	224	54	446	566	6,176	473	11,073
Total operating expenses	5,861	4,942	1,633	13,162	18,436	48,992	16,770	540,560
Income (loss) from operations	723	382	155	1,719	431	739	(3,057)	(71,567)
Interest expense	--	--	(691)	(4,415)	(5,120)	(17,277)	(2,353)	(157,669)
Interest income	26	--	5	20	41	44	133	10,085
Other income (expense)	--	38	--	(47)	25	(728)	--	2,840
Income (loss) before extraordinary item	$ 749	$ 420	$ (531)	$(2,723)	$(4,623)	$(17,222)	$ (5,277)	$ (216,311)
BALANCE SHEET DATA (AT END OF PERIOD):								
Total assets	$ 25,511	$26,342	$31,572	$67,994	$55,811	$281,969	$4,335,527	$8,687,474
Total debt	10,194	10,480	28,847	59,222	41,500	274,698	2,002,206	5,134,310
Member's equity (deficit)	14,822	15,311	971	2,648	(1,975)	(8,397)	2,147,379	3,204,122

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Reference is made to the "Certain Trends and Uncertainties" section below in this Management's Discussion and Analysis for a discussion of important factors that could cause actual results to differ from expectations and non-historical information contained herein.

INTRODUCTION

We do not believe that the historical financial condition and results of operations are accurate indicators of future results because of recent and pending significant events, including:

(1) the acquisition by Mr. Allen of CCA Group, Charter Communications Properties Holdings, LLC and CharterComm Holdings LLC, referred to together with their subsidiaries as the Charter companies;

(2) the merger of Marcus Holdings with and into Charter Holdings;

(3) the recent and pending acquisitions of Charter Communications Holding Company and its direct and indirect subsidiaries;

(4) the refinancing of the previous credit facilities of the Charter companies; and

(5) the purchase of publicly held notes that had been issued by several of the direct and indirect subsidiaries of Charter Communications Holding Company.

Provided below is a discussion of our organizational history consisting of:

(1) the operation and development of the Charter companies prior to the acquisition by Mr. Allen, together with the acquisition of the Charter companies by Mr. Allen;

(2) the merger of Marcus Holdings with and into Charter Holdings;

(3) the recent and pending acquisitions of Charter Communications Holding Company and its direct and indirect subsidiaries; and

(4) the formation of Charter Communications, Inc.

ORGANIZATIONAL HISTORY

Prior to the acquisition of the Charter companies by Mr. Allen on December 23, 1998, and the merger of Marcus Holdings with and into Charter Holdings on April 7, 1999, the cable systems of the Charter and Marcus companies were operated under four groups of companies. Three of these groups were comprised of companies that were managed by Charter Investment, Inc. prior to the acquisition of the Charter companies by Mr. Allen and the fourth group was comprised of companies that were subsidiaries of Marcus Holdings.

The following is an explanation of how:

(1) Charter Communications Properties; the operating companies that formerly comprised CCA Group; CharterComm Holdings; and the Marcus companies became wholly owned subsidiaries of Charter Operating;

(2) Charter Operating became a wholly owned subsidiary of Charter Holdings;

(3) Charter Holdings became a wholly owned subsidiary of Charter Communications Holding Company; and

(4) Charter Communications Holding Company became a wholly owned subsidiary of Charter Investment, Inc.

THE CHARTER COMPANIES

Prior to Charter Investment, Inc. acquiring the remaining interests that it did not previously own in two of the three groups of Charter companies, namely CCA Group and CharterComm Holdings, as described below, the operating subsidiaries of the three groups of Charter companies were parties to separate management agreements with Charter Investment, Inc. pursuant to which Charter Investment, Inc. provided management and consulting services. Prior to our acquisition by Mr. Allen, the Charter companies were as follows:

(1) Charter Communications Properties Holdings, LLC

Charter Communications Properties Holdings, LLC was a wholly owned subsidiary of Charter Investment, Inc. The primary subsidiary of Charter Communications Properties Holdings, which owned the cable systems, was Charter Communications Properties. In connection with Mr. Allen's acquisition on December 23, 1998, Charter Communications Properties Holdings was merged out of existence. Charter Communications Properties became a direct, wholly owned subsidiary of Charter Investment, Inc. In May 1998, Charter Communications Properties acquired certain cable systems from Sonic Communications, Inc. for a total purchase price, net of cash acquired, of $228.4 million, including $60.9 million of assumed debt.

(2) CCA Group

The controlling interests in CCA Group were held by affiliates of Kelso & Co. Charter Investment, Inc. had only a minority interest. On December 21, 1998, prior to Mr. Allen's acquisition, the remaining interests it did not previously own in CCA Group were acquired by Charter Investment, Inc. from the Kelso affiliates. Consequently, the companies comprising CCA Group became wholly owned subsidiaries of Charter Investment, Inc.

CCA Group consisted of the following three sister companies:

(a) CCT Holdings, LLC,

(b) CCA Holdings, LLC, and

(c) Charter Communications Long Beach, LLC.

The cable systems were owned by the various subsidiaries of these three sister companies. The financial statements for these three sister companies historically were combined and the term "CCA Group" was assigned to these combined entities. In connection with Mr. Allen's acquisition on December 23, 1998, the three sister companies and some of the non-operating subsidiaries were merged out of existence, leaving certain of the operating subsidiaries owning all of the cable systems under this former group. These operating subsidiaries became indirect, wholly owned subsidiaries of Charter Investment, Inc.

(3) CharterComm Holdings, LLC

The controlling interests in CharterComm Holdings were held by affiliates of Charterhouse Group International Inc. Charter Investment, Inc. had only a minority interest. On December 21, 1998, prior to Mr. Allen's acquisition, the remaining interests it did not previously own in CharterComm Holdings were acquired by Charter Investment, Inc. from the Charterhouse affiliates. Consequently, CharterComm Holdings became a wholly owned subsidiary of Charter Investment, Inc.

The cable systems were owned by the various subsidiaries of CharterComm Holdings. In connection with Mr. Allen's acquisition on December 23, 1998, some of the non-operating subsidiaries were merged out of existence, leaving certain of the operating subsidiaries owning all of the cable systems under this former group. CharterComm Holdings was merged out of existence. Charter Communications, LLC became a direct, wholly owned subsidiary of Charter Investment, Inc.

In February 1999, Charter Holdings was formed as a wholly owned subsidiary of Charter Investment, Inc., and Charter Operating was formed as a wholly owned subsidiary of Charter Holdings. All of Charter Investment, Inc.'s direct interests in the entities described above were transferred to Charter Operating. All of the prior management agreements were terminated and a new management agreement was entered into between Charter Investment, Inc. and Charter Operating.

In May 1999, Charter Communications Holding Company was formed as a wholly owned subsidiary of Charter Investment, Inc. All of Charter Investment, Inc.'s interests in Charter Holdings were transferred to Charter Communications Holding Company.

The acquisition by Mr. Allen became effective on December 23, 1998, through a series of transactions in which Mr. Allen acquired approximately 94% of the equity interests of Charter Investment, Inc. for an aggregate purchase price of $2.2 billion, excluding $2.0 billion in assumed debt. Charter Communications Properties, the operating companies that formerly comprised CCA Group and CharterComm Holdings were contributed to Charter Operating subsequent to Mr. Allen's acquisition. Charter Communications Properties is deemed to be our predecessor. Consequently, the contribution of Charter Communications Properties was accounted for as a reorganization under common control. Accordingly, the accompanying financial statements for periods prior to December 24, 1998 include the accounts of Charter Communications Properties. The contributions of the operating companies that formerly comprised CCA

Group and CharterComm Holdings were accounted for in accordance with purchase accounting. Accordingly, the financial statements for periods after December 23, 1998 include the accounts of Charter Communications Properties, CCA Group and CharterComm Holdings.

MARCUS COMPANIES

In April 1998, Mr. Allen acquired approximately 99% of the non-voting economic interests in Marcus Cable, and agreed to acquire the remaining interests. The owner of the remaining partnership interests retained voting control of Marcus Cable. In October 1998, Marcus Cable entered into a management consulting agreement with Charter Investment, Inc., pursuant to which Charter Investment, Inc. provided management and consulting services to Marcus Cable and its subsidiaries which own the cable systems. This agreement placed the Marcus cable systems under common management with the cable systems of the Charter companies acquired by Mr. Allen in December 1998.

In March 1999, all of Mr. Allen's interests in Marcus Cable were transferred to Marcus Holdings, a then newly formed company. Later in March 1999, Mr. Allen acquired the remaining interests in Marcus Cable, including voting control, which interests were transferred to Marcus Holdings. In April 1999, Mr. Allen merged Marcus Holdings into Charter Holdings, and the operating subsidiaries of Marcus Holdings and all of the cable systems they owned came under the ownership of Charter Holdings and, in turn, Charter Operating. For financial reporting purposes, the merger of Marcus Holdings with and into Charter Holdings was accounted for as an acquisition of Marcus Holdings effective March 31, 1999, and accordingly, the results of operations of Marcus Holdings have been included in the financial statements of Charter Communications Holding Company since that date.

ACQUISITIONS

In the second, third and fourth quarters of 1999, direct or indirect subsidiaries of Charter Holdings acquired Renaissance, American Cable, Greater Media systems, Helicon, Vista, a cable system of Cable Satellite, Rifkin and InterMedia for a total purchase price of approximately $4.3 billion which included assumed debt of $351 million. See "Business -- Acquisitions" and "Description of Certain Indebtedness". These acquisitions were funded through excess cash from the issuance by Charter Holdings of senior notes, borrowings under our credit facilities, capital contributions to Charter Communications Holding Company by Mr. Allen and the assumption of the outstanding Renaissance, Helicon and Rifkin notes.

As part of the transaction with InterMedia, we agreed to "swap" some of our non-strategic cable systems located in Indiana, Montana, Utah and northern Kentucky, representing 144,000 basic customers. The InterMedia systems serve approximately 412,000 customers in Georgia, North Carolina, South Carolina and Tennessee. We have transferred 114,000 subscribers to InterMedia in connection with this swap. Subscribers totaling 30,000 are yet to be transferred pending the necessary regulatory approval. See "Business -- Acquisitions -- InterMedia Systems".

In addition to these acquisitions, since the beginning of 1999, Charter Communications Holding Company and its subsidiaries have entered into definitive agreements to acquire the Avalon, Fanch, Falcon and Bresnan cable systems. All of these acquisitions are set forth in the table below. These acquisitions are expected to be funded through the net proceeds of this offering, borrowings under credit facilities, additional equity and debt financings, and the assumption of outstanding notes issued by Avalon, Falcon and Bresnan. Not all of the funding necessary to complete these acquisitions has been arranged. We may be required to repay the Avalon and Bresnan credit facilities. We have offered to repurchase the Rifkin notes, are required to offer to repurchase the Helicon notes, and will be required to offer to repurchase the Avalon notes, the Falcon debentures and the Bresnan notes following the closing of the these acquisitions, respectively. See "-- Liquidity and Capital Resources" and "Description of Certain Indebtedness".

Under the Falcon purchase agreement, specified Falcon sellers have agreed to receive a portion of the Falcon purchase price in the form of membership units in Charter Communications Holding Company ranging from a minimum with an estimated value of $425 million to a maximum with a fixed value of $550 million. Under the Bresnan purchase agreement, the Bresnan sellers have agreed to receive $1.0 billion of the Bresnan purchase price in the form of membership units in Charter Communications Holding Company, which, as of the closing of the offering, would equal approximately 6.8% of the total membership units in Charter Communications Holding Company. See "Business -- Acquisitions". In addition, certain Rifkin sellers received $133.3 million of the purchase price in the form of preferred equity of Charter Communications Holding Company. Under the Helicon purchase agreement, $25 million of the purchase price was paid in the form of preferred limited liability company interests of Charter-Helicon, LLC, a direct wholly owned subsidiary of Charter Communications, LLC, itself an indirect subsidiary of Charter Communications Holding Company.

ACQUISITION	ACTUAL OR ANTICIPATED ACQUISITION DATE	PURCHASE PRICE (IN MILLIONS)	AS OF AND FOR THE SIX MONTHS ENDED JUNE 30, 1999 BASIC SUBSCRIBERS	REVENUE (IN THOUSANDS)
Renaissance........................	4/99	$ 459	129,000	$ 30,807
American Cable.....................	5/99	240	69,000	17,958
Greater Media systems.............	6/99	500	175,000	42,348
Helicon............................	7/99	550	173,000	42,956
Vista..............................	7/99	126	28,000	7,101
Cable Satellite....................	8/89	22	9,000	2,056
Rifkin.............................	9/99	1,460	461,000	105,592
InterMedia systems.................	10/99	904+	412,000	100,644
		systems swap	(144,000)(a)	
			268,000	
Avalon.............................	4th Quarter 1999	845	260,000	51,769
Fanch..............................	4th Quarter 1999	2,400	537,000	98,931
Falcon.............................	4th Quarter 1999	3,550	1,008,000	212,205
Bresnan............................	1st Quarter 2000	3,100	656,000	137,291
Total.........................		$ 14,156	3,773,000	$849,658

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(a) Represents the number of basic customers served by cable systems that we agreed to transfer to InterMedia. This number includes 30,000 basic customers served by an Indiana cable system that we did not transfer at the time of the InterMedia closing because necessary regulatory approvals were still pending.

The systems acquired pursuant to these recent and pending acquisitions served, in the aggregate, approximately 3.8 million customers as of June 30, 1999. In addition, we are negotiating with several other potential acquisition and swapping candidates whose systems would further complement our regional operating clusters.

CHARTER COMMUNICATIONS, INC.

Charter Communications, Inc. was formed as a holding company in July 1999. In connection with the offering, Charter Communications, Inc. will issue:

- 170,000,000 shares of Class A common stock in the offering, and an additional 25,500,000 shares of Class A common stock if the underwriters exercise their over-allotment option in full; and

- 50,000 shares of high vote Class B common stock to Mr. Allen.

Charter Communications, Inc. will use all of the proceeds of the offering and the sale of shares of Class B common stock to purchase Charter Communications Holding Company membership units. Immediately following the offering, Mr. Allen will control approximately 95% of the total voting power of Charter Communications, Inc.'s outstanding capital stock and will control Charter Communications Holding Company and its direct and indirect subsidiaries.

The sale of shares of Class A common stock in the offering and the sale of the shares of Class B common stock as described above will affect us in many ways, including the following:

- Our Management. The current management agreement between Charter Operating and Charter Investment, Inc. will be amended and assigned from Charter Investment, Inc. to Charter Communications, Inc. Charter Communications, Inc. and Charter Communications Holding Company will enter into a new agreement relating to the management of the cable systems of the subsidiaries of Charter Communications Holding Company. In addition, Charter Investment, Inc. and Charter Communications, Inc. will enter into a mutual services agreement. These agreements are described under the heading "Certain Relationships and Related Transactions".

- Option Plan. After the offering, each membership unit in Charter Communications Holding Company received as a result of an exercise of an option issued under the Charter Communications Holding Company option plan will automatically be exchanged for one share of Class A common stock of Charter Communications, Inc. See "Management -- Option Plan" for additional information regarding the option plan.

- Business Activities. Upon the completion of the offering, we will not be permitted to engage in any business activity other than the cable transmission of video, audio and data unless Mr. Allen first consents to our pursuing that particular business activity. See "Risk Factors -- We are not permitted to engage in any business activity other than the cable transmission of video, audio and data unless Mr. Allen authorizes us to pursue that particular business activity" and "Certain Relationships and Related Transactions -- Allocation of Business Opportunities with Mr. Allen".

- Special Loss Allocation. Charter Communications Holding Company's operating agreement provides that through the end of 2003, tax losses of Charter Communications Holding Company that would otherwise have been allocated to Charter Communications, Inc. based generally on its percentage equity interest will be allocated instead to the membership units held by Vulcan Cable III Inc. and Charter Investment, Inc. The operating agreement also provides that beginning at the time that Charter Communications Holding Company first becomes profitable, tax profits (as determined under applicable tax accounting rules for determining book profits) that would otherwise have been allocated to Charter Communications, Inc. based generally on its percentage equity interest will instead be allocated to the membership units held by Vulcan Cable III Inc. and Charter Investment, Inc. The purpose of these arrangements is to allow Mr. Allen to take advantage, for tax purposes, of the losses expected to be generated by Charter Communications Holding Company. These arrangements should not materially affect our results of operations. See "Description of Capital Stock and Membership Units -- Special Allocation of Losses".

OVERVIEW

Approximately 85% of our historical revenues for the six months ended June 30, 1999 are attributable to monthly subscription fees charged to customers for our basic, expanded basic and premium cable television programming services, equipment rental and ancillary services provided by our cable television systems. In addition, we derive other revenues from installation and reconnection fees charged to customers to commence or reinstate service, pay-per-view programming, where users are charged a fee for individual programs requested, advertising revenues and commissions related to the sale of merchandise by home shopping services. We have generated increased revenues in each of the past three fiscal years, primarily through internal customer growth, basic and expanded tier rate increases and acquisitions as well as innovative marketing, such as our MVP package of premium services. The MVP package entitles customers to receive a substantial discount on bundled premium services of HBO, Showtime, Cinemax and The Movie Channel. The MVP package has increased premium revenue by 3.4% and premium cash flow by 5.5% in the initial nine months of this program. We are beginning to offer our customers several other services, which are expected to significantly contribute to our revenues. One of these services is digital cable, which provides subscribers with additional programming options. We are also offering high speed Internet access to the World Wide Web through cable modems. Cable modems can be attached to personal computers so that users can send and receive data over cable systems. Our television based Internet access allows us to offer the services provided by WorldGate Communications, Inc., which provides users with TV based e-mail and other Internet access.

Our expenses primarily consist of operating costs, general and administrative expenses, depreciation and amortization expense and management fees/corporate expense charges. Operating costs primarily include programming costs, cable service related expenses, marketing and advertising costs, franchise fees and expenses related to customer billings. Programming costs account for approximately 46% of our operating costs. Programming costs have increased in recent years and are expected to continue to increase due to additional programming being provided to customers, increased cost to produce or purchase cable programming, inflation and other factors affecting the cable television industry. In each year we have operated, our costs to acquire programming have exceeded customary inflationary increases. A significant factor with respect to increased programming costs is the rate increases and surcharges imposed by national and regional sports networks directly tied to escalating costs to acquire programming for professional sports packages in a competitive market. We have benefited in the past from our membership in an industry cooperative that provides members with volume discounts from programming networks. We believe our membership has minimized increases in our programming costs relative to what the increases would otherwise have been. We also believe that we should derive additional discounts from programming networks due to our increased size. Finally, we were able to negotiate favorable terms with premium networks in conjunction with the premium packages, which minimized the impact on margins and provided substantial volume incentives to grow the premium category.

Although we believe that we will be able to pass future increases in programming costs through to customers, there can be no assurance that we will be able to do so.

General and administrative expenses primarily include accounting and administrative personnel and professional fees. Depreciation and amortization expense relates to the depreciation of our tangible assets and the amortization of our franchise costs. Management fees/corporate expense charges are fees paid to or charges from Charter Investment, Inc. for corporate management and consulting services. Charter Holdings records actual corporate expense charges incurred by Charter Investment, Inc. on behalf of Charter Holdings. Prior to the acquisition of us by Mr. Allen, the CCA Group and CharterComm Holdings recorded management fees payable to Charter Investment, Inc. equal to 3.0% to 5.0% of gross revenues plus certain expenses. In October 1998, Charter Investment, Inc. began managing the cable operations of Marcus Holdings under a management agreement, which was terminated in February 1999 and replaced by a master management fee arrangement. The Charter Operating credit facilities limit management fees to 3.5% of gross revenues.

In connection with the offering, the existing management agreement between Charter Investment, Inc. and Charter Operating will be assigned to Charter Communications, Inc. and Charter Communications, Inc. will enter into a new management agreement with Charter Communications Holding Company. This management agreement will be substantially similar to the existing management agreement with Charter Operating except that Charter Communications, Inc. will only be entitled to receive reimbursement of its expenses as consideration for its providing management services. See "Certain Relationships and Related Transactions".

We have had a history of net losses and expect to continue to report net losses for the foreseeable future. The principal reasons for our prior and anticipated net losses include depreciation and amortization expenses associated with our acquisitions, capital expenditures related to construction and upgrading of our systems, and interest costs on borrowed money. We cannot predict what impact, if any, continued losses will have on our ability to finance our operations in the future.

RESULTS OF OPERATIONS

The following discusses the results of operations for:

(1) Charter Communications Holding Company, comprised of Charter Communications Properties, for the six months ended June 30, 1998, and

(2) Charter Communications Holding Company, comprised of the following for the six months ended June 30, 1999:

- Charter Communications Properties, CCA Group and CharterComm Holdings for the entire period.

- Marcus Holdings for the period from March 31, 1999 (the date Mr. Allen acquired voting control) through June 30, 1999.

- Renaissance for the period from May 1, 1999 (the acquisition date) through June 30, 1999.

- American Cable for the period from May 8, 1999 (the acquisition date) through June 30, 1999.

The following table sets forth the percentages of revenues that items in the statements of operations constitute for the indicated periods.

	SIX MONTHS ENDED			
	6/30/99		6/30/98	
	(DOLLARS IN THOUSANDS)			
STATEMENTS OF OPERATIONS				
Revenues	$ 468,993	100.0%	$ 15,129	100.0%
Operating expenses:				
Operating, general and administrative	241,341	51.5	8,378	55.4
Depreciation and amortization	249,952	53.3	5,312	35.1
Stock option compensation expense	38,194	8.1	--	--
Management fees/corporate expense charges	11,073	2.4	628	4.1
Total operating expenses	540,560	115.3	14,318	94.6
Income (loss) from operations	(71,567)	(15.3)	811	5.4
Interest income	10,085	2.2	14	0.1
Interest expense	(157,669)	(33.6)	(5,618)	(37.1)
Other income	2,840	0.6	3	--
Loss before extraordinary item	(216,311)	(46.1)	(4,790)	(31.6)
Extraordinary item-loss from early extinguishment of debt	7,794	1.7	--	--
Net loss	$(224,105)	(47.8)%	$ (4,790)	(31.6)%

PERIOD FROM JANUARY 1, 1999 THROUGH JUNE 30, 1999

COMPARED TO PERIOD FROM JANUARY 1, 1998 THROUGH JUNE 30, 1998

REVENUES. Revenues increased by $453.9 million, or 3,000%, from $15.1 million for the period from January 1, 1998 through June 30, 1998 to $469.0 million for the period from January 1, 1999 through June 30, 1999. The increase in revenues primarily resulted from the acquisitions of CCA Group, CharterComm Holdings, Sonic, Marcus Holdings and Renaissance. Additional revenues from these entities included for the period ended June 30, 1999 were $179.5 million, $108.9 million, $26.2 million, $128.1 million and $10.4 million, respectively.

OPERATING, GENERAL AND ADMINISTRATIVE EXPENSES. Operating, general and administrative expenses increased by $232.9 million, or 2,781%, from $8.4 million for the period from January 1, 1998 through June 30, 1998 to $241.3 million for the period from January 1, 1999 through June 30, 1999. This increase was due primarily to the acquisitions of the CCA Group, CharterComm Holdings, Sonic, Marcus Holdings and Renaissance. Additional operating, general and administrative expenses from these entities included for the period from January 1, 1999 through June 30, 1999 were $90.7 million, $54.2 million, $13.6 million, $69.5 million and $4.9 million, respectively.

DEPRECIATION AND AMORTIZATION. Depreciation and amortization expense increased by $244.7 million, or 4,605%, from $5.3 million for the period from January 1, 1998 through June 30, 1998 to $250.0 million for the period from January 1, 1999 through June 30, 1999. There was a significant increase in amortization expense resulting from the acquisitions of the CCA Group, CharterComm Holdings, Sonic, Marcus Holdings and Renaissance. Additional depreciation and amortization expense from these entities included for the period ended June 30, 1999 were $97.9 million, $67.4 million, $5.6 million, $65.6 million and $5.8 million, respectively.

STOCK OPTION COMPENSATION EXPENSE. Stock option compensation expense for the period from January 1, 1999 through June 30, 1999 was $38.2 million due to the granting of options to employees in December 1998, February 1999 and April 1999. The exercise prices of the options are less than the estimated fair values of the underlying membership units on the date of grant, resulting in compensation expense accrued over the vesting period of each grant that varies from four to five years.

MANAGEMENT FEES/CORPORATE EXPENSE CHARGES. Management fees/corporate expense charges increased by $10.5 million, or 1,663%, from $0.6 million for the period from January 1, 1998 through June 30, 1998 to $11.1 million for the period from January 1, 1999 through June 30, 1999. The increase from the period from January 1, 1998 through June 30, 1998 compared to the period from January 1, 1999 through June 30, 1999 was the result of the acquisitions of CCA Group, CharterComm Holdings, Sonic, Marcus Holdings, Renaissance and American Cable.

INTEREST INCOME. Interest income increased by $10.1 million from $14,000 for the period from January 1, 1998 to June 30, 1998 to $10.1 million for the period from January 1, 1999 to June 30, 1999. The increase was primarily due to investing excess cash that resulted from required credit facilities draw downs.

INTEREST EXPENSE. Interest expense increased by $152.1 million, or 2,706%, from $5.6 million for the period from January 1, 1998 through June 30, 1998 to $157.7 million for the period from January 1, 1999 through June 30, 1999. This increase resulted primarily from interest on the notes at Charter Holdings, the credit facilities at Charter Operating and the financing of the acquisitions of CCA Group and CharterComm Holdings. The interest expenses resulting from each of these transactions were $68.7 million, $44.9 million, $12.7 million and $11.3 million, respectively.

OTHER INCOME. Other income increased by $2.8 million from $3,000 for the period from January 1, 1998 to June 30, 1998 to $2.8 million for the period from January 1, 1999 to June 30, 1999. The increase was primarily due to the gain on the sale of certain aircrafts.

NET LOSS. Net loss increased by $219.3 million, or 4,579%, from $4.8 million for the period from January 1, 1998 through June 30, 1998 to $224.1 million for the period from January 1, 1998 through June 30, 1999. The increase in revenues that resulted from the acquisitions of CCA Group, CharterComm Holdings, Sonic and Marcus Holdings was not sufficient to offset the operating expenses associated with the acquired systems and loss from early extinguishment of debt.

RESULTS OF OPERATIONS

The following discusses the results of operations for:

(1) Charter Communications Holding Company, comprised of Charter Communications Properties, for the period from January 1, 1998 through December 23, 1998 and for the years ended December 31, 1997 and 1996, and

(2) Charter Communications Holding Company, comprised of Charter Communications Properties, CCA Group and CharterComm Holdings, for the period from December 24, 1998 through December 31, 1998.

The following table sets forth the percentages of revenues that items in the statements of operations constitute for the indicated periods.

	YEAR ENDED DECEMBER 31, 1996		YEAR ENDED DECEMBER 31, 1997		1/1/98 THROUGH 12/23/98		12/24/98 THROUGH 12/31/98	
	(DOLLARS IN THOUSANDS)							
STATEMENTS OF OPERATIONS								
Revenues	$14,881	100.0%	$18,867	100.0%	$ 49,731	100.0%	$13,713	100.0%
Operating expenses:								
Operating costs	5,888	39.5%	9,157	48.5%	18,751	37.7%	6,168	45.0%
General and administrative costs	2,235	15.0%	2,610	13.8%	7,201	14.5%	966	7.0%
Depreciation and amortization	4,593	30.9%	6,103	32.4%	16,864	33.9%	8,318	60.7%
Stock option compensation expense	--	--	--	--	--	--	845	6.2%
Management fees/corporate expense charges	446	3.0%	566	3.0%	6,176	12.4%	473	3.4%
Total operating expenses	13,162	88.4%	18,436	97.7%	48,992	98.5%	16,770	122.3%
Income (loss) from operations	1,719	11.6%	431	2.3%	739	1.5%	(3,057)	(22.3%)
Interest income	20	0.1%	41	0.2%	44	0.1%	133	1.0%
Interest expense	(4,415)	(29.7%)	(5,120)	(27.1%)	(17,277)	(34.7%)	(2,353)	(17.2%)
Other income (expense)	(47)	(0.3%)	25	0.1%	(728)	(1.5%)	--	--
Net loss	$(2,723)	(18.3%)	$(4,623)	(24.5%)	$(17,222)	(34.6%)	$(5,277)	(38.5%)

PERIOD FROM DECEMBER 24, 1998 THROUGH DECEMBER 31, 1998

This period is not comparable to any other period presented. The financial statements represent eight days of operations. This period not only contains the results of operations of Charter Communications Properties, but also the results of operations of those entities purchased in the acquisition of the Charter companies by Mr. Allen. As a result, no comparison of the operating results for this eight-day period is presented.

PERIOD FROM JANUARY 1, 1998 THROUGH DECEMBER 23, 1998 COMPARED TO 1997

REVENUES. Revenues increased by $30.8 million, or 163.6%, from $18.9 million in 1997 to $49.7 million for the period from January 1, 1998 through December 23, 1998. The increase in revenues primarily resulted from the acquisition of Sonic whose revenues for that period were $30.5 million.

OPERATING EXPENSES. Operating expenses increased by $9.6 million, or 104.8%, from $9.2 million in 1997 to $18.8 million for the period from January 1, 1998 through December 23, 1998. This increase was due primarily to the acquisition of Sonic, whose operating expenses for that period were $11.5 million, partially offset by the loss of $1.4 million on the sale of a cable system in 1997.

GENERAL AND ADMINISTRATIVE EXPENSES. General and administrative expenses increased by $4.6 million, or 175.9%, from $2.6 million in 1997 to $7.2 million for the period from January 1, 1998 through December 23, 1998. This increase was due primarily to the acquisition of Sonic whose general and administrative expenses for that period were $4.4 million.

DEPRECIATION AND AMORTIZATION. Depreciation and amortization expense increased by $10.8 million, or 176.3%, from $6.1 million in 1997 to $16.9 million for the period from January 1, 1998 through December 23, 1998. There was a significant increase in amortization resulting from the acquisition of Sonic. Incremental depreciation and amortization expenses of the acquisition of Sonic were $10.3 million.

MANAGEMENT FEES/CORPORATE EXPENSE CHARGES. Corporate expense charges increased by $5.6 million, or 991.2% from $0.6 million in 1997 to $6.2 million for the period from January 1, 1998 through December 23, 1998. The increase from 1997 compared to the period from January 1, 1998 through December 23, 1998 was the result of additional Charter Investment, Inc. charges related to equity appreciation rights plans of $3.8 million for the period from January 1, 1998 through December 23, 1998 and an increase of $1.5 million in management services provided by Charter Investment, Inc. as a result of the acquisition of Sonic.

INTEREST EXPENSE. Interest expense increased by $12.2 million, or 237.4%, from $5.1 million in 1997 to $17.3 million for the period from January 1, 1998 through December 23, 1998. This increase resulted primarily from the indebtedness of $220.6 million, including a note payable for $60.7 million, incurred in connection with the acquisition of Sonic resulting in $12.1 million of additional interest expense.

NET LOSS. Net loss increased by $12.6 million, or 272.5%, from $4.6 million in 1997 to $17.2 million for the period from January 1, 1998 through December 23, 1998. The increase in revenues that resulted from cable television customer growth was not sufficient to offset the operating expenses related to the acquisition of Sonic.

1997 COMPARED TO 1996

REVENUES. Revenues increased by $4.0 million, or 26.8%, from $14.9 million in 1996 to $18.9 million in 1997. The primary reason for this increase is due to the acquisition of 5 cable systems in 1996 that increased customers by 58.9%.

Revenues of Charter Communications Properties, excluding the activity of any other systems acquired during the periods, increased by $0.7 million, or 8.9%, from $7.9 million in 1996 to $8.6 million in 1997.

OPERATING EXPENSES. Operating expenses increased by $3.3 million, or 55.5%, from $5.9 million in 1996 to $9.2 million in 1997. This increase was primarily due to the acquisitions of the cable systems in 1996 and the loss of $1.4 million on the sale of a cable system in 1997.

GENERAL AND ADMINISTRATIVE EXPENSES. General and administrative expenses increased by $0.4 million, or 16.8%, from $2.2 million in 1996 to $2.6 million in 1997. This increase was primarily due to the acquisitions of the cable systems in 1996.

DEPRECIATION AND AMORTIZATION. Depreciation and amortization expense increased by $1.5 million, or 32.9%, from $4.6 million in 1996 to $6.1 million in 1997. There was a significant increase in amortization resulting from the acquisitions of the cable systems in 1996.

MANAGEMENT FEES/CORPORATE EXPENSE CHARGES. Corporate expense charges increased by $0.2 million, or 26.9%, from $0.4 million in 1996 to $0.6 million in 1997. These fees were 3.0% of revenues in both 1996 and 1997.

INTEREST EXPENSE. Interest expense increased by $0.7 million, or 16.0%, from $4.4 million in 1996 to $5.1 million in 1997. This increase resulted primarily from the indebtedness incurred in connection with the acquisitions of several cable systems in 1996.

NET LOSS. Net loss increased by $1.9 million, or 69.8%, from $2.7 million in 1996 to $4.6 million in 1997. The increase in net loss is primarily related to the $1.4 million loss on the sale of a cable system.

OUTLOOK

Our business strategy emphasizes the increase of our operating cash flow by increasing our customer base and the amount of cash flow per customer. We believe that there are significant advantages in increasing the size and scope of our operations, including:

- improved economies of scale in management, marketing, customer service, billing and other administrative functions;

- reduced costs for our cable systems and our infrastructure in general;

- increased leverage for negotiating programming contracts; and

- increased influence on the evolution of important new technologies affecting our business.

We seek to "cluster" cable systems in suburban and ex-urban areas surrounding selected metropolitan markets. We believe that such "clustering" offers significant opportunities to increase operating efficiencies and to improve operating margins and cash flow by spreading fixed costs over an expanding subscriber base. In addition, we believe that by concentrating "clusters" in markets, we will be able to generate higher growth in revenues and operating cash flow. Through strategic acquisitions and "swaps" of cable systems, we seek to enlarge the coverage of our current areas of operations, and, if feasible, develop "clusters" in new geographic areas within existing regions. Swapping of cable systems allows us to trade systems that do not coincide with our operating strategy while gaining systems that meet our objectives. Several significant swaps have been announced. These swaps have demonstrated the industry's trend to cluster operations. To date, Charter Holdings has participated in one swap in connection with the transaction with InterMedia. We are currently negotiating other possible swap transactions.

LIQUIDITY AND CAPITAL RESOURCES

Our business requires significant cash to fund acquisitions, capital expenditures, debt service costs and ongoing operations. We have historically funded and expect to fund future liquidity and capital requirements through cash flows from operations, equity contributions, borrowings under our credit facilities and debt and equity financings.

Our historical cash flows from operating activities for 1998 were $30.2 million, and for the six months ended June 30, 1999 were $145.8 million. Pro forma for our recent and pending acquisitions and the merger of Marcus Holdings with Charter Holdings, our cash flows from operating activities for 1998 were $725.2 million, and for the six months ended June 30, 1999 were $451.1 million.

CAPITAL EXPENDITURES

We have substantial ongoing capital expenditure requirements. We make capital expenditures primarily to upgrade, rebuild and expand our cable systems, as well as for system maintenance, the development of new products and services, and converters. Converters are set-top devices added in front of a subscriber's television receiver to change the frequency of the cable television signals to a suitable channel. The television receiver is then able to tune and to allow access to premium service.

Upgrading our cable systems will enable us to offer new products and services, including digital television, additional channels and tiers, expanded pay-per-view options, high-speed Internet access and interactive services.

For the period from January 1, 2000 to December 31, 2002, we plan to spend approximately $5.5 billion for capital expenditures, approximately $2.9 billion of which will be used to upgrade and rebuild our systems to bandwidth capacity of 550 megahertz or greater and add two-way capability, so that we may offer advanced services. The remaining $2.6 billion will be used for extensions of systems, development of new products and services, converters and system maintenance. Capital expenditures for 2000, 2001 and 2002 are expected to be approximately $1.5 billion, $2.0 billion and $2.0 billion, respectively. We currently expect to finance approximately 80% of the anticipated capital expenditures with cash generated from operations and approximately 20% with additional borrowings under credit facilities. We cannot assure you that these amounts will be sufficient to accomplish our planned system upgrade, expansion and maintenance. See "Risk Factors -- We may not be able to obtain capital sufficient to fund our planned upgrades and other capital expenditures". This could adversely affect our ability to offer new products and services and compete effectively, and could adversely affect our growth, financial condition and results of operations.

Capital expenditures for the third and fourth quarters of 1999 are expected to be approximately $785 million and will be funded from cash flows from operations and credit facilities borrowings. For the six months ended June 30, 1999, we made capital expenditures, excluding the acquisition of cable systems, of $206 million. The majority of the capital expenditures related to rebuilding existing cable systems.

FINANCING ACTIVITIES

As of June 30, 1999, pro forma for the pending acquisitions and acquisitions completed since that date, our total debt was approximately $13.1 billion. Our significant amount of debt may adversely affect our ability to obtain financing in the future and react to changes in our business. Our debt and credit facilities contain and the credit facilities that we expect to enter into and debt that we expect to assume in connection with the pending acquisitions will contain, various financial and operating covenants that could adversely impact our ability to operate our business, including restrictions on the ability of operating subsidiaries to distribute cash to their parents. See "-- Certain Trends and Uncertainties -- Restrictive Covenants" and "Description of Certain Indebtedness", for further information and a more detailed description of our debt and the debt that we will assume or refinance in connection with our pending acquisitions.

CHARTER HOLDINGS NOTES. On March 17, 1999, Charter Holdings issued $3.6 billion principal amount of senior notes. The net proceeds of approximately $2.99 billion, combined with the borrowings under our credit facilities, were used to consummate tender offers for publicly held debt of several of our subsidiaries, as described below, refinance borrowings under our previous credit facilities and for working capital purposes and to finance a number of recent acquisitions.

Semi-annual interest payments with respect to the 8.250% notes and the 8.625% notes will be approximately $89.4 million, commencing on October 1, 1999. No interest on the 9.920% notes will be payable prior to April 1, 2004. Thereafter, semi-annual interest payments on the three series of senior notes will be approximately $162.6 million in the aggregate, commencing on October 1, 2004. Charter Holdings and its wholly owned subsidiary, Charter Communications Capital Corporation, recently completed an offer to exchange the senior notes they issued in March 1999 for senior notes with substantially similar terms, except that the new notes are registered and are not subject to restrictions on transfer. With the exception of $120,000 principal amount of the 8.625% notes, all of the Charter Holdings notes were exchanged for new notes. As of June 30, 1999, $2.1 billion was outstanding under the 8.250% and 8.625% notes, and the accreted value of the 9.920% notes was $931.6 million.

Concurrently with the issuance of the Charter Holdings notes, we refinanced substantially all of our previous credit facilities and Marcus Cable Operating Company, L.L.C.'s credit facilities with new credit facilities entered into by Charter Operating. In February and March 1999, we commenced cash tender offers to purchase the 14% senior discount notes issued by Charter Communications Southeast Holdings, LLC, the 11.25% senior notes issued by Charter Communications Southeast, LLC, the 13.50% senior subordinated discount notes issued by Marcus Cable Operating Company, L.L.C., and the 14.25% senior discount notes issued by Marcus Cable. All notes, except for $1.1 million in principal amount, were paid off for an aggregate amount of $1.0 billion.

CHARTER OPERATING CREDIT FACILITIES. Charter Operating's credit facilities provide for two term facilities, one with a principal amount of $1.0 billion that matures September 2008 (Term A), and the other with the principal amount of $1.85 billion that matures on March 2009 (Term B). Our credit facilities also provide for a $1.25 billion revolving credit facility with a maturity date of September 2008. As of June 30, 1999, approximately $2.025 billion was outstanding and $2.075 billion was available for borrowing under Charter Operating's credit facilities. In addition, an uncommitted incremental term facility of up to $500 million with terms similar to the terms of Charter Operating's credit facilities is permitted under these credit facilities, but will be conditioned on receipt of additional new commitments from existing and new lenders.

Amounts under Charter Operating's credit facilities bear interest at a base rate or a eurodollar rate, plus a margin up to 2.75%. A quarterly commitment fee of between 0.25% and 0.375% per annum is payable on the unborrowed balance of Term A and the revolving credit facility. The weighted average interest rate for outstanding debt on June 30, 1999 was 7.4%. Furthermore, Charter Operating has entered into interest rate protection agreements to reduce the impact of changes in interest rates on our debt outstanding under its credit facilities. See "-- Interest Rate Risk".

RENAISSANCE NOTES. We acquired Renaissance in April 1999. The Renaissance 10% senior discount notes due 2008 had a $163.2 million principal amount at maturity outstanding and $100.0 million accreted value upon issuance. The Renaissance notes do not require the payment of interest until April 15, 2003. From and after April 15, 2003, the Renaissance notes bear interest, payable semi-annually in cash, on each April 15 and October 15, commencing October 15, 2003. The Renaissance notes are due on April 15, 2008. Due to the change of control of Renaissance, an offer to purchase the Renaissance notes was made at 101% of their accreted value, plus accrued and unpaid interest, on June 28, 1999. Of the $163.2 million face amount of Renaissance notes outstanding, $48.8 million were repurchased. As of June 30, 1999, the accreted value of the Renaissance notes was approximately $82.6 million.

HELICON NOTES. We acquired Helicon in July 1999. As of June 30, 1999, Helicon had outstanding $115.0 million in principal amount of 11% senior secured notes due 2003. As a result of the acquisition, we are required under the change of control covenant contained in the indenture for these notes to make an offer to purchase these notes at a price equal to 101% of their principal amount plus accrued interest. On September 30, 1999, The Helicon Group, L.P. and Helicon Capital Corp., co-issuers of the Helicon notes, delivered a notice to holders of the Helicon notes providing for the redemption of the notes on November 1, 1999 at a redemption price of 103% of the total principal amount, plus accrued and unpaid interest to the date of redemption. The total redemption price to be paid for the Helicon notes is $124.8 million. We plan to use availability under Charter Operating's credit facilities to repurchase the Helicon notes.

RIFKIN NOTES. We acquired Rifkin in September 1999. As of June 30, 1999, Rifkin had outstanding $125.0 million in principal amount of 11 1/8% senior subordinated notes due 2006. Interest on the Rifkin subordinated notes is payable semi-annually on January 15 and July 15 of each year. Our acquisition of Rifkin triggered change of control provisions under the Rifkin notes that required us to offer to repurchase these notes at a purchase price equal to 101% of their principal amount, plus accrued interest. We have made an offer to repurchase the notes, which expires on October 18, 1999, unless extended. In connection with this offer, we have solicited consents to amend the related indenture and have offered to pay any note holder who consents and tenders on or prior to October 1, 1999, an additional $30 per $1,000 principal amount of notes tendered. Because $123.1 million principal amount of the Rifkin notes were tendered on or prior to October 1, 1999, the holders of these notes will be entitled to an aggregate amount of $3.7 million in consent payments. We plan to use availability under Charter Operating's credit facilities to repurchase these notes.

FALCON NOTES. Falcon has outstanding publicly held debt comprised of 8.375% senior debentures due 2010 and 9.285% senior discount debentures due 2010, as well as 11.56% subordinated notes due 2001. As of June 30, 1999, $375.0 million total principal amount of senior debentures and approximately $15.0 million principal amount of subordinated notes were outstanding and the accreted value of the Falcon senior discount debentures was approximately $308.7 million. Interest on the Falcon senior debentures is payable semi-annually on April 15 and October 15 of each year. No interest on the Falcon senior discount debentures will be payable prior to April 15, 2003. From and after April 15, 2003, the issuers of the senior discount debentures may elect to commence accrual of cash interest payment on any date, and the interest will be payable semi-annually in cash on each April 15 and October 15 thereafter. Interest on the subordinated notes is payable semi-annually on March 31 and September 30 of each year. Our acquisition of Falcon will trigger change of control provisions under the Falcon debentures that will require us to make offers to repurchase these notes at prices equal to 101% of the outstanding principal amounts, plus accrued interest. In addition, our acquisition of Falcon will constitute an event of default under the terms of the Falcon subordinated notes and will give rise, if written notice is given by holders of a majority in outstanding principal amount, to an obligation to repay all outstanding principal and accrued interest on the Falcon subordinated notes, plus a specified premium.

We intend to finance required repayments of Falcon debentures and notes with additional debt financing that has not yet been arranged. We have obtained a commitment from Goldman Sachs Credit Partners L.P. to provide to Falcon bridge loans of up to $750 million to finance these repayments until this additional debt financing can be arranged or if this additional debt financing is unavailable. For a description of this bridge loan facility, see "Description of Certain Indebtedness".

FALCON CREDIT FACILITIES. In connection with the Falcon acquisition, we have amended and restated, effective upon the closing of the acquisition, the existing Falcon credit facilities providing for available borrowing capacity of $1.5 billion. As of June 30, 1999, $967.0 million was outstanding and $533.0 million was available for borrowing under these credit facilities. We are also trying to raise additional commitments for a supplemental revolving credit facility in the maximum amount of $350 million.

AVALON NOTES. Avalon has 11 7/8% senior discount notes due 2008 and 9 3/8% senior subordinated notes due 2008. As of June 30, 1999, the accreted value of the Avalon

11 7/8% senior discount notes was $118.1 and $150.0 million in total principal 9 3/8% senior subordinated notes remained outstanding. Before December 1, 2003, there will be no payments of cash interest on the 11 7/8% senior discount notes. After December 1, 2003, cash interest on the 11 7/8% senior discount notes will be payable semi-annually on June 1 and December 1 of each year, commencing June 1, 2004. Interest on the 9 3/8% senior subordinated notes is payable semi-annually on June 1 and December 1 of each year. Our acquisition of Avalon will trigger change of control provisions under the Avalon notes that will require us to make an offer to repurchase them at a price equal to 101% of the outstanding principal amounts, plus accrued interest.

AVALON CREDIT FACILITIES. Avalon has credit facilities providing for borrowings of up to approximately $345.0 million. As of June 30, 1999, approximately $177.4 million was outstanding and $167.6 million was available for borrowing under these credit facilities. Because our acquisition of Avalon will trigger the change of control provisions under the Avalon credit facilities and the debt outstanding may become due and payable, we intend to amend or refinance the Avalon credit facilities. If we are not able to amend these credit facilities or arrange for their refinancing, we will be required to repay the Avalon credit facilities.

BRESNAN NOTES. Bresnan has 8% senior notes due 2009 and 9 1/4% senior discount notes due 2009. As of June 30, 1999, $170.0 million in total principal 8% Bresnan senior notes was outstanding and the accreted value of the Bresnan 9 1/4% senior discount notes was $181.8 million. Interest on the 8% senior notes is payable semi-annually on February 1 and August 1 of each year. On and after August 1, 2004, interest on the 9 1/4% senior discount notes will be payable semi-annually in cash on February 1 and August 1 of each year. Our acquisition of Bresnan will trigger change of control provisions under the Bresnan notes that will require us to make an offer to repurchase these notes at a price equal to 101% of the outstanding principal amounts plus accrued interest.

BRESNAN CREDIT FACILITIES. Bresnan has credit facilities providing for borrowings of up to $650.0 million. As of June 30, 1999, $500.0 million was outstanding and $150.0 million was available for borrowing under these credit facilities. Because our acquisition of Bresnan will trigger change of control and other provisions under the Bresnan credit facilities, we intend to amend or refinance these credit facilities. If we cannot amend these facilities or arrange for their refinancing, we will be required to repay the facilities.

FANCH CREDIT FACILITIES. We are not assuming debt in connection with the Fanch acquisition. We have received commitments from a group of lenders for credit facilities for Fanch providing for borrowings of up to $1.2 billion, of which we expect to use $0.9 billion to fund a portion of the purchase price. The closing of these facilities is expected to occur concurrently with the closing of the Fanch acquisition.

As of June 30, 1999, pro forma for the pending acquisitions and acquisitions completed since that date, our total debt was approximately $13.1 billion. Our significant amount of debt may adversely affect our ability to obtain financing in the future and react to changes in our business. Our debt and credit facilities contain and the credit facilities that we expect to enter into and debt that we expect to assume in connection with the pending acquisitions will contain, various financial and operating covenants that could adversely impact our ability to operate our business, including restrictions on the ability of operating subsidiaries to distribute cash to their parents. See "-- Certain Trends and Uncertainties -- Restrictive Covenants" and "Description of Certain Indebtedness", for further information and a more detailed description of our debt and the debt that we will assume or refinance in connection with our pending acquisitions.

ACQUISITIONS

In the second, third and fourth quarters of 1999, we acquired the Renaissance, American Cable, Greater Media, Helicon, Vista, Cable Satellite, Rifkin and InterMedia cable systems. The total purchase price for these acquisitions was $4.3 billion, including $351 million of assumed debt. We financed the cash portion of the purchase prices for these acquisitions through excess cash from the issuance of the Charter Operating senior notes, borrowings under our credit facilities, capital contributions by Mr. Allen through Vulcan Cable III Inc., and, in the case of InterMedia, through a swap of cable systems valued at $331.8 million and a commitment to transfer additional cable systems valued at $88.2 million.

We have agreed to purchase the Avalon, Fanch, Falcon and Bresnan cable systems. The total purchase price for these acquisitions is $9.9 billion. This amount includes debt of $3.0 billion, as of June 30, 1999. The debt consists of $1.3 billion aggregate principal amount of notes and debentures and $1.7 billion of credit facility borrowings that are subject to change of control provisions which will be triggered by these pending acquisitions. We intend to finance these acquisitions and required debt repayments, in part, with the proceeds of the offering, Mr. Allen's equity contributions through Vulcan Cable III Inc. to Charter Communications Holding Company, borrowings under committed credit facilities at Fanch and Falcon, and the issuance to certain Falcon and Bresnan sellers of between $1.425 and $1.55 billion in membership units of Charter Communications Holding Company.

In August 1999, Vulcan Cable III Inc. contributed to Charter Communications Holding Company $500 million in cash and, in September 1999, an additional $825 million, of which approximately $644.3 million was in cash and approximately $180.7 million was in the form of equity interests acquired by Vulcan Cable III Inc. in connection with the Rifkin acquisition. In addition, Mr. Allen has agreed to make a $750 million equity investment in Charter Communications Holding Company at the closing of the offering for membership units at the initial public offering price less the underwriting discount. We plan to fund required repurchases of the approximately $0.7 billion of outstanding Falcon debentures and notes that are put to us with the committed Falcon bridge loan facility, or other debt financing if available.

Available and committed sources will not be sufficient to consummate all of our pending acquisitions, and we will require additional financing. We will need to raise an additional $0.7 billion prior to the closing of the Bresnan acquisition to fund a portion of the purchase price for this acquisition. Although we intend to raise these funds by issuing debt or equity securities of Charter Communications, Inc. or Charter

Communications Holding Company, this financing has not been arranged. The amount of funds that we need to raise may increase to $2.2 billion, representing this $0.7 billion shortfall and $1.1 billion of uncommitted credit facilities for Avalon and Bresnan that we anticipate arranging by the closing of these acquisitions and, if they are put to us, $0.3 billion of Avalon notes. We assume that payments for the approximate $0.4 billion of outstanding Bresnan notes which we assume will be put to us by the holders of the Bresnan notes and will be funded from the $1.1 billion of uncommitted credit facilities.

Additionally, if we become obligated to repurchase Rifkin, Falcon, Bresnan and Helicon sellers' equity interests as a result of possible violations of Section 5 of the Securities Act in connection with the issuances of these equity interests, the expected $0.7 billion shortfall would increase to $3.7 billion. The shortfall would increase further to $3.8 billion if we were required to pay to InterMedia $0.1 billion in cash if we do not obtain timely regulatory approvals for our transfer to InterMedia of an Indiana cable system.

We do not currently have sufficient available or committed funds to satisfy the $0.7 billion shortfall or any of these other potential obligations. If we are unable to arrange additional financing, we would be unable to close the Bresnan acquisition and could be in default under one or more other obligations. If we fail to close the Bresnan acquisition or are so in default, legal proceedings could be initiated against us, including under bankruptcy and reorganization laws, for damages suffered as a result of any such non-performance. Any such action could trigger defaults under our other obligations, including our credit facilities and other debt instruments.

For a description of our recently completed and pending acquisitions, see "Business -- Acquisitions".

The following table sets forth the anticipated sources and uses of funds as of the anticipated closing dates for our pending acquisitions and acquisitions closed since June 30, 1999 based on the following assumptions (in millions):

(1) Mr. Allen, through Vulcan Cable III Inc., had made a total equity contribution of $1.325 billion to Charter Communications Holding Company in exchange for membership units;

(2) Mr. Allen, through Vulcan Cable III Inc., had purchased membership units from Charter Communications Holding Company for $750 million;

(3) the initial public offering price per share is $18.00, which is the mid-point of the range appearing on the cover of the cover of this prospectus;

(4) all of the Helicon and Rifkin notes had been purchased through tender offers;

(5) the credit facilities at Avalon and Bresnan that we are assuming had remained in place on terms similar to the existing credit facilities, and we had arranged new credit facilities at Fanch for which we have received commitments;

(6) the Avalon notes had not been put to us as permitted by the indentures pursuant to change of control provisions;

(7) all of the Falcon and Bresnan notes and debentures had been put to us as permitted by the respective indentures pursuant to change of control provisions;

(8) $425 million of Falcon's purchase price had been paid in the form of membership units in Charter Communications Holding Company. Up to $550 million of the purchase price may, at the option of specified Falcon sellers, be paid in the form of membership units; and

(9) pending acquisitions had been funded with additional debt that is not arranged at this time.

SOURCES:		
Borrowings under Charter Operating's credit facilities		$ 1,579
Publicly held debt (anticipated principal amount and accreted value at closing of acquisitions):		
9.375% senior subordinated notes -- Avalon	$ 150	
11.875% senior discount notes -- Avalon	123	273
Anticipated borrowings under acquired companies' refinanced or new credit facilities at closing of acquisitions:		
Falcon	1,011	
Avalon	169	
Bresnan	998	
Fanch	875	3,053
Gross proceeds from offering		3,060
Anticipated financing to be arranged by Charter Holdings in connection with the Bresnan acquisition		734
Falcon bridge loan facility		712
Helicon preferred limited liability company interest		25
Funded and expected equity contributions:		
Rifkin preferred equity	133	
Falcon equity	425	
Bresnan equity	1,000	
Mr. Allen equity	1,325	
Mr. Allen committed equity	750	3,633
		$13,069

USES:	
Payments for pending acquisitions and acquisitions closed since June 30, 1999:	
Helicon	$ 550
Vista and Cable Satellite	148
Rifkin	1,460
InterMedia	904
Avalon (less escrow deposit of $50)	795
Fanch	2,400
Falcon	3,550
Bresnan	3,100
Underwriting discounts and estimated offering expenses	162

$13,069
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CERTAIN TRENDS AND UNCERTAINTIES

The following discussion highlights a number of trends and uncertainties, in addition to those discussed elsewhere in this prospectus, including in "Risk Factors" and "Business", that could materially impact our business, results of operations and financial condition.

SUBSTANTIAL LEVERAGE. As of June 30, 1999, pro forma for our pending acquisitions and recent acquisitions completed since that date, our total debt was approximately $13.1 billion and our total stockholders' equity was approximately $2.8 billion. We anticipate incurring substantial additional debt in the future to fund the expansion, maintenance and the upgrade of our systems.

Our ability to make payments on our debt and to fund our planned capital expenditures for upgrading our cable systems, our pending acquisitions and our ongoing operations will depend on our ability to generate cash and secure financing in the future. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. There can be no assurance that our business will generate sufficient cash flow from operations, or that future borrowings will be available to us under our existing credit facilities, new facilities or from other sources of financing in an amount sufficient to enable us to repay our debt, to grow our business or to fund our other liquidity and capital needs.

VARIABLE INTEREST RATES. A significant portion of our debt bears interest at variable rates that are linked to short-term interest rates. In addition, a significant portion of our assumed debt or debt we expect to arrange in connection with our pending acquisitions will bear interest at variable rates. If interest rates rise, our costs relative to those obligations will also rise. See later discussion on "Interest Rate Risk".

RESTRICTIVE COVENANTS. Our debt and credit facilities contain and the facilities that we expect to enter into and debt that we expect to assume in connection with the pending acquisitions will contain a number of significant covenants that, among other things, restrict the ability of our subsidiaries to:

- pay dividends;
- pledge assets;
- dispose of assets or merge;
- incur additional debt;
- issue equity;
- repurchase or redeem equity interests and debt;
- create liens; and
- make certain investments or acquisitions.

In addition, each of the credit facilities requires the particular borrower to maintain specified financial ratios and meet financial tests. The ability to comply with these provisions may be affected by events beyond our control. The breach of any of these covenants will result in a default under the applicable debt agreement or instrument, which could trigger acceleration of the debt. Any default under our credit facilities or the indentures governing outstanding debt securities may adversely affect our growth, our financial condition and Charter Operating's results of operations.

IMPORTANCE OF GROWTH STRATEGY AND RELATED RISKS. We expect that a substantial portion of any of our future growth will be achieved through revenues from additional services and the acquisition of additional cable systems. We cannot assure you that we will be able to offer new services successfully to our customers or that those new services will generate revenues. In addition, the acquisition of additional cable systems may not have a positive net impact on our operating results. Acquisitions involve a number of special risks, including diversion of management's attention, failure to retain key acquired personnel, risks associated with unanticipated events or liabilities and difficulties in assimilation of the operations of the acquired companies, some or all of which could have a material adverse effect on our business, results of operations and financial condition. If we are unable to grow our cash flow sufficiently, we may be unable to fulfill our obligations or obtain alternative financing.

MANAGEMENT OF GROWTH. As a result of the acquisition of the Charter companies by Paul G. Allen, our merger with Marcus Holdings and our recent and pending acquisitions, we have experienced and will continue to experience rapid growth that has placed and is expected to continue to place a significant strain on our management, operations and other resources. Our future success will depend in part on our ability to successfully integrate the operations acquired and to be acquired and to attract and retain qualified personnel. Historically, acquired entities have had minimal employee benefit related costs and all benefit plans have been terminated with acquired employees transferring to our 401(k) plan. No significant severance cost is expected in conjunction with the recent and pending acquisitions. The failure to retain or obtain needed personnel or to implement management, operating or financial systems necessary to successfully integrate acquired operations or otherwise manage growth when and as needed could have a material adverse effect on our business, results of operations and financial condition.

In connection with our pending acquisitions, we have formed multi-disciplinary teams to formulate plans for establishing customer service centers, identifying property, plant and equipment requirements and possible reduction of headends. Headends are the control centers of a cable television system, where incoming signals are amplified, converted, processed and combined for transmission to customers. These teams also determine market position and how to attract "talented" personnel. Our goals include rapid transition in achieving performance objectives and implementing "best practice" procedures.

REGULATION AND LEGISLATION. Cable systems are extensively regulated at the federal, state, and local level. These regulations have increased the administrative and operational expenses of cable television systems and affected the development of cable competition. Rate regulation of cable systems has been in place since passage of the Cable Television Consumer Protection and Competition Act of 1992, although the scope of this regulation recently was sharply contracted. Since March 31, 1999, rate regulation exists only with respect to the lowest level of basic cable service and associated equipment. Basic cable service is the service that cable customers receive for a threshold fee. This service usually includes local television stations, some distant signals and perhaps one or more non-broadcast services. This change affords cable operators much greater pricing flexibility, although Congress could revisit this issue if confronted with substantial rate increases.

Cable operators also face significant regulation of their channel capacity. They currently can be required to devote substantial capacity to the carriage of programming that they would not carry voluntarily, including certain local broadcast signals, local public, educational and government access users, and unaffiliated commercial leased access programmers. This carriage burden could increase in the future, particularly if the Federal Communications Commission were to require cable systems to carry both the analog and digital versions of local broadcast signals or if it were to allow unaffiliated Internet service providers seeking direct cable access to invoke commercial leased access rights originally devised for video programmers. The Federal Communications Commission is currently conducting proceedings in which it is considering both of these channel usage possibilities.

There is also uncertainty whether local franchising authorities, the Federal Communications Commission, or the U.S. Congress will impose obligations on cable operators to provide unaffiliated Internet service providers with access to cable plant on non-discriminatory terms. If they were to do so, and the obligations were found to be lawful, it could complicate our operations in general, and our Internet operations in particular, from a technical and marketing standpoint. These access obligations could adversely impact our profitability and discourage system upgrades and the introduction of new products and services.

POSSIBLE SECTION 5 AND CONTRACTUAL REPURCHASE OBLIGATIONS. The Rifkin sellers who acquired preferred membership units in connection with the Rifkin acquisition, the Falcon and Bresnan sellers who will acquire membership units in the Falcon and Bresnan acquisitions and the Helicon sellers who are acquiring Class A common stock in the directed share program may have rescission rights against Charter Communications, Inc. and/or Charter Communications Holding Company arising out of possible violations of Section 5 of the Securities Act of 1933 in connection with the offers and sales of these equity interests. Rifkin sellers who hold preferred membership units also have the right to cause Charter Communications Holding Company to redeem these securities. If all of these sellers successfully exercised their possible rescission and repurchase rights, we would be required to repurchase these equity securities for up to $1.6 billion. If we failed to satisfy these obligations, these sellers could initiate legal proceedings against us, including under bankruptcy and reorganization laws, for damages suffered by them as a result of our non-performance. Any such failure could trigger defaults under our other obligations, including our credit facilities and other debt instruments.

INTEREST RATE RISK

The use of interest rate risk management instruments, such as interest rate exchange agreements, interest rate cap agreements and interest rate collar agreements, is required under the terms of our credit facilities. Our policy is to manage interest costs using a mix of fixed and variable rate debt. Using interest rate swap agreements, we agree to exchange, at specified intervals, the difference between fixed and variable interest amounts calculated by reference to an agreed-upon notional principal amount. Interest rate cap agreements are used to lock in a maximum interest rate should variable rates rise, but enable us to otherwise pay lower market rates. Collars limit our exposure to and benefits from interest rate fluctuations on variable rate debt to within a certain range of rates.

The table set forth below summarizes the fair values and contract terms of financial instruments subject to interest rate risk maintained by us as of December 31, 1998 (dollars in thousands):

	EXPECTED MATURITY DATE							FAIR VALUE AT DECEMBER 31,
	1999	2000	2001	2002	2003	THEREAFTER	TOTAL	1998
DEBT								
Fixed Rate	--	--	--	--	--	$ 271,799	$ 271,799	$ 271,799
Average Interest Rate	--	--	--	--	--	13.5%	13.5%	
Variable Rate	$ 10,450	$ 21,495	$ 42,700	$113,588	$157,250	$1,381,038	$1,726,521	$1,726,521
Average Interest Rate	6.0%	6.1%	6.3%	6.5%	7.2%	7.6%	7.2%	
INTEREST RATE INSTRUMENTS								
Variable to Fixed Swaps	$130,000	$255,000	$180,000	$320,000	$370,000	$ 250,000	$1,505,000	$ (28,977)
Average Pay Rate	4.9%	6.0%	5.8%	5.5%	5.6%	5.6%	5.6%	
Average Receive Rate	5.0%	5.0%	5.2%	5.2%	5.4%	5.4%	5.2%	
Caps	$ 15,000	--	--	--	--	--	$ 15,000	--
Average Cap Rate	8.5%	--	--	--	--	--	8.5%	
Collar	--	$195,000	$ 85,000	$ 30,000	--	--	$ 310,000	$ (4,174)
Average Cap Rate	--	7.0%	6.5%	6.5%	--	--	6.8%	
Average Floor Rate	--	5.0%	5.1%	5.2%	--	--	5.0%	

The notional amounts of interest rate instruments, as presented in the above table, are used to measure interest to be paid or received and do not represent the amount of exposure to credit loss. The estimated fair value approximates the proceeds (costs) to settle the outstanding contracts. Interest rates on variable debt are estimated using the average implied forward London Interbank Offering Rate (LIBOR) rates for the year of maturity based on the yield curve in effect at December 31, 1998. While swaps, caps and collars represent an integral part of our interest rate risk management program, their incremental effect on interest expense for the years ended December 31, 1998, 1997, and 1996 was not significant.

In March 1999, substantially all existing long-term debt, excluding borrowings of our previous credit facilities, was extinguished, and all previous credit facilities were refinanced with the credit facilities. The following table sets forth the fair values and contract terms of the long-term debt maintained by us as of June 30, 1999 (dollars in thousands):

	EXPECTED MATURITY DATE							FAIR VALUE AT JUNE 30, 1999
	1999	2000	2001	2002	2003	THEREAFTER	TOTAL	
DEBT								
Fixed Rate.........................	--	--	--	--	--	$3,109,310	$3,109,310	$3,010,000
Average Interest Rate............	--	--	--	--	--	9.0%	9.0%	
Variable Rate......................	--	--	--	$25,313	$39,375	$1,960,312	$2,025,000	$2,025,000
Average Interest Rate............	--	--	--	6.5%	6.5%	6.8%	6.8%	

Interest rates on variable debt are estimated using the average implied forward LIBOR rates for the year of maturity based on the yield curve in effect at June 30, 1999.

We expect that the terms of the debt that we assume or expect to arrange in connection with the pending acquisitions, primarily our expected new credit facilities, will require us to use interest rate management instruments to partially hedge our exposure to variable interest rates. We expect to use interest rate exchange agreements, interest rate cap agreements and interest rate collar agreements similar to those we currently use.

YEAR 2000 ISSUES

GENERAL. Many existing computer systems and applications, and other control devices and embedded computer chips use only two digits, rather than four, to identify a year in the date field, failing to consider the impact of the upcoming change in the century. Computer chips are the physical structure upon which integrated circuits are fabricated as components of systems, such as telephone systems, computers and memory systems. As a result, such systems, applications, devices, and chips could create erroneous results or might fail altogether unless corrected to properly interpret data related to the year 2000 and beyond. These errors and failures may result, not only from a date recognition problem in the particular part of a system failing, but may also result as systems, applications, devices and chips receive erroneous or improper data from third-parties suffering from the year 2000 problem. In addition, two interacting systems, applications, devices or chips, each of which has individually been fixed so that it will properly handle the year 2000 problem, could nonetheless result in a failure because their method of dealing with the problem is not compatible.

These problems are expected to increase in frequency and severity as the year 2000 approaches. This issue impacts our owned or licensed computer systems and equipment used in connection with internal operations, including:

- information processing and financial reporting systems;

- customer billing systems;

- customer service systems;

- telecommunication transmission and reception systems; and

- facility systems.

THIRD PARTIES. We also rely directly and indirectly, in the regular course of business, on the proper operation and compatibility of third party systems. The year 2000 problem could cause these systems to fail, err, or become incompatible with our systems.

If we or a significant third party on which we rely fails to become year 2000 ready, or if the year 2000 problem causes our systems to become internally incompatible or incompatible with such third party systems, our business could suffer from material disruptions, including the inability to process transactions, send invoices, accept customer orders or provide customers with our cable services. We could also face similar disruptions if the year 2000 problem causes general widespread problems or an economic crisis. We cannot now estimate the extent of these potential disruptions.

STATE OF READINESS. We are addressing the year 2000 problem with respect to our internal operations in three stages:

(1) conducting an inventory and evaluation of our systems, components, and other significant infrastructure to identify those elements that we reasonably believe could be expected to be affected by the year 2000 problems. This initiative has been completed;

(2) remediating or replacing equipment that, based upon such inventory and evaluation, we believe may fail to operate properly in the year 2000. This stage is substantially complete, and we plan to be finished with the remediation by November 5, 1999; and

(3) testing of the remediation and replacement conducted in stage two. This stage is substantially complete, and we plan to complete all testing by November 5, 1999.

Much of our assessment efforts in stage one have involved, and depend on, inquiries to third party service providers, suppliers and vendors of various parts or components of our systems. We have obtained certifications from third party service providers, suppliers and vendors as to the readiness of mission critical elements and we are in the process of obtaining certifications of readiness as to non-mission critical elements. Certain of these third parties that have certified the readiness of their products will not certify their interoperability within our fully integrated systems. We cannot assure you that these technologies of third parties, on which we rely, will be year 2000 ready or timely converted into year 2000 compliant systems compatible with our systems. Moreover, because a full test of our systems, on an integrated basis, would require a complete shut down of our operations, it is not practicable to conduct such testing. However, we have utilized a third party, in cooperation with other cable operators, to test a "mock-up" of our major billing and plant components, including pay-per-view systems, as an integrated system. We are utilizing another third party to also conduct comprehensive testing on our advertising related scheduling and billing systems. In addition, we have evaluated the potential impact of third party failure and integration failure on our systems in developing our contingency plans.

RISKS AND REASONABLY LIKELY WORST CASE SCENARIOS. The failure to correct a material year 2000 problem could result in system failures leading to a disruption in, or failure of certain normal business activities or operations, for example, a failure of our major billing systems and plant components such as our pay-per-view systems. Such failures could materially and adversely affect our results of operations, liquidity and financial condition. Due to the general uncertainty inherent in the year 2000 problem, resulting in part from the uncertainty of the year 2000 readiness of third-party suppliers and customers, we are unable to determine at this time whether the consequences of year 2000 failures will have a material impact on our results of operations, liquidity or financial condition. However, the year 2000 taskforce has significantly reduced our level of uncertainty about the year 2000 problem and, in particular, about the year 2000 compliance and readiness of our material vendors.

We are in the process of acquiring certain cable televisions systems, and have negotiated certain contractual rights in the acquisition agreements relating to the year 2000. We have included the acquired cable television systems in our year 2000 taskforce's plan. We are monitoring the remediation process for systems we are acquiring to ensure completion of remediation before or as we acquire these systems. We have found that these companies are following a three stage process similar to that outlined above and are on a similar time line. We are not currently aware of any likely material system failures relating to the year 2000 affecting the acquired systems.

CONTINGENCY AND BUSINESS CONTINUATION PLAN. The year 2000 plan calls for suitable contingency planning for our at-risk business functions. We normally make contingency plans in order to avoid interrupted service providing video, voice and data products to our customers. Lastly, by mid-October, we plan to distribute detailed guidelines outlining remedial actions for the failure of any component of our systems which is critical to the transport of our signal. This includes a communications plan for informing key personnel across the country in the event of such a failure to accelerate remediation actions throughout the company.

COST. We have incurred $5.6 million in costs to date directly related to addressing the year 2000 problem. We have redeployed internal resources and have selectively engaged outside vendors to meet the goals of our year 2000 program. We currently estimate the total cost of our year 2000 remediation programs, including pending acquisitions, to be approximately $9.8 million.

OPTIONS

In accordance with an employment agreement between Charter Investment, Inc. and Jerald L. Kent, the President and Chief Executive Officer of Charter Investment, Inc. and a related option agreement between Charter Communications Holding Company and Mr. Kent, an option to purchase 3% of the equity value of all cable systems managed by Charter Investment, Inc. on the date of the grant, or 7,044,127 membership units, were issued to Mr. Kent. The option vests over a four-year period from the date of grant and expires ten years from the date of grant.

In February 1999, Charter Holdings adopted an option plan, which was assumed by Charter Communications Holding Company in May 1999, providing for the grant of options to purchase up to 25,009,798 Charter Communications Holding Company membership units. The option plan provides for grants of options to employees and consultants of Charter Communications Holding Company and its affiliates. Options granted will be fully vested after five years from the date of grant. Options not exercised accumulate and are exercisable, in whole or in part, in any subsequent period, but not later than ten years from the date of grant.

Following the closing of the offering, membership units received upon exercise of the options will be automatically exchanged for shares of Class A common stock of Charter Communications, Inc. on a one-for-one basis.

	OPTIONS OUTSTANDING				OPTIONS EXERCISABLE
	NUMBER OF OPTIONS	EXERCISE PRICE	TOTAL DOLLARS	REMAINING CONTRACT LIFE (IN YEARS)	NUMBER OF OPTIONS
Outstanding as of January 1, 1999(1)	7,044,127	$20.00	$140,882,540	9.2	1,761,032
Granted:					
February 9, 1999(2)	9,050,881	20.00	181,017,620		--
April 5, 1999(2)	443,200	20.73	9,187,536		--
Cancelled	(378,400)	$20.00-$20.73	(7,595,886)	--	--
Outstanding as of October 15, 1999	16,159,808	$20.02(3)	$323,491,810	9.3(3)	1,761,032

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(1) Granted to Jerald L. Kent pursuant to his employment agreement and related option agreement.

(2) Granted pursuant to the option plan.

(3) Weighted average.

We follow Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" to account for the option plans. We recorded stock option compensation expense of $845,000 for the year ended December 31, 1998 and $38.2 million for the six months ended June 30, 1999 in the financial statements since the exercise prices are less than the estimated fair values of the underlying membership units on the date of grant. The estimated fair value was determined using the valuation inherent in Mr. Allen's acquisition of Charter and valuations of public companies in the cable television industry adjusted for factors specific to us. Compensation expense is accrued over the vesting period of each grant that varies from four to five years. As of June 30, 1999, deferred compensation remaining to be recognized in future periods totalled $126 million.

ACCOUNTING STANDARD NOT YET IMPLEMENTED

In June 1998, the Financial Accounting Standards Board adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 establishes accounting and reporting standards requiring that every derivative instrument, including certain derivative instruments embedded in other contracts, be recorded in the balance sheet as either an asset or liability measured at its fair value and that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows a derivative's gains and losses to offset related results on the hedged item in the income statement, and requires that a company must formally document, designate and assess the effectiveness of transactions that receive hedge accounting. SFAS No. 137 "Accounting for Derivative Instruments and Hedging Activities -- Deferral of the Effective Date of FASB Statement No. 133 -- An Amendment of FASB No. 133" has delayed the effective date of SFAS No. 133 to fiscal years beginning after June 15, 2000. We have not yet quantified the impacts of adopting SFAS No. 133 on our consolidated financial statements nor have we determined the timing or method of our adoption of SFAS No. 133. However, SFAS No. 133 could increase volatility in earnings (loss).

BUSINESS

OVERVIEW

We are the 4th largest operator of cable television systems in the United States, serving approximately 6.2 million customers, after giving effect to our pending acquisitions. We are currently the 7th largest operator of cable television systems in the United States serving approximately 3.7 million customers as of June 30, 1999.

We offer a full range of traditional cable services. Our service offerings include the following programming packages:

- basic programming;

- expanded basic programming;

- premium service; and

- pay-per-view television programming.

As part of our Wired World vision, we are also beginning to offer an array of new services including:

- digital television;

- interactive video programming; and

- high-speed Internet access.

We are also exploring opportunities in telephony.

These new products and services will take advantage of the significant bandwidth of our cable systems. We are accelerating the upgrade of our cable systems to more quickly provide these products and services.

For the year ended December 31, 1998, pro forma for our merger with Marcus Holdings and the acquisitions we completed during 1998 and 1999, our revenues were approximately $1.7 billion. For the six months ended June 30, 1999, pro forma for our merger with Marcus Holdings and the acquisitions we completed during 1999, our revenues were approximately $910 million. Pro forma for our merger with Marcus Holdings and our recent and pending acquisitions, for the year ended December 31, 1998, our revenues would have been approximately $2.7 billion. Pro forma for our merger with Marcus Holdings and our recent and pending acquisitions, for the six months ended June 30, 1999, our revenues would have been approximately $1.4 billion.

Mr. Allen, the principal owner of our ultimate parent company and one of the computer industry's visionaries, has long believed in a Wired World in which cable technology will facilitate the convergence of television, computers and telecommunications. We believe cable's ability to deliver voice, video and data at high speeds will enable it to serve as the primary platform for the delivery of new services to the home and workplace.

BUSINESS STRATEGY

Our objective is to increase our operating cash flow by increasing our customer base and the amount of cash flow per customer. To achieve this objective, we are pursuing the following strategies:

INTEGRATE AND IMPROVE ACQUIRED CABLE SYSTEMS. We seek to rapidly integrate acquired cable systems and apply our core operating strategies to raise the financial and operating performance of these systems. Our integration process occurs in three stages:

SYSTEM EVALUATION. We conduct an extensive evaluation of each system we acquire. This process begins prior to reaching an agreement to purchase the system and focuses on the system's:

- business plan;
- customer service standards;
- management capabilities; and
- technological capacity and compatibility.

We also evaluate opportunities to consolidate headends and billing and other administrative functions. Based upon this evaluation, we formulate plans for customer service centers, plant upgrades, market positioning, new product and service launches and human resource requirements.

IMPLEMENTATION OF OUR CORE OPERATING STRATEGIES. To achieve Charter's high standards for customer satisfaction and financial and operating performance, we:

- attract and retain high quality local management;
- empower local managers with a high degree of day-to-day operational autonomy;
- set key financial and operating benchmarks for management to meet, such as revenue and cash flow per subscriber, subscriber growth, customer service and technical standards; and
- provide incentives to all employees through grants of cash bonuses and stock options.

ONGOING SUPPORT AND MONITORING. We provide local managers with regional and corporate management guidance, marketing and other support for implementation of their business plans. We monitor performance of our acquired cable systems on a frequent basis to ensure that performance goals can be met.

The turn-around in our Fort Worth system, which our management team began to manage in October 1998, is an example of our success in integrating newly acquired cable systems into our operations. We introduced a customer care team that has worked closely with city governments to improve customer service and local government relations, and each of our customer service representatives attended a training program. We also conducted extensive training programs for our technical and engineering, dispatch, sales and support, and management personnel. We held a series of sales events and service demonstrations to increase customer awareness and enhance our community exposure and reputation. We reduced the new employee hiring process from two to three weeks to three to five days.

OFFER NEW PRODUCTS AND SERVICES. We intend to expand the array of products and services we offer to our customers to implement our Wired World vision. Using digital technology, we plan to offer additional channels on our existing service tiers, create new service tiers, introduce multiple packages of premium services and increase the number of pay-per-view channels. We also plan to add digital music services and interactive program guides which are comprehensive guides to television program listings that can be accessed by network, time, date or genre. In addition, we have begun to roll out advanced services, including interactive video programming and high speed Internet access, and we are currently exploring opportunities in telephony. We have entered into agreements with several providers of high speed Internet and other interactive services, including EarthLink Network, Inc., High Speed Access Corp., WorldGate Communications, Inc., Wink Communications, Inc. and Excite@Home Corporation. We have recently entered into a joint venture with Vulcan Ventures Inc. and Go2Net, Inc. to form Broadband Partners, LLC. The purpose of this joint venture is to deliver high speed Internet portal services to our subscribers.

UPGRADE THE BANDWIDTH CAPACITY OF OUR SYSTEMS. Over the next three years, we plan to spend approximately $2.9 billion from 2000 to 2002 to upgrade to 550 megahertz or greater the bandwidth of our cable systems and the systems we acquire through our pending acquisitions and to add two-way capability. Upgrading to at least 550 megahertz of bandwidth capacity will allow us to:

- offer advanced services, such as digital television, Internet access and other interactive services;

- increase channel capacity up to 82 channels, or even more programming channels if some of our bandwidth is used for digital services; and

- permit two-way communication which will give our customers the ability to send and receive signals over the cable system so that high speed cable services, such as Internet access, will not require a separate telephone line.

As of June 30, 1999, approximately 57% of our customers were served by cable systems with at least 550 megahertz bandwidth capacity, and approximately 34% of our customers had two-way communication capability. By year-end 2003, including all recent and pending acquisitions, we expect that approximately 94% of our customers will be served by cable systems with at least 550 megahertz bandwidth capacity and two-way communication capability.

Our planned upgrades are designed to reduce the number of headends from 1,267 in 1999 to 479 in 2003, including our pending acquisitions. Reducing the number of headends will reduce headend equipment and maintenance expenditures and, together with other upgrades, will provide enhanced picture quality and system reliability. In addition by year-end 2003, including all pending acquisitions, we expect that approximately 95% of our customers will be served by headends serving at least 5,000 customers.

MAXIMIZE CUSTOMER SATISFACTION. To maximize customer satisfaction, we operate our business to provide reliable, high-quality products and services, superior customer service and attractive programming choices at reasonable rates. We have implemented stringent internal customer service standards which we believe meet or exceed those established by the National Cable Television Association, which is the Washington, D.C.-based trade association for the cable television industry. We believe that our customer service efforts have contributed to our superior customer growth, and will strengthen the Charter brand name and increase acceptance of our new products and services.

EMPLOY INNOVATIVE MARKETING. We have developed and successfully implemented a variety of innovative marketing techniques to attract new customers and increase revenue per customer. Our marketing efforts focus on tailoring Charter branded entertainment and information services that provide value, choice, convenience and quality to our customers. We use demographic "cluster codes" to address messages to target audiences through direct mail and telemarketing. Cluster codes identify customers by marketing type such as young professionals, retirees or families. In addition, we promote our services on radio, in local newspapers and by door-to-door selling. In many of our systems, we offer discounts to customers who purchase multiple premium services such as Home Box Office or Showtime. We also have a coordinated strategy for retaining customers that includes televised retention advertising to reinforce the link between quality service and the Charter brand name and to encourage customers to purchase higher service levels. Successful implementation of these marketing techniques has contributed to internal customer growth rates in excess of the cable industry average in each year from 1996 through 1998 for the systems we owned in each of those years. We have begun to implement our marketing programs in all of the systems we have recently acquired.

EMPHASIZE LOCAL MANAGEMENT AUTONOMY WHILE PROVIDING REGIONAL AND CORPORATE SUPPORT AND CENTRALIZED FINANCIAL CONTROLS. Our local cable systems are organized into seven operating regions. A regional management team oversees local system operations in each region. We believe that a strong management presence at the local system level:

- improves our customer service;

- increases our ability to respond to customer needs and programming preferences;

- reduces the need for a large centralized corporate staff;

- fosters good relations with local governmental authorities; and

- strengthens community relations.

Our regional management teams work closely with both local managers and senior management in our corporate office to develop budgets and coordinate marketing, programming, purchasing and engineering activities. Our centralized financial management enables us to set financial and operating benchmarks and monitor performance on an ongoing basis. In order to attract and retain high quality managers at the local and regional operating levels, we provide a high degree of operational autonomy and accountability and cash and equity-based compensation. Charter Communications Holding Company has adopted a plan to distribute to employees and consultants, including members of corporate management and key regional and system-level management personnel, options exercisable for up to 25,009,798 Charter Communications Holding Company membership units.

CONCENTRATE OUR SYSTEMS IN TIGHTER GEOGRAPHICAL CLUSTERS. To improve operating margins and increase operating efficiencies, we regularly seek to improve the geographic clustering of our cable systems by selectively swapping our cable systems for systems of other cable operators or acquiring systems in close proximity to our systems. We believe that by concentrating our systems in clusters, we will be able to generate higher growth in revenues and operating cash flow. Clustering enables us to consolidate headends and spread fixed costs over a larger subscriber base. We are negotiating with several other cable operators whose systems we consider to be potential acquisition or swapping candidates.

ORGANIZATIONAL STRUCTURE

Each of the entities in our organizational structure and how it relates to us is described below. In our discussion of the following entities, we make the same assumptions as described on page 4 with respect to our organizational chart.

CHARTER COMMUNICATIONS, INC. Charter Communications, Inc. is a holding company whose principal asset after completion of the offering will be an approximate 31% equity interest and a 100% voting interest in Charter Communications Holding Company. Charter Communications, Inc.'s only business will be acting as the sole manager of Charter Communications Holding Company and its subsidiaries. As sole manager of Charter Communications Holding Company, Charter Communications, Inc. will control the affairs of Charter Communications Holding Company and its subsidiaries. Immediately following the offering, the holders of the Class A common stock will own more than 99.9% of Charter Communications, Inc.'s outstanding capital stock. However, Mr. Allen, through his ownership of Charter Communications, Inc.'s high vote Class B common stock and his indirect ownership of Charter Communications Holding Company membership units, will control approximately 95% of the voting power of all of Charter Communications, Inc.'s capital stock immediately following the offering. Accordingly, Mr. Allen will be able to elect all of Charter Communications, Inc.'s directors.

VULCAN CABLE III INC. In August 1999, Mr. Allen, through Vulcan Cable III Inc., contributed to Charter Communications Holding Company $500 million in cash and, in September 1999, an additional $825 million, of which approximately $644.3 million was in cash and approximately $180.7 million was in the form of equity interests acquired by Vulcan Cable III Inc. in connection with the Rifkin acquisition, in each case in exchange for membership units at a price per membership unit of $20.73. In addition, Mr. Allen, through Vulcan Cable III Inc., has agreed to make a $750 million equity contribution to Charter Communications Holding Company at the closing of the offering. He will pay a purchase price per membership unit equal to the net initial public offering price per share. Mr. Allen owns 100% of the equity of Vulcan Cable III Inc. Vulcan Cable III Inc. will have a 19.6% equity interest and no voting rights in Charter Communications Holding Company.

CHARTER INVESTMENT, INC. Mr. Allen owns approximately 96.8% of the outstanding stock of Charter Investment, Inc. The remaining equity is owned by our founders, Jerald L. Kent, Barry L. Babcock and Howard L. Wood. Charter Investment, Inc. will have a 39.6% equity interest and no voting rights in Charter Communications Holding Company.

FORMER OWNERS OF FALCON AND BRESNAN. Under the terms of the pending Falcon and Bresnan acquisitions, some of the sellers will receive or have the right to receive a portion of their purchase price in Charter Communications Holding Company common membership units rather than in cash. To the extent they receive common membership units, they will be able to exchange these membership units for shares of Class A common stock. These equity holders as a group will have a 9.7% equity interest and no voting rights in Charter Communications Holding Company. Certain sellers under the Rifkin acquisition have received, at their election, preferred membership units of Charter Communications Holding Company, with an approximate value of $133.3 million.

CHARTER COMMUNICATIONS HOLDING COMPANY, LLC. Charter Communications Holding Company is the indirect owner of all of our cable systems. It is the direct parent of Charter Holdings and will be the owner of the cable systems to be acquired through four pending acquisitions: Avalon, Fanch, Falcon and Bresnan, as described below. Charter Communications Holding Company has an option plan permitting the issuance to employees and consultants of Charter Communications Holding Company and its affiliates of options exercisable for up to 25,009,798 Charter Communications Holding Company membership units of which 9,494,081 have been granted. Membership units received upon exercise of these options will be automatically exchanged for Class A common stock. None of these options will vest prior to April 2000. In addition to options available for grant to our employees under Charter Communications Holding Company's option plan, our chief executive officer has options to purchase 7,044,127 Charter Communications Holding Company membership units. Membership units received upon exercise of these options will be exchangeable for Class A common stock. Of the options granted to our chief executive officer, 25% are immediately exercisable and the remaining 75% will vest in 36 equal monthly installments commencing on January 1, 2000.

CHARTER COMMUNICATIONS HOLDING COMPANY'S PENDING ACQUISITIONS. Charter Communications Holding Company is a party to agreements to acquire cable systems or the companies owning cable systems from the owners of Avalon, Fanch, Falcon and Bresnan.

CHARTER COMMUNICATIONS HOLDINGS, LLC. Charter Holdings is a co-issuer with Charter Communications Holdings Capital Corporation of $3.6 billion in principal amount of notes sold in March 1999. Charter Holdings owns 100% of Charter Operating.

CHARTER COMMUNICATIONS HOLDINGS CAPITAL CORPORATION. Charter Communications Holdings Capital Corporation is a wholly-owned subsidiary of Charter Holdings.

CHARTER COMMUNICATIONS OPERATING, LLC. Charter Operating is a holding company for all of the cable systems currently owned by Charter Holdings. As of June 30, 1999, Charter Operating was the borrower under credit facilities with total availability of $4.1 billion and had total outstanding borrowings of $2.025 billion.

CHARTER OPERATING COMPANIES. These companies consist of the companies that operate all of the cable systems currently owned by Charter Holdings. These include all recent acquisitions, the systems obtained through the merger of Marcus Holdings with Charter Holdings and the cable systems originally managed by Charter Investment, Inc., namely Charter Communications Properties Holdings, LLC, CCA Group and CharterComm Holdings. Historical financial information is presented separately for these companies.

ACQUISITIONS

Our primary criterion in considering acquisition and swapping opportunities is the financial return that we expect to ultimately realize. We consider each acquisition in the context of our overall existing and planned operations, focusing particularly on the impact on our size and scope and the ability to reinforce our clustering strategy, either directly or through future swaps or acquisitions. Other specific factors we consider in acquiring a cable system are:

- demographic profile of the market as well as the number of homes passed and customers within the system;

- per customer revenues and operating cash flow and opportunities to increase these financial benchmarks;

- proximity to our existing cable systems or the potential for developing new clusters of systems;

- the technological state of such system; and

- the level of competition within the local market.

We believe that there are significant advantages in increasing the size and scope of our operations, including:

- improved economies of scale in management, marketing, customer service, billing and other administrative functions;

- reduced costs for our cable plants and our infrastructure in general;

- increased leverage for negotiating programming contracts; and

- increased influence on the evolution of important new technologies affecting our business.

We believe that as a result of our acquisition strategy and our systems upgrade we will be well-positioned to have cable systems with economies of scale sufficient to allow us to execute our strategy to expand the array of products and services that we offer to our customers as we implement our Wired World vision. We will, however, continue to explore acquisitions and swaps of cable systems that would further complement our existing cable systems and those that we are acquiring in our pending acquisitions.

See "Description of Certain Indebtedness" for a description of the material debt that we have assumed or may assume in connection with our recent and pending acquisitions. For a discussion of the risks associated with our funding requirements resulting from our acquisitions, see "Risk Factors -- Our Acquisitions" and "Management's Discussion and Analysis of Financial Condition and Results of Operations -- Liquidity and Capital Resources".

MERGER WITH MARCUS HOLDINGS. On April 23, 1998, Mr. Allen acquired approximately 99% of the non-voting economic interests in Marcus Cable Company, L.L.C., and agreed to acquire the remaining interests in Marcus Cable. The aggregate purchase price was approximately $1.4 billion, excluding $1.8 billion in debt assumed. On February 22, 1999, Marcus Holdings was formed, and all of Mr. Allen's interests in Marcus Cable were transferred to Marcus Holdings on March 15, 1999. On March 31, 1999, Mr. Allen completed the acquisition of all remaining interests of Marcus Cable. On April 7, 1999, the holding company parent of the Marcus companies, Marcus Holdings, merged into Charter Holdings, which was the surviving entity of the merger. The subsidiaries of Marcus Holdings became subsidiaries of Charter Operating. During the period of obtaining the requisite regulatory approvals for the transaction, the Marcus systems came under common management with our subsidiaries in October 1998 pursuant to the terms of a management agreement dated as of October 1998.

RECENTLY COMPLETED ACQUISITIONS

RENAISSANCE. In April 1999, one of Charter Holdings' subsidiaries purchased Renaissance Media Group LLC for approximately $459 million, consisting of $348 million in cash and $111 million of assumed debt, consisting of the Renaissance notes. As a result of our acquisition of Renaissance, we recently completed a tender offer for this publicly held debt pursuant to the change of control provisions under the Renaissance notes. Holders of notes representing 30% of the total outstanding principal amount of the notes tendered their notes. See "Description of Certain Indebtedness" for a description of the material restrictive covenants and other terms under the Renaissance notes. Renaissance owns cable systems located in Louisiana, Mississippi and Tennessee, has approximately 129,000 customers and is being operated as part of our Southern region. For the six months ended June 30, 1999, Renaissance had revenues of approximately $30.8 million. For the year ended December 31, 1998, Renaissance had revenues of approximately $41.5 million. Approximately 48% of Renaissance's customers are currently served by systems with at least 550 megahertz bandwidth capacity.

AMERICAN CABLE. In May 1999, one of Charter Holdings' subsidiaries purchased American Cable Entertainment, LLC for approximately $240 million. American Cable owns cable systems located in California serving approximately 69,000 customers and is being operated as part of our Western region. For the six months ended June 30, 1999, American Cable had revenues of approximately $18.0 million. For the year ended December 31, 1998, American Cable had revenues of approximately $15.7 million. None of the American Cable systems' customers is currently served by systems with 550 megahertz bandwidth capacity or greater.

GREATER MEDIA SYSTEMS. In June 1999, one of Charter Holdings' subsidiaries purchased certain cable systems of Greater Media Cablevision Inc. for approximately $500 million. The Greater Media systems are located in Massachusetts, have approximately 175,000 customers and are being operated as part of our Northeast Region. For the six months ended June 30, 1999, the Greater Media systems had revenues of approximately $42.3 million. For the year ended December 31, 1998, the Greater Media systems had revenues of approximately $78.6 million. Approximately 49% of the Greater Media systems' customers are currently served by systems with at least 550 megahertz bandwidth capacity.

HELICON. In July 1999, one of Charter Holdings' subsidiaries acquired Helicon Partners I, L.P. and affiliates for approximately $550 million, consisting of $410 million in cash, $115 million of assumed debt, and $25 million in the form of preferred limited liability company interest of Charter-Helicon LLC, a direct wholly owned subsidiary of Charter Communications, LLC. The holders of the preferred interest have the right to require Mr. Allen to purchase the interest until the fifth anniversary of the closing of the Helicon acquisition. The preferred interest will be redeemable at any time following the fifth anniversary of the Helicon acquisition or upon a change of control, and it must be redeemed on the tenth anniversary of the Helicon acquisition. Helicon owns cable systems located in Alabama, Georgia, New Hampshire, North Carolina, West Virginia, South Carolina, Tennessee, Pennsylvania, Louisiana and Vermont, and has approximately 173,000 customers. For the six months ended June 30, 1999, Helicon had revenues of approximately $43.0 million. For the year ended December 31, 1998, Helicon had revenues of approximately $75.6 million. Approximately 79% of Helicon's customers are currently served by systems with at least 550 megahertz bandwidth capacity. The debt we have assumed consists of the publicly held Helicon notes. On November 1, 1999, we plan to redeem 100% of the Helicon notes at a price of 103% of the total principal amount of the notes, plus accrued and unpaid interest to the date of redemption. See "Description of Certain Indebtedness" for a description of the material restrictive covenants and other terms of the Helicon notes. In connection with the acquisition of Helicon, Charter Investment, Inc. entered into separate agreements with Baum Investments, Inc. and with Roberts Cable Corporation, GAK Cable, Inc. and Gimbel Cable Corp., pursuant to which Charter Investment, Inc. has agreed to cause the underwriters to make $12 million worth of shares of our Class A common stock being sold in this offering available for purchase by Baum Investments, Roberts Cable, GAK Cable and Gimbel Cable, at the initial public offering price.

RIFKIN. In September 1999, Charter Operating acquired Rifkin Acquisition Partners L.L.L.P. and InterLink Communications Partners, LLLP for a purchase price of approximately $1.46 billion, consisting of $1.2 billion in cash, $133.3 million in equity and $125.0 million in assumed debt.

In accordance with the terms of the agreements, certain sellers elected to receive a total of $133.3 million of the purchase price in the form of Class A preferred membership units of Charter Communications Holding Company with the following terms:

- The value of the preferred membership units will increase at a rate of 8.0% annually and Charter Communications Holding Company must redeem any preferred membership units outstanding on September 15, 2014.

- In addition, the holders of the preferred membership units have the right to require Charter Communications Holding Company to redeem their preferred membership units in tranches of at least $1 million for a price equal to the current value of their membership units. This right will be exercisable at any time until the earliest to occur of:

  (1) September 15, 2004; and

  (2) a business combination in which the preferred membership units are converted into the right to receive consideration other than securities of Charter Communications Holding Company or its successor.

  If Charter Communications Holding Company defaults on this obligation, Mr. Allen has granted the holders the right to require Mr. Allen to purchase these preferred membership units at the same value. If Mr. Allen or any of his affiliates acquires any preferred membership units, they will automatically be converted into a number of common membership units equal to the value of the preferred membership units at that time divided by the initial public offering price of the Class A common stock.

- The preferred membership units are exchangeable in whole or in part at the option of the Rifkin sellers only concurrently with this offering for shares of our Class A common stock. The preferred membership units are exchangeable for a number of shares of Class A common stock equal to the value of the exchanged portion of the preferred membership units at the time of the offering divided by the initial public offering price. Assuming that this offering closes on or about November 12, 1999, and that the initial offering price is $18.00 per share, the preferred membership units would be exchangeable for up to 7,502,002 shares of Class A common stock. After this offering, the preferred membership units are not exchangeable by the former Rifkin owners into Class A common stock or any other security.

- If the former Rifkin owners exchange their preferred membership units of Charter Communications Holding Company for shares of Charter Communications, Inc. Class A common stock, those preferred membership units will be transferred to Charter Communications, Inc. and will automatically convert into a number of common membership units in Charter Communications Holding Company equal to the number of shares of Class A common stock issued in exchange for the preferred membership units.

Upon the exchange by the Rifkin sellers of any or all of their preferred membership units for shares of Class A common stock, exchanging holders will enter into one of the following agreements:

- If no more than $13.5 million of the preferred membership units issued to the Rifkin sellers remains outstanding at the closing of this offering, Mr. Allen will grant the exchanging holders the right to put their shares of Class A common stock to him at a price equal to the public offering price plus interest at a rate of 4.5% per year. This put right terminates on the second anniversary of this offering, or earlier in specified circumstances.

- In all other instances, Mr. Allen will grant the exchanging holders the right to put their Class A common stock to Mr. Allen for a price equal to the prior day's closing price. This put right terminates thirty days after the Class A common stock is free from the lockup restrictions, or earlier in specified circumstances.

The debt assumed in the Rifkin acquisition consists of the publicly held Rifkin notes. As a result of our acquisition of Rifkin, we have made an offer to repurchase the Rifkin notes at a price equal to 101% of their principal amount, plus accrued interest, due to the change of control provisions under the Rifkin notes. In connection with this offer to repurchase the Rifkin notes, we have solicited consents to amend the related indenture and have offered to pay any holder of notes that consents and tenders on or prior to October 1, 1999 an additional $30 for each $1,000 principal amount of notes tendered. See "Description of Certain Indebtedness" for a description of the material restrictive covenants and other terms of the Rifkin notes.

Rifkin owns cable systems primarily in Florida, Georgia, Illinois, Indiana, Tennessee, Virginia and West Virginia, serving approximately 461,000 customers. For the six months ended June 30, 1999, Rifkin had revenues of approximately $105.6 million. For the year ended December 31, 1998, Rifkin had revenues of approximately $124.4 million. Approximately 30% of the Rifkin systems' customers are currently served by systems with at least 550 megahertz bandwidth capacity.

INTERMEDIA SYSTEMS. In October 1999, Charter Communications, LLC purchased certain cable systems of InterMedia Capital Partners IV, L.P., InterMedia Partners and their affiliates in exchange for approximately $904 million in cash and certain of our cable systems. The InterMedia systems serve approximately 412,000 customers in North Carolina, South Carolina, Georgia and Tennessee. As part of this transaction, we agreed to "swap" some of our non-strategic cable systems serving approximately 144,000 customers located in Indiana, Montana, Utah and northern Kentucky.

At the closing, we retained a cable system located in Indiana serving approximately 30,000 customers for which we were unable to obtain the necessary regulatory approval. We agreed to retain ownership and bear the risk of loss associated with this system until such approvals can be obtained. In the event that the necessary regulatory approvals are not obtained by November 5, 1999, InterMedia may elect to receive other properties from us mutually acceptable to InterMedia and us.

If necessary regulatory approvals cannot be obtained for the transfer of the Indiana system by November 5, 1999 and we are unable to transfer to InterMedia satisfactory replacement systems before April 1, 2000, we must pay InterMedia $0.1 billion in cash. In addition, if we transfer cash or property other than the retained Indiana system to InterMedia, in certain circumstances, we must indemnify InterMedia and its affiliates 50% of all taxes and associated costs incurred or arising out of any claim that InterMedia suffered tax losses to which it would not have been subject if we had transferred the retained Indiana system in October 1999.

This transaction after giving effect to the transfer of the retained Indiana system will result in a net increase of 268,000 customers concentrated in our Southeast and Southern regions. Approximately 84% of these customers are currently served by systems with at least 550 megahertz bandwidth capacity. For the six months ended June 30, 1999, the InterMedia systems had revenues of approximately $100.6 million. For the year ended December 31, 1998, the InterMedia systems had revenues of approximately $176.1 million.

OTHER ACQUISITIONS. One of Charter Holdings' subsidiaries acquired Vista Broadband Communications, LLC in July 1999 and acquired a cable system of Cable Satellite of South Miami, Inc. in August 1999. These cable systems are located in Georgia and southern Florida and serve a total of approximately 37,000 customers. The total purchase price for these other acquisitions was approximately $148 million in cash. For the six months ended June 30, 1999, the systems acquired in connection with these other acquisitions had revenues of approximately $9.2 million. For the year ended December 31, 1998, these systems had revenues of approximately $15.8 million. Approximately 76% of the Vista and South Miami systems' customers are currently served by 550 megahertz bandwidth capacity.

PENDING ACQUISITIONS

AVALON. In May 1999, Charter Investment, Inc. and Charter Communications Holding Company entered into an agreement to purchase directly and indirectly all of the equity interests of Avalon Cable LLC from Avalon Cable Holdings LLC and Avalon Investors, L.L.C. for approximately $399.5 million in cash and $445.5 million in assumed notes and bank debt. In connection with the consummation of this acquisition, Charter Communications, Inc. has agreed to assume the obligation to acquire the stock of Avalon Cable of Michigan Holdings, Inc. See "Description of Capital Stock and Membership Units -- Membership Units". Avalon Cable operates primarily in Michigan and New England and serves approximately 260,000 customers. For the six months ended June 30, 1999, Avalon Cable had revenues of approximately $51.8 million. For the year ended December 31, 1998, Avalon Cable had revenues of approximately $18.2 million. As of June 30, 1999, there was $150.0 million, $118.1 million and $177.4 million accreted principal outstanding under the Avalon 9 3/8% notes, the Avalon 11 7/8% notes and the Avalon credit facilities, respectively. We will make an offer to repurchase the Avalon 9 3/8% notes and the Avalon 11 7/8% notes and we may be required to repay the Avalon credit facility. See "Description of Certain Indebtedness" for a description of the material restrictive covenants and other terms of the Avalon indebtedness. Approximately 15% of the Avalon systems' customers are currently served by systems with at least 550 megahertz bandwidth capacity. Following regulatory approvals, we anticipate that the transaction will close during the fourth quarter of 1999. Either Avalon Cable Holdings, LLC or we may terminate the agreement if the acquisition has not been completed on or prior to March 31, 2000.

FANCH. In May 1999, Charter Investment, Inc. entered into an agreement to purchase the partnership interests of Fanch Cablevision of Indiana, L.P., specified assets of Cooney Cable Associates of Ohio, Limited Partnership, Fanch-JV2 Master Limited Partnership, Mark Twain Cablevision Limited Partnership, Fanch-Narragansett CSI Limited Partnership, North Texas Cablevision, Ltd., Post Cablevision of Texas, Limited Partnership and Spring Green Communications, L.P. and the stock of Tioga Cable Company, Inc. and Cable Systems, Inc. for a total combined purchase price of approximately $2.4 billion in cash. Charter Investment, Inc. has assigned its rights and obligations to purchase stock interests under this agreement to Charter Communications Holding Company and its rights and obligations to purchase partnership interests and assets under this agreement to Charter Communications VI, LLC, an indirect wholly-owned subsidiary of Charter Communications Holding Company. The cable television systems to be acquired in this acquisition are located in Colorado, Indiana, Kansas, Kentucky, Michigan, Mississippi, New Mexico, Oklahoma, Texas and Wisconsin, and serve approximately 537,000 customers. For the six months ended June 30, 1999, the cable systems to be acquired had revenues of approximately $98.9 million. For the year ended December 31, 1998, the systems to be acquired had revenues of approximately $141.1 million. Approximately 19% of these systems' customers are currently served by systems with at least 550 megahertz bandwidth capacity. Following regulatory approvals, we anticipate that this transaction will close during the last quarter of 1999. Either we or the sellers may terminate the agreement if the acquisition is not completed on or prior to March 31, 2000.

FALCON. In May 1999, Charter Investment, Inc. entered into an agreement to purchase partnership interests in Falcon Communications, L.P. from Falcon Holding Group, L.P. and TCI Falcon Holdings, LLC, interests in a number of Falcon entities held by Falcon Cable Trust and Falcon Holding Group, Inc., specified interests in Enstar Communications Corporation and Enstar Finance Company, LLC held by Falcon Holding Group, L.P., and specified interests in Adlink held by DHN Inc. Charter Investment, Inc. assigned its rights under the Falcon purchase agreement to Charter Communications Holding Company. The purchase price for the transaction is approximately $3.6 billion, consisting of cash, membership units in Charter Communications Holding Company and $1.67 billion in assumed debt. We will not be required to repay the Falcon credit facilities but we will be required to make an offer to repurchase the Falcon debentures. In addition, the Falcon acquisition will constitute a default under the Falcon subordinated notes, and a majority of lenders acting together would be entitled to require us to repay the Falcon subordinated notes. See "Description of Certain Indebtedness" for a discussion of the material restrictive covenants and other terms of the Falcon indebtedness.

Under the Falcon purchase agreement, Falcon Holding Group, L.P. has agreed to contribute to Charter Communications Holding Company a portion of its partnership interest in Falcon Communications, L.P. in exchange for membership units in Charter Communications Holding Company on the following terms:

- Falcon Holding Group, L.P. may select the amount of its equity in Falcon Communications, L.P. it will transfer in exchange for membership units, subject to minimum and maximum limits. Falcon Holding Group, L.P. can elect to apply any percentage of the value of its interest in Falcon Communications, L.P. but such percentage can not be below 45.3%. The value of Falcon Communications, L.P. used for this purpose increases if Falcon Communications, L.P.'s net assets increase and decreases if Falcon Communications, L.P.'s net assets decrease. Falcon Holding Group, L.P.'s right to transfer interests in Falcon Communications, L.P. is subject to a maximum amount of $550 million. We believe that if the Falcon acquisition closes at the time of this offering, the minimum amount that Falcon Holding Group, L.P. may receive in the form of membership units will be approximately $425 million.

- Falcon Holding Group, L.P. will receive a number of membership units of Charter Communications Holding Company that will result in ownership by Falcon Holding Group, L.P. of a percentage of the outstanding membership units equal to the amount of the purchase price payable in membership units divided by the value of Charter Communications Holding Company. The value of Charter Communications Holding Company for these purposes will be determined according to a formula which values Charter Communications Holding Company at the closing of the acquisition at a specified amount. This amount will decrease if its liabilities increase, and will increase if Charter Communications Holding Company acquires additional assets or agrees to acquire additional assets prior to completion of the Falcon acquisition.

- If the Falcon acquisition is consummated prior to or concurrently with this offering, Falcon Holding has agreed to exercise its right to exchange the membership units immediately prior to this offering, so long as certain tax requirements are satisfied.

- Assuming that Falcon Holding Group, L.P. elects to exchange the minimum amount of partnership interests for membership units, we estimate that Falcon Holding Group, L.P. would receive 16,365,501 membership units at the closing of the Falcon acquisition, and each membership unit would be valued at $25.97 per unit for these purposes.

The membership units in Charter Communications Holding Company issued to Falcon Holding will be exchangeable at any time for shares of our Class A common stock. Assuming Charter Communications, Inc. and Charter Communications Holding Company comply with the terms of their organizational documents governing the number of outstanding shares of Class A common stock, the number of outstanding membership units of Charter Communications Holding Company, allowable assets and allowable liabilities, the exchange ratio will be one-for-one. See "Description of Capital Stock and Membership Units -- General" and "-- Exchange Agreements" for further information.

Under the terms of the Falcon acquisition the holders of the Charter Communications Holding Company membership units issued to Falcon Holding have been granted the following additional rights:

- The holders of the membership units issued in the Falcon acquisition have the right to require Mr. Allen or his designee to purchase these membership units or shares of Class A common stock of Charter Communications, Inc. issued in exchange for these membership units. The purchase price per unit or share is equal to the aggregate amount of the purchase price of the Falcon acquisition paid in membership units divided by the aggregate number of membership units issued to Falcon Holdings, plus interest of 4.5% per annum. Based on the assumptions described under "Unaudited Pro Forma Financial Statements", this purchase price will initially equal $26.73 per unit or share. These rights terminate upon the second anniversary of the closing of the acquisition, or earlier in specified circumstances.

- Falcon Holding and certain other Falcon parties will have "piggyback" registration rights and, beginning 180 days after the offering, up to four "demand" registration rights with respect to the Class A common stock issued in exchange for the membership units in Charter Communications Holding Company. The demand registration rights must be exercised with respect to tranches of Class A common stock worth at least $40 million at the time of notice of demand or at least $60 million at the initial public offering price. A majority of the holders of Class A common stock making a demand may also require us to satisfy our registration obligations by filing a shelf-registration statement.

The Falcon cable systems to be acquired are located in California and the Pacific Northwest, Missouri, North Carolina, Alabama and Georgia and serve approximately 1,008,000 customers. For the six months ended June 30, 1999, the cable systems to be acquired had revenues of approximately $212.2 million. For the year ended December 31, 1998, the cable systems to be acquired had revenues of approximately $307.6 million. As of June 30, 1999, $375.0 million total principal amount of Falcon senior debentures and $15.0 million total principal amount of Falcon subordinated notes were outstanding and the accreted value of the Falcon senior discount debentures was $308.7 million. In addition, $967.0 million was outstanding under the Falcon credit facilities. Approximately 7% of the customers of the systems to be acquired are currently served by systems with at least 550 megahertz bandwidth capacity. Following regulatory approvals, we anticipate that the transaction will close during the fourth quarter of 1999. Either we or the sellers may terminate the agreement if the acquisition is not completed on or prior to November 30, 2000. In connection with the Falcon acquisition, Marc Nathanson will become a director of Charter Communications, Inc.

BRESNAN. In June 1999, Charter Communications Holding Company entered into an agreement to purchase Bresnan Communications Company Limited Partnership for a total purchase price of approximately $3.1 billion. Of this amount, $1.3 billion is in cash and $1.0 billion is in the form of equity in Charter Communications Holding Company. Of the cash portion of the purchase price, financing for $0.7 billion has not been arranged. We expect to finance this amount with debt or equity securities of Charter Communications, Inc. or Charter Communications Holding Company. We also agreed to assume approximately $852 million in assumed debt as of June 30, 1999. The assumed debt portion of the purchase price will consist of a credit facility and publicly held notes. We will make an offer to repurchase the Bresnan notes and we may be required to repay the Bresnan credit facility. See "Description of Certain Indebtedness" for a description of the material restrictive covenants and other terms of the Bresnan indebtedness. The equity portion of the purchase price will be membership units in Charter Communications Holding Company, the total amount of which was calculated at the time the agreements were executed to equal 6.14% of the total membership units in Charter Communications Holding Company then outstanding. We calculated this percentage interest based on a number of assumptions about Charter Communications Holding Company and our pending acquisitions, including our debt, the value of our pending acquisition targets and the enterprise value of Charter Communications Holding Company. Accordingly, this percentage interest may change at or prior to the closing of the Bresnan acquisition.

The membership units in Charter Communications Holding Company issued to the Bresnan sellers will be exchangeable at any time for shares of Charter Communications, Inc. Class A common stock. The exchange ratio will remain fixed at one-for-one for as long as Charter Communications, Inc. and Charter Communications Holding Company comply with the terms of their organizational documents governing the number of outstanding shares of Class A common stock, the number of outstanding membership units of Charter Communications Holding Company, allowable assets and allowable liabilities. See "Description of Capital Stock and Membership Units -- General" and "-- Exchange Agreements" for further information.

Each of the sellers under the Bresnan acquisition agreement shall have the right, during the sixty-day period beginning on the second anniversary of the closing of the Bresnan acquisition, to sell to Mr. Allen their common membership units in Charter Communications Holding Company or the shares of Class A common stock for which these securities were exchanged. The per unit purchase price for these securities is equal to the aggregate value of the common units issued to the Bresnan sellers at the closing as increased or decreased pursuant to post-closing adjustments, divided by the number of common units so issued, plus interest of 4.5% per annum accrued to date.

The Bresnan sellers will receive a number of membership units so that the Bresnan sellers will own a percentage of the outstanding membership interests equal to $1.0 billion divided by the value of Charter Communications Holding Company. The value of Charter Communications Holding Company for these purposes will be determined according to a formula pursuant to which the value of Charter Communications Holding Company will decrease if its liabilities and preferred equity, including liabilities it expects to incur under new acquisition agreements other than the pending acquisitions increase, and the value will increase if additional assets, other than the pending acquisitions, are acquired or subject to an acquisition agreement.

The post-closing adjustments would increase or decrease the number of membership units issued to the Bresnan sellers by recalculating the value of Charter Communications Holding Company taking into account. Following the closing, the formula is recalculated to reflect the failure to complete any acquisitions of other assets that were pending at the time of the Bresnan closing that do not close by removing the value of those assets and any associated liabilities from the formula.

- We estimate that the Bresnan sellers would receive 36,976,988 membership units at the closing of the Bresnan acquisition, and each membership unit would be valued at $27.04 per unit for these purposes.

- Collectively, the Bresnan sellers will have "piggyback" registration rights and, beginning 180 days after this offering, up to four "demand" registration rights with respect to our Class A common stock issued in exchange for the membership units in Charter Communications Holding Company. The demand registration rights must be exercised with respect to tranches of our Class A common stock worth at least $40 million at the time of notice of demand or at least $60 million at the initial public offering price. We are seeking the agreement by the Bresnan sellers not to transfer the shares of Class A common stock prior to 180 days after the completion of this offering.

The Bresnan cable systems to be acquired in this acquisition are located in Michigan, Minnesota, Wisconsin and Nebraska and serve approximately 656,000 customers. For the six months ended June 30, 1999, the Bresnan cable systems we are buying had revenues of approximately $137.3 million. For the year ended December 31, 1998, these systems had revenues of approximately $262.0 million. Approximately 57% of these systems' customers are currently served by systems with at least 550 megahertz bandwidth capacity. Following regulatory approvals, we anticipate that this transaction will close during the first quarter of 2000. The agreement may be terminated if the acquisition has not been completed on or prior to May 1, 2000.

PRODUCTS AND SERVICES

We offer our customers a full array of traditional cable television services and programming and we have begun to offer new and advanced high bandwidth services such as high-speed Internet access. We plan to continually enhance and upgrade these services, including adding new programming and other telecommunications services, and will continue to position cable television as an essential service.

TRADITIONAL CABLE TELEVISION SERVICES. As of June 30, 1999, more than 87% of our customers subscribe to both "basic" and "expanded basic" service and generally receive a line-up of between 33 and 85 channels of television programming, depending on the bandwidth capacity of the system. Customers who pay additional amounts can also subscribe for additional channels, either individually or in packages of several channels, as add-ons to the basic channels. As of June 30, 1999, approximately 25% of our customers subscribe for premium channels, with additional customers subscribing for other special add-on packages. We tailor both our basic channel line-up and our additional channel offerings to each system according to demographics, programming preferences, competition, price sensitivity and local regulation.

Our traditional cable television service offerings include the following:

- BASIC CABLE. All of our customers receive basic cable services, which generally consist of local broadcast television, local community programming, including governmental and public access, and limited satellite programming. As of June 30, 1999, the average monthly fee was $10.59 for basic service.

- EXPANDED BASIC CABLE. This expanded tier includes a group of satellite-delivered or non-broadcast channels, such as Entertainment and Sports Programming Network (ESPN), Cable News Network (CNN) and Lifetime Television, in addition to the basic channel line-up. For the six months ended June 30, 1999, the average monthly fee was $19.16 for expanded basic service.

- PREMIUM CHANNELS. These channels provide unedited, commercial-free movies, sports and other special event entertainment programming. Home Box Office, Cinemax and Showtime are typical examples. We offer subscriptions to these channels either individually or in packages. For the six months ended June 30, 1999, the average monthly fee was $6.35 per premium subscription.

- PAY-PER-VIEW. These channels allow customers to pay to view a single showing of a recently released movie, a one-time special sporting event or music concerts on an unedited, commercial-free basis. We currently charge a fee that ranges from $2.95 to $8.95 for movies. For special events, such as championship boxing matches, we have charged a fee of up to $50.95.

We have employed a variety of targeted marketing techniques to attract new customers by focusing on delivering value, choice, convenience and quality. We employ direct mail and telemarketing, using demographic "cluster codes" to target specific messages to target audiences. In many of our systems, we offer discounts to customers who purchase premium services on a limited trial basis in order to encourage a higher level of service subscription. We also have a coordinated strategy for retaining customers that includes televised retention advertising to reinforce the decision to subscribe and to encourage customers to purchase higher service levels.

NEW PRODUCTS AND SERVICES. A variety of emerging technologies and the rapid growth of Internet usage have presented us with substantial opportunities to provide new or expanded products and services to our customers and to expand our sources of revenue. The desire for such new technologies and the use of the Internet by businesses in particular have triggered a significant increase in our commercial market penetration. As a result, we are in the process of introducing a variety of new or expanded products and services beyond the traditional offerings of analog television programming for the benefit of both our residential and commercial customers. These new products and services include:

- digital television and its related enhancements;

- high-speed Internet access, through television set-top converter boxes, cable modems installed in personal computers and traditional telephone Internet access;

- interactive services, such as Wink, which adds interactivity and electronic commerce opportunities to traditional programming and advertising; and

- telephony and data transmission services, which are private network services interconnecting locations for a customer.

Cable television's high bandwidth allows cable to be well positioned to deliver a multitude of channels and/or new and advanced products and services. We believe that this high bandwidth will be a key factor in the successful delivery of these products and services.

DIGITAL TELEVISION. As part of upgrading our systems, we are installing headend equipment capable of delivering digitally encoded cable transmissions to a two-way digital-capable set-top converter box in the customer's home. This digital connection offers significant advantages. For example, we can compress the digital signal to allow the transmission of up to twelve digital channels in the bandwidth normally used by one analog channel. This will allow us to increase both programming and service offerings, including near video-on-demand for pay-per-view customers. We expect to increase the amount of services purchased by our customers.

Digital services customers may receive a mix of additional television programming, an electronic program guide and up to 40 channels of digital music. The additional programming falls into four categories which are targeted toward specific markets:

- additional basic channels, which are marketed in systems primarily serving rural communities;

- additional premium channels, which are marketed in systems serving both rural and urban communities;

- "multiplexes" of premium channels to which a customer previously subscribed, such as multiple channels of HBO or Showtime, which are varied as to time of broadcast or varied based on programming content theme which are marketed in systems serving both rural and urban communities; and

- additional pay-per-view programming, such as more pay-per-view options and/or frequent showings of the most popular films to provide near video-on-demand, which are more heavily marketed in systems primarily serving both rural and urban communities.

As part of our current pricing strategy for digital services, we have established a retail rate of $4.95 to $8.95 per month for the digital set-top converter and the delivery of "multiplexes" of premium services, additional pay-per-view channels, digital music and an electronic programming guide. Some of our systems also offer additional basic and expanded basic tiers of service. These tiers of services retail for $6.95 per month. As of June 30, 1999, more than 10,900 of our customers subscribed to the digital service offered by 16 of our cable systems, which served approximately 330,000 basic cable customers. For the month of June 1998, per customer revenue for our digital service was approximately $20.96 and per customer cash flow was $9.63. By December 31, 1999, we anticipate that approximately 2.4 million of our customers will be served by cable systems capable of delivering digital services.

INTERNET ACCESS. We currently provide Internet access to our customers by two principal means:

- via cable modems attached to personal computers, either directly or through an outsourcing contract with an Internet service provider; and

- through television access, via a service such as WorldGate.

We also provide Internet access in some markets through traditional dial-up telephone modems, using a third party service provider.

The principal advantage of cable Internet connections is the high speed of data transfer over a cable system. We currently offer these services to our residential customers over coaxial cable at speeds that can range up to approximately 50 times the speed of a conventional 28.8 kilobits per second telephone modem. Furthermore, a two-way communication cable system using the hybrid fiber optic/coaxial architecture referred to as HFC architecture can support the entire connection at cable modem speeds without any need for a separate telephone line. If the cable system only supports one-way signals from the headend to the customer, the customer must use a separate telephone line to send signals to the provider, although such customer still receives the benefit of high speed cable access when downloading information, which is the primary reason for using cable as an Internet connection. In addition to Internet access over our traditional coaxial system, we also provide our commercial customers fiber optic cable access at a price that we believe is less than the price offered by the telephone companies.

In the past, cable Internet connections have provided customers with widely varying access speeds because each customer accessed the Internet by sending and receiving data through a node. Users connecting simultaneously through a single node share the bandwidth of that node, so that users' connection speeds may diminish as additional users connect through the same node. To induce users to switch to our Internet services, however, we guarantee our cable modem customers the minimum access speed selected from several speed options we offer. We also provide higher guaranteed access speeds for customers willing to pay an additional cost. In order to meet these guarantees, we are increasing the bandwidth of our systems and "splitting" nodes easily and cost-effectively to reduce the number of customers per node.

- CABLE MODEM-BASED INTERNET ACCESS. We have deployed cable modem-based Internet access services in 27 markets including: Los Angeles, California; St. Louis, Missouri; and Fort Worth, Texas.

As of June 30, 1999, we provided Internet access service to approximately 13,460 homes and 160 commercial customers. The following table indicates the historical and projected availability, pro forma for our recent and pending acquisitions, of cable modem

Internet access services in our systems, as of the dates indicated. Only a small percentage of the homes passed currently subscribe to these services.

	HOMES PASSED BY ADVANCED DATA SERVICES	
	JUNE 30, 1999 (ACTUAL)	DECEMBER 31, 1999 (PROJECTED)
HIGH SPEED INTERNET ACCESS VIA CABLE MODEMS:		
High Speed Access	644,600	1,391,000
EarthLink/Charter Pipeline	572,700	708,700
Excite@Home	233,400	617,300
Convergence.com	--	353,200
In-House/Other	--	344,000
Total cable modems	1,450,700	3,414,200
Internet access via WorldGate	245,200	428,800

We have an agreement with EarthLink, an independent Internet service provider, to provide as a label service Charter Pipeline(TM), which is a cable modem-based, high-speed Internet access service we offer. We currently charge a monthly usage fee of between $24.95 and $34.95. Our customers have the option to lease a cable modem for $10 to $15 a month or to purchase a modem for between $300 and $400. As of June 30, 1999, we offered EarthLink Internet access to approximately 573,000 of our homes passed and have approximately 7,200 customers.

We have a relationship with High Speed Access to offer Internet access in some of our smaller systems. High Speed Access also provides Internet access services to our customers under the Charter Pipeline brand name. Although the Internet access service is provided by High Speed Access, the Internet "domain name" of our customer's e-mail address and web site, if any, is "Charter.net," allowing the customer to switch or expand to our other Internet services without a change of e-mail address. High Speed Access provides three different tiers of service to us. The base tier is similar to our arrangements with EarthLink and Excite@Home. The turnkey tier bears all capital, operating and marketing costs of providing the service, and seeks to build economies of scale in our smaller systems that we cannot efficiently build ourselves by simultaneously contracting to provide the same services to other small geographically contiguous systems. The third tier allows for a la carte selection of services between the base tier and the turnkey tier. As of June 30, 1999, High Speed Access offered Internet access to approximately 645,000 of our homes passed, and approximately 5,700 customers have signed up for the service. During the remaining 6 months of 1999, we, jointly with High Speed Access, plan to launch service in an additional 21 systems, covering approximately 758,000 additional homes passed. Vulcan Ventures, Inc., a company controlled by Mr. Allen, has an equity investment in High Speed Access. See "Certain Relationships and Related Transactions".

We have a revenue sharing agreement with Excite@Home, under which Excite@Home currently provides Internet service to customers in our systems serving Fort

Worth, University Park and Highland Park, Texas. The Excite@Home network provides high-speed, cable modem-based Internet access using our cable infrastructure. As of June 30, 1999, we offered Excite@Home Internet service to approximately 233,000 of our homes passed and had approximately 3,000 customers.

We also have services agreements with Convergence.com, under which Convergence.com currently provides Internet service to customers in systems acquired from Rifkin. The Convergence.com network provides high-speed, cable modem-based Internet access using our cable infrastructure. As of June 30, 1999, Rifkin offered Convergence.com service to approximately 260,000 homes passed and had approximately 5,400 customers.

We actively market our cable modem service to businesses in each one of our systems where we have the capability to offer such service. Our marketing efforts are often door-to-door, and we have established a separate division whose function is to make businesses aware that this type of Internet access is available through us. We also provide several virtual local area networks for municipal and educational facilities in our Los Angeles cluster including Cal Tech, the City of Pasadena and the City of West Covina.

- TV-BASED INTERNET ACCESS. We have a non-exclusive agreement with WorldGate to provide its TV-based e-mail and Internet access to our cable customers. WorldGate's technology is only available to cable systems with two-way capability. WorldGate offers easy, low-cost Internet access to customers at connection speeds ranging up to 128 kilobits per second. For a monthly fee we provide our customers with e-mail and Internet access that does not require the use of a PC, an existing or additional telephone line, or any additional equipment. Instead, the customer accesses the Internet through the set-top box, which the customer already has on his television set, and a wireless keyboard, that is provided with the service, which interfaces with the box. WorldGate works on advanced analog and digital converters and, therefore, can be installed utilizing advanced analog converters already deployed. In contrast, other converter-based, non-PC Internet access products require a digital platform and a digital converter prior to installation.

Customers who opt for television-based Internet access are generally first-time users who prefer this more user-friendly interface. Of these users, 41% use WorldGate at least once a day, and 77% use it at least once a week. Although the WorldGate service bears the WorldGate brand name, the Internet domain name of the customers who use this service is "Charter.net". This allows the customer to switch or expand to our other Internet services without a change of e-mail address.

We first offered WorldGate to customers on the upgraded portion of our systems in St. Louis in April 1998. We are also currently offering this service in our systems in Maryville, Illinois and Newtown, Connecticut, and plan to introduce it in eight additional systems by December 31, 1999. Charter Investment, Inc. owns a minority interest in WorldGate which will be contributed to Charter Communications Holding Company. See "Certain Relationships and Related Transactions". As of June 30, 1999, we provided WorldGate Internet service to approximately 4,300 customers.

- INTERNET PORTAL SERVICES. On October 1, 1999, Charter Communications Holding Company, Vulcan Ventures, an entity controlled by Mr. Allen, and Go2Net, Inc. entered into a joint venture to form Broadband Partners, LLC. Broadband will provide Internet portal services to Charter Communications Holding Company's current and future subscribers and potentially to other providers of high speed Internet access. Revenue splits and other economic terms in this arrangement will be at least as favorable to Charter Communications Holding Company as terms between Broadband and any other party. Charter Communications Holding Company has agreed to use Broadband's portal services exclusively for an initial six-year period that will begin when the portal services are launched, except that Charter's existing agreements with other Internet high speed portal services and High Speed Access may run for their current term to the extent that such agreements do not allow for the carriage of content provided by Charter Communications Holding Company or Vulcan Ventures. The joint venture is for an initial 25-year term, subject to successive five-year renewals by mutual consent. Vulcan Ventures will own 55.2%, Charter Communications Holding Company will own 24.9% and Go2Net will own 19.9% of Broadband's membership interests. Vulcan Ventures will have voting control over the Broadband entity. Broadband's board of directors will consist of three directors designated by Vulcan Ventures and one by each of Charter Communications Holding Company and Go2Net.

Each of Broadband's investors will be obligated to provide their pro rata share of funding for Broadband's operations and capital expenditures, except that Vulcan Ventures will fund Charter Communications Holding Company's portion of Broadband's expenses for the first four years and will fund Go2Net's portion of Broadband's expenses to the extent such expenses exceed budget for the first four years.

We believe that our participation in the Broadband Partners joint venture will facilitate the delivery of a broad array of Internet products and services to our customers over the television set's digital set-top box and through the personal computer.

WINK-ENHANCED PROGRAMMING. We have formed a relationship with Wink, which sells technology to embed interactive features, such as additional information and statistics about a program or the option to order an advertised product, into programming and advertisements. A customer with a Wink-enabled set-top box and a Wink-enabled cable provider sees an icon flash on the screen when additional Wink features are available to enhance a program or advertisement. By pressing the select button on a standard remote control, a viewer of a Wink-enhanced program is able to access additional information regarding such program, including, for example, information on prior episodes or the program's characters. A viewer watching an advertisement would be able to access additional information regarding the advertised product and may also be able to utilize the two-way transmission features to order a product. We have bundled Wink's services with our traditional cable services in both our advanced analog and digital platforms. Wink's services are provided free of charge. A company controlled by Mr. Allen has made an equity investment in Wink. See "Certain Relationships and Related Transactions".

Various programming networks, including CNN, NBC, ESPN, HBO, Showtime, Lifetime, VH1, the Weather Channel, and Nickelodeon, are currently producing over 1,000 hours of Wink-enhanced programming per week. Under certain revenue-sharing arrangements, we will modify our headend technology to allow Wink-enabled programming to be offered on our systems. Each time one of our customers uses Wink to request certain additional information or order an advertised product, we receive fees from Wink.

TELEPHONE SERVICES. We expect to be able to offer cable telephony services in the near future using our systems' direct, two-way connections to homes and other buildings. We are exploring technologies using Internet protocol telephony, as well as traditional switching technologies that are currently available, to transmit digital voice signals over our systems. AT&T and other telephone companies have already begun to pursue strategic partnering and other programs which make it attractive for us to acquire and develop this alternative Internet protocol technology. For the last two years, we have sold telephony services as a competitive access provider in the state of Wisconsin through one of our subsidiaries, and are currently looking to expand our services as a competitive access provider into other states.

JOINT VENTURE WITH RCN CORPORATION. On October 1, 1999, Charter Communications Holding Company and RCN Corporation entered into a binding term sheet containing the principal terms of a non-exclusive joint venture to provide a broad range of telephony services to the customers of Charter Communications Holding Company's subsidiaries in its Los Angeles franchise territory. RCN is engaged in the businesses of bundling residential voice, video and Internet access operations, cable operations and certain long distance telephony operations. RCN is developing advanced fiber optic networks to provide a wide range of telecommunications services, including long distance telephone, video programming and data services, such as high speed Internet access.

Charter Communications Holding Company will provide access to its subsidiaries' Los Angeles subscriber base and will provide the capital necessary to develop telephony capability in Los Angeles. In addition, Charter Communications Holding Company will provide the necessary personnel to oversee and manage the telephony services. RCN will provide the necessary personnel and support services to develop and implement telephony services to be provided by Charter Communications Holding Company. Charter Communications Holding Company will pay RCN's fees at rates consistent with industry market compensation. Charter Communications Holding Company will have all rights to the telephony business and assets and will receive all revenues derived from the telephony business unless the parties expand RCN's role by mutual agreement. We believe that our telephony joint venture, together with Mr. Allen's investment in RCN, may allow us to take advantage of RCN's telephony experience as we deliver telephone services to our customers, although we cannot assure you that we will realize anticipated advantages.

MISCELLANEOUS SERVICES. We also offer paging services to our customers in certain markets. As of June 30, 1999, we had approximately 9,400 paging customers. We also lease our fiber-optic cable plant and equipment to commercial and non-commercial users of data and voice telecommunications services.

OUR SYSTEMS

As of June 30, 1999, our systems consisted of approximately 65,900 miles of coaxial and approximately 10,600 sheath miles of fiber optic cable passing approximately 4.5 million households and serving approximately 2.7 million customers. Coaxial cable is a type of cable used for broadband data and cable systems. This type of cable has excellent broadband frequency characteristics, noise, immunity and physical durability. The cable is connected from each node to individual homes or buildings. A node is a single connection to a cable system's main high-capacity fiber optic cable that is shared by a number of customers. A sheath mile is the actual length of cable in miles. Fiber optic cable is a communication medium that uses hair-thin glass fibers to transmit signals over long distances with minimum signal loss or distortion. As of June 30, 1999, approximately 57% of our customers were served by systems with at least 550 megahertz bandwidth capacity, approximately 38% had at least 750 megahertz bandwidth capacity and approximately 34% were served by systems capable of providing two-way interactive communication capability. Such two-way interactive communication capability includes two-way Internet connections, services provided by Wink, which are interactive services that provide additional information and statistics about programs or the option to order an advertised product while customers are viewing such programs or advertisement, and interactive program guides. These amounts do not reflect the impact of our recent or pending acquisitions.

CORPORATE MANAGEMENT. We are managed from our corporate offices in St. Louis, Missouri. As of the closing of the offering, Charter Communications, Inc. will have only twelve employees, all of whom are senior management and are also employees of Charter Investment, Inc. Pursuant to a services agreement between Charter Communications, Inc. and Charter Investment, Inc., Charter Investment, Inc. will provide Charter Communications, Inc. on a cost reimbursement basis the necessary personnel and services to manage Charter Communications Holding Company and its subsidiaries. Management of Charter Communications, Inc. and Charter Investment, Inc. consists of approximately 200 people led by our chief executive officer Jerald L. Kent. They are responsible for coordinating and overseeing our operations, including certain critical functions, such as marketing and engineering, that are conducted by personnel at the regional and local system level. The corporate office also performs certain financial control functions such as accounting, finance and acquisitions, payroll and benefit administration, internal audit, purchasing and programming contract administration on a centralized basis.

OPERATING REGIONS. To manage and operate our systems, we have established two divisions that contain a total of seven operating regions: Western; Central; MetroPlex (Dallas/Fort Worth); North Central; Northeast; Southeast; and Southern. Each of the two divisions is managed by a Senior Vice President who reports directly to Mr. Kent and is responsible for overall supervision of the operating regions within. Each region is managed by a team consisting of a Senior Vice President or a Vice President, supported by operational, marketing and engineering personnel. Within each region, certain groups of cable systems are further organized into clusters. We believe that much of our success is attributable to our operating philosophy which emphasizes decentralized management, with decisions being made as close to the customer as possible. We anticipate that we will reorganize into a total of eleven regions with the closings of our pending acquisitions.

The following table provides an overview of selected technical, operating and financial data for each of our operating regions as of and for the six months ended June 30, 1999. The following table does not reflect the impact of our pending acquisitions or acquisitions closed since June 30, 1999. Upon completion of the pending acquisitions, our systems will pass approximately 9.7 million homes serving approximately 6.2 million customers.

SELECTED TECHNICAL, OPERATING AND FINANCIAL DATA BY OPERATING REGION

AS OF AND FOR THE SIX MONTHS ENDED JUNE 30, 1999

	WESTERN	CENTRAL	METROPLEX	NORTH CENTRAL	NORTHEAST	SOUTHEAST	SOUTHERN	TOTAL
TECHNICAL DATA:								
Miles of coaxial cable......	7,500	8,800	5,700	10,000	4,600	16,700	12,600	65,900
Density(a)..................	147	68	85	61	79	40	54	68
Headends....................	23	34	16	86	18	60	79	316
Planned headend eliminations..............	3	3	1	30	--	11	8	56
Plant bandwidth(b):								
450 megahertz or less.......	32.1%	53.7%	28.0%	41.9%	43.3%	37.9%	54.3%	43.3%
550 megahertz...............	7.0%	10.2%	14.4%	9.5%	38.6%	24.0%	23.6%	19.1%
750 megahertz or greater....	60.9%	36.1%	57.6%	48.6%	18.1%	38.1%	22.1%	37.6%
Two-way capability..........	48.6%	49.0%	68.9%	64.3%	10.9%	16.8%	15.1%	33.8%
OPERATING DATA:								
Homes passed................	1,101,000	595,000	487,000	606,000	364,000	672,000	684,000	4,509,000
Basic customers.............	575,000	368,000	187,000	402,000	301,000	453,000	448,000	2,734,000
Basic penetration(c)........	52.2%	61.8%	38.4%	66.3%	82.7%	67.4%	65.5%	60.6%
Premium units...............	365,000	217,000	172,000	146,000	265,000	288,000	223,000	1,676,000
Premium penetration(d)......	63.5%	59.0%	92.0%	36.3%	88.0%	63.6%	49.8%	61.3%
FINANCIAL DATA:								
Revenues, in millions.......	$122.8	$82.3	$25.9	$46.1	$32.0	$89.1	$70.8	$469.0

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(a) Represents homes passed divided by miles of coaxial cable.

(b) Represents percentage of basic customers within a region served by the indicated plant bandwidth.

(c) Represents basic customers as a percentage of homes passed.

(d) Represents premium units as a percentage of basic customers.

WESTERN REGION. The Western region consists of cable systems serving approximately 575,000 customers located entirely in the state of California, with approximately 474,000 customers located within the Los Angeles metropolitan area. These customers reside primarily in the communities of Pasadena, Alhambra, Glendale, Long Beach and Riverside. We also have approximately 101,000 customers in central California, principally located in the communities of San Luis Obispo, West Sacramento and Turlock. The Western region is also responsible for managing approximately 69,000 customers associated with the recent acquisition of American Cable and 32,000 customers associated with the recent acquisition of Rifkin. According to National Decision Systems, the projected median household growth in the counties currently served by this region's systems is 5.2% for the period ending 2003, which is the projected U.S. median household growth for the same period.

The Western region's cable systems have been significantly upgraded with approximately 68% of the region's customers served by cable systems with at least 550 megahertz bandwidth capacity as of June 30, 1999. The planned upgrade of the Western region's cable systems will reduce the number of headends from 21 to 18 by December 31, 2001.

CENTRAL REGION. The Central region consists of cable systems serving approximately 368,000 customers of which approximately 250,000 customers reside in and around St. Louis County or in adjacent areas in Illinois, and over 94% are served by two headends. The remaining approximately 118,000 of these customers reside in Indiana, and these systems are primarily classic cable systems serving small to medium-sized communities. A portion of the Indiana systems have been "swapped" as part of the InterMedia transaction. See "Business -- Acquisitions". The Central region is also responsible for managing approximately 77,000 customers associated with the recent acquisition of Rifkin. According to National Decision Systems, the projected median household growth in the counties currently served by this region's systems is 4.7% for the period ending 2003, versus the projected U.S. median household growth of 5.2% for the same period.

At June 30, 1999, approximately 46% of the Central region's customers were served by cable systems with at least 550 megahertz bandwidth capacity. The majority of the cable plants in the Illinois systems have been upgraded to 750 megahertz bandwidth capacity. The planned upgrade of the Central region's cable systems will reduce the number of headends from 34 to 31 by December 31, 2001. We have begun a three-year project, scheduled for completion in 2001, to upgrade the cable plant in St. Louis County, serving approximately 178,000 customers, to 870 megahertz bandwidth capability.

METROPLEX REGION. The MetroPlex region consists of cable systems serving approximately 187,000 customers of which approximately 131,000 are served by the Fort Worth system. The systems in this region serve one of the fastest growing areas of Texas. The anticipated population growth combined with the existing low basic penetration rate of approximately 38% offers significant potential to increase the total number of customers and the associated revenue and cash flow in this region. According to National Decision Systems, the projected median household growth in the counties served by this region's systems is 8.4% for the period ending 2003, versus the projected U.S. median household growth of 5.2% for the same period.

The MetroPlex region's cable systems have been significantly upgraded with approximately 72% of the region's customers served by cable systems with at least 550 megahertz bandwidth capacity as of June 30, 1999. In 1997, we began to upgrade the Fort Worth system to 870 megahertz of bandwidth capacity. We expect to complete this project during 1999. The planned upgrade of the MetroPlex region's cable systems will reduce the number of headends from 16 to 15 by December 31, 2001.

NORTH CENTRAL REGION. The North Central region consists of cable systems serving approximately 402,000 customers. These customers are primarily located throughout the state of Wisconsin, along with a small system of approximately 27,000 customers in Rosemont, Minnesota, a suburb of Minneapolis. Within the state of Wisconsin, the four largest operating clusters are located in and around Eau Claire, Fond du Lac, Janesville and Wausau. According to National Decision Systems, the projected median household growth in the counties served by this region's systems is 5.4% for the period ending 2003, versus the projected U.S. median household growth of 5.2% for the same period.

At June 30, 1999, approximately 58% of the North Central region's customers were served by cable systems with at least 550 megahertz bandwidth capacity. The planned upgrade of the North Central region's cable systems will reduce the number of headends from 86 to 56 by December 31, 2001.

NORTHEAST REGION. The Northeast region consists of cable systems serving approximately 301,000 customers residing in the states of Connecticut and Massachusetts. These systems serve the communities of Newtown and Willimantic, Connecticut, and areas in and around Pepperell, Massachusetts, and are included in the New York, Hartford, and Boston areas of demographic influence. The Northeast region will be responsible for managing the approximately 175,000 customers associated with the recent acquisition of cable systems from Greater Media and approximately 15,000 customers associated with the recent acquisition of Helicon. According to National Decision Systems, the projected median household growth in the counties currently served by this region's systems is 3.7% for the period ending 2003, versus the projected U.S. median household growth of 5.2% for the same period.

At June 30, 1999, approximately 57% of the Northeast region's customers were served by cable systems with at least 550 megahertz of bandwidth capacity.

SOUTHEAST REGION. The Southeast region consists of cable systems serving approximately 453,000 customers residing primarily in small to medium-sized communities in North Carolina, South Carolina, Georgia and eastern Tennessee. There are significant clusters of cable systems in and around the cities and counties of Greenville/Spartanburg, South Carolina; Hickory and Asheville, North Carolina; Henry County, Georgia, a suburb of Atlanta; and Johnson City, Tennessee. These areas have experienced rapid population growth over the past few years, contributing to the high rate of internal customer growth for these systems. According to National Decision

Systems, the projected median household growth in the counties currently served by this region's systems is 6.9% for the period ending 2003, versus the projected U.S. median household growth of 5.2% for the same period. In addition, the Southeast region is responsible for managing an aggregate of 606,000 customers associated with the recent Helicon, InterMedia, Rifkin, Vista and Cable Satellite acquisitions.

At June 30, 1999, approximately 62% of the Southeast region's customers were served by cable systems with at least 550 megahertz bandwidth capacity. The planned upgrade of the Southeast region's cable systems will reduce the number of headends from 60 to 49 by December 31, 2001.

SOUTHERN REGION. The Southern region consists of cable systems serving approximately 448,000 customers located primarily in the states of Louisiana, Alabama, Kentucky, Mississippi and central Tennessee. In addition, the Southern region includes systems in Kansas, Colorado, Utah and Montana. The Southern region has significant clusters of cable systems in and around the cities of Birmingham, Alabama; Nashville, Tennessee; and New Orleans, Louisiana. According to National Decision Systems, the projected median household growth in the counties currently served by this region's systems is 6.3% for the period ending 2003, versus the projected U.S. median household growth of 5.2% for the same period. In addition, the Southern region is responsible for managing an aggregate of 328,000 customers associated with the recent Helicon, InterMedia and Rifkin acquisitions.

At June 30, 1999, approximately 46% of the Southern region's customers were served by cable systems with at least 550 megahertz bandwidth capacity. The planned upgrade of the Southeast region's cable systems will reduce the number of headends from 59 to 51 by December 31, 2001.

PLANT AND TECHNOLOGY OVERVIEW. We have engaged in an aggressive program to upgrade our existing cable plant over the next three years. For the period from January 1, 2000 to December 31, 2002, we plan to spend approximately $5.5 billion for capital expenditures, approximately $2.9 billion of which will be used to upgrade our systems to bandwidth capacity of 550 megahertz or greater, so that we may offer advanced services. The remaining capital will be spent on plant extensions, new services, converters and system maintenance.

The following table describes the current technological state of our systems and the anticipated progress of planned upgrades through 2001, based on the percentage of our customers who will have access to the bandwidth and other features shown:

	LESS THAN 550 MEGAHERTZ	550 MEGAHERTZ	750 MEGAHERTZ OR GREATER	TWO-WAY CAPABILITY
June 30, 1999........................	43.3%	19.1%	37.6%	33.8%
December 31, 1999....................	58.7%	15.9%	25.4%	25.4%
December 31, 2000....................	47.3%	14.5%	38.2%	38.2%
December 31, 2001....................	30.1%	12.5%	57.4%	57.4%

We have adopted HFC architecture, as the standard for our ongoing systems upgrades. The HFC architecture combines the use of fiber optic cable, which can carry hundreds of video, data and voice channels over extended distances, with coaxial cable, which requires a more extensive signal amplification in order to obtain the desired transmission levels for delivering channels. In most systems, we connect fiber optic cable to individual nodes serving an average of 500 homes or commercial buildings. We believe that this network design provides high capacity and superior signal quality, and will enable us to provide the newest forms of telecommunications services to our customers. The primary advantages of HFC architecture over traditional coaxial cable networks include:

- increased channel capacity of cable systems;

- reduced number of amplifiers, which are devices to compensate for signal loss caused by coaxial cable, needed to deliver signals from the headend to the home, resulting in improved signal quality and reliability;

- reduced number of homes that need to be connected to an individual node, improving the capacity of the network to provide high-speed Internet access and reducing the number of households affected by disruptions in the network; and

- sufficient dedicated bandwidth for two-way services, which avoids reverse signal interference problems that can otherwise occur when you have two-way communication capability.

The HFC architecture will enable us to offer new and enhanced services, including:

- additional channels and tiers;

- expanded pay-per-view options;

- high-speed Internet access;

- wide area networks, which permit a network of computers to be connected together beyond an area;

- point-to-point data services, which can switch data links from one point to another; and

- digital advertising insertion, which is the insertion of local, regional and national programming.

The upgrades will facilitate our new services in two primary ways:

- Greater bandwidth allows us to send more information through our systems. This provides us with the capacity to provide new services in addition to our current services. As a result, we will be able to roll out digital cable programming in addition to existing analog channels offered to customers who do not wish to subscribe to a package of digital services.

- Enhanced design configured for two-way communication with the customer allows us to provide cable Internet services without telephone support and other interactive services, such as an interactive program guide, impulse pay-per-view, video-on-demand and Wink, that cannot be offered without upgrading the bandwidth capacity of our systems.

This HFC architecture will also position us to offer cable telephony services in the future, using either Internet protocol technology or switch-based technology, another method of linking communications.

CUSTOMER SERVICE AND COMMUNITY RELATIONS

Providing a high level of service to our customers has been a central driver of our historical success. Our emphasis on system reliability, engineering support and superior customer satisfaction is key to our management philosophy. In support of our commitment to customer satisfaction, we operate a 24-hour customer service hotline in most systems and offer on-time installation and service guarantees. It is our policy that if an installer is late for a scheduled appointment the customer receives free installation, and if a service technician is late for a service call the customer receives a $20 credit.

As of June 30, 1999, we maintained eight call centers located in our seven regions, which are responsible for handling call volume for more than 55% of our customers. They are staffed with dedicated personnel who provide service to our customers 24 hours a day, seven days a week. We believe operating regional call centers allows us to provide "localized" service, which also reduces overhead costs and improves customer service. We have invested significantly in both personnel and equipment to ensure that these call centers are professionally managed and employ state-of-the-art technology. We also maintain approximately 170 field offices, and employ approximately 1,200 customer service representatives throughout the systems. Our customer service representatives receive extensive training to develop customer contact skills and product knowledge critical to successful sales and high rates of customer retention. We have approximately 2,300 technical employees who are encouraged to enroll in courses and attend regularly scheduled on-site seminars conducted by equipment manufacturers to keep pace with the latest technological developments in the cable television industry. We utilize surveys, focus groups and other research tools as part of our efforts to determine and respond to customer needs. We believe that all of this improves the overall quality of our services and the reliability of our systems, resulting in fewer service calls from customers.

We are also committed to fostering strong community relations in the towns and cities our systems serve. We support many local charities and community causes in various ways, including marketing promotions to raise money and supplies for persons in need, and in-kind donations that include production services and free air-time on major cable networks. Recent charity affiliations include campaigns for "Toys for Tots," United Way, local theatre, children's museums, local food banks and volunteer fire and ambulance corps. We also participate in the "Cable in the Classroom" program, whereby cable television companies throughout the United States provide schools with free cable television service. In addition, we install and provide free basic cable service to public schools, government buildings and non-profit hospitals in many of the communities in which we operate. We also provide free cable modems and high-speed Internet access to schools and public libraries in our franchise areas. We place a special emphasis on education, and regularly award scholarships to employees who intend to pursue courses of study in the communications field.

SALES AND MARKETING

PERSONNEL RESOURCES. We have a centralized team responsible for coordinating the marketing efforts of our individual systems. For most of our systems with over 30,000 customers we have a dedicated marketing manager, while smaller systems are handled regionally. We believe our success in marketing comes in large part from new and innovative ideas and from good interaction between our corporate office, which handles programs and administration, and our field offices, which implement the various programs. We are also continually monitoring the regulatory arena, customer perception, competition, pricing and product preferences to increase our responsiveness to our customer base. Our customer service representatives are given the incentive to use their daily contacts with customers as opportunities to sell our new service offerings.

MARKETING STRATEGY. Our long-term marketing objective is to increase cash flow through deeper market penetration and growth in revenue per household. To achieve this objective and to position our service as an indispensable consumer service, we are pursuing the following strategies:

- increase the number of rooms per household with cable;

- introduce new cable products and services;

- design product offerings to enable greater opportunity for customer choices;

- utilize "tiered" packaging strategies to promote the sale of premium services and niche programming;

- offer our customers more value through discounted bundling of products;

- increase the number of residential consumers who use our set-top box, which enables them to obtain advanced digital services such as a greater number of television stations and interactive services;

- target households based on demographic data;

- develop specialized programs to attract former customers, households that have never subscribed and illegal users of the service; and

- employ Charter branding of products to promote customer awareness and loyalty.

We have innovative marketing programs which utilize market research on selected systems, compare the data to national research and tailor marketing programs for individual markets. We gather detailed customer information through our regional marketing representatives and use the Claritas geodemographic data program and consulting services to create unique packages of services and marketing programs. These marketing efforts and the follow-up analysis provide consumer information down to the city block or suburban subdivision level, which allows us to create very targeted marketing programs.

We seek to maximize our revenue per customer through the use of "tiered" packaging strategies to market premium services and to develop and promote niche programming services.

We regularly use targeted direct mail campaigns to sell these tiers and services to our existing customer base. We are developing an in-depth profile database that goes beyond existing and former customers to include all homes passed. This database information is expected to improve our targeted direct marketing efforts, bringing us closer toward our objective of increasing total customers as well as sales per customer for both new and existing customers. For example, using customer profile data currently available, we are able to identify customers who have children under a specified age and do not currently subscribe to The Disney Channel. We then target our marketing efforts with respect to The Disney Channel to those households. In 1998, we were chosen by Claritas Corporation, sponsor of a national marketing competition across all industries, as the first place winner in their media division, which includes cable systems operations, telecommunications and newspapers, for our national segmenting and targeted marketing program.

Our marketing professionals have also received numerous industry awards within the last two years, including the Cable and Telecommunication Association of Marketers' awards for consumer research and best advertising and marketing programs.

In 1998, we introduced a new package of premium services. Customers receive a substantial discount on bundled premium services of HBO, Showtime, Cinemax and The Movie Channel. We were able to negotiate favorable terms with premium networks, which allowed minimal impact on margins and provided substantial volume incentives to grow the premium category. The MVP package has increased our premium household penetration, premium revenue and cash flow. As a result of this package, HBO recognized us as a top performing customer. We are currently introducing this same premium strategy in the systems we have recently acquired.

We expect to continue to invest significant amounts of time, effort and financial resources in the marketing and promotion of new and existing services. To increase customer penetration and increase the level of services used by our customers, we use a coordinated array of marketing techniques, including door-to-door solicitation, telemarketing, media advertising and direct mail solicitation. We believe we have one of the cable television industry's highest success rates in attracting and retaining customers who have never before subscribed to cable television. Historically, these "nevers" are the most difficult customers to attract and retain.

PROGRAMMING SUPPLY

GENERAL. We believe that offering a wide variety of conveniently scheduled programming is an important factor influencing a customer's decision to subscribe to and retain our cable services. We devote considerable resources to obtaining access to a wide range of programming that we believe will appeal to both existing and potential customers of basic and premium services. We rely on extensive market research, customer demographics and local programming preferences to determine channel offerings in each of our markets. See "-- Sales and Marketing".

PROGRAMMING SOURCES. We obtain basic and premium programming from a number of suppliers, usually pursuant to a written contract. As of June 30, 1999, we obtain approximately 64% of our programming through contracts entered into directly with a programming supplier. We obtain the rest of our programming through TeleSynergy, Inc., which offers its partners contract benefits in buying programming by virtue of volume discounts available to a larger buying base. Programming tends to be made available to us for a flat fee per customer. However, some channels are available without cost to us. In connection with the launch of a new channel, we may receive a distribution fee to support the channel launch, a portion of which is applied to marketing expenses associated with the channel launch. The amounts we receive in distribution fees are not significant.

Our programming contracts generally continue for a fixed period of time, usually from three to ten years. Although longer contract terms are available, we prefer to limit contracts to three years so that we retain flexibility to change programming and include new channels as they become available. Some program suppliers offer marketing support or volume discount pricing structures. Some of our programming agreements with premium service suppliers offer cost incentives under which premium service unit prices decline as certain premium service growth thresholds are met.

For home shopping channels, we may receive a percentage of the amount spent in home shopping purchases by our customers on channels we carry. In 1998, these revenues totalled approximately $220,000.

PROGRAMMING COSTS. Our cable programming costs have increased in recent years and are expected to continue to increase due to factors including:

- system acquisitions;

- additional programming being provided to customers;

- increased cost to produce or purchase cable programming; and

- inflationary increases.

In every year we have operated, our costs to acquire programming have exceeded customary inflationary and cost-of-living type increases. Sports programming costs have increased significantly over the past several years. In addition, contracts to purchase sports programming sometimes contain built-in cost increases for programming added during the term of the contract which we may or may not have the option to add to our service offerings.

Under rate regulation of the Federal Communications Commission, cable operators may increase their rates to customers to cover increased costs for programming, subject to certain limitations. See "Regulation and Legislation". We now contract through TeleSynergy for approximately 36% of our programming. We believe our partnership in TeleSynergy limited increases in our programming costs relative to what the increases would otherwise have been. However, given our increased size and purchasing ability, the effect may not be material. This is because some programming suppliers offer advantageous pricing terms to cable operators whose number of customers exceeds thresholds established by such programming suppliers. Our increase in size as a result of our merger with Marcus Holdings and our recent and pending acquisitions should provide increased bargaining power, whether or not through TeleSynergy, resulting in an ability to limit increases in programming costs. In addition, upon the close of the InterMedia, Falcon and Bresnan acquisitions, the InterMedia, Falcon and Bresnan cable systems will no longer be able to obtain certain of their programming services through affiliates of AT&T/Business and Internet Solutions, formerly Tele-Communications, Inc. We expect that the impact of any programming cost increases associated with the termination of these arrangements will be more than offset by cost savings generated from our other recent and pending acquisitions. Management believes it will, as a general matter, be able to pass increases in its programming costs through to customers, although we cannot assure you that it will be possible.

RATES

Pursuant to the Federal Communications Commission's rules, we have set rates for cable-related equipment, such as converter boxes and remote control devices, and installation services. These rates are based on actual costs plus a 11.25% rate of return. We have unbundled these charges from the charges for the provision of cable service.

Rates charged to customers vary based on the market served and service selected, and are typically adjusted on an annual basis. As of June 30, 1999, the average monthly fee was $10.59 for basic service and $19.16 for expanded basic service. Regulation of the expanded basic service was eliminated by federal law as of March 31, 1999 and such rates are now based on market conditions. A one-time installation fee, which may be waived in part during certain promotional periods, is charged to new customers. We believe our rate practices are in accordance with Federal Communications Commission Guidelines and are consistent with those prevailing in the industry generally. See "Regulation and Legislation".

THEFT PROTECTION

The unauthorized tapping of cable plant and the unauthorized receipt of programming using cable converters purchased through unauthorized sources are problems which continue to challenge the entire cable industry. We have adopted specific measures to combat the unauthorized use of our plant to receive programming. For instance, in several of our regions, we have instituted a "perpetual audit" whereby each technician is required to check at least four other nearby residences during each service call to determine if there are any obvious signs of piracy, namely, a drop line leading from the main cable line into other homes. Addresses where the technician observes drop lines are then checked against our customer billing records. If the address is not found in the billing records, a sales representative calls on the unauthorized user to correct the "billing discrepancy" and persuade the user to become a formal customer. In our experience, approximately 25% of unauthorized users who are solicited in this manner become customers. Billing records are then closely monitored to guard against these new customers reverting to their status as unauthorized users. Unauthorized users who do not convert are promptly disconnected and, in certain instances, flagrant violators are referred for prosecution. In addition, we have prosecuted individuals who have sold cable converters programmed to receive our signals without proper authorization.

FRANCHISES

As of June 30, 1999, our systems operated pursuant to an aggregate of 1,247 franchises, permits and similar authorizations issued by local and state governmental authorities. As of June 30, 1999, on a pro forma basis, we held approximately 4,250 franchises in the aggregate. Each franchise is awarded by a governmental authority and is usually not transferable unless the granting governmental authority consents. Most franchises are subject to termination proceedings in the event of a material breach. In addition, most franchises require us to pay the granting authority a franchise fee of up to 5.0% of gross revenues generated by cable television services under the franchise (i.e., the maximum amount that may be charged under the Communications Act).

Our franchises have terms which range from 4 years to more than 32 years. Prior to the scheduled expiration of most franchises, we initiate renewal proceedings with the granting authorities. This process usually takes three years but can take a longer period of time and often involves substantial expense. The Communications Act provides for an orderly franchise renewal process in which granting authorities may not unreasonably withhold renewals. If a renewal is withheld and the granting authority takes over operation of the affected cable system or awards it to another party, the granting authority must pay the existing cable operator the "fair market value" of the system. The Communications Act also established comprehensive renewal procedures requiring that an incumbent franchisee's renewal application be evaluated on its own merit and not as part of a comparative process with competing applications. In connection with the franchise renewal process, many governmental authorities require the cable operator make certain commitments, such as technological upgrades to the system, which may require substantial capital expenditures. We cannot assure you, however, that any particular franchise will be renewed or that it can be renewed on commercially favorable terms. Our failure to obtain renewals of our franchises, especially those in major metropolitan areas where we have the most customers, would have a material adverse effect on our business, results of operations and financial condition. See "Risk Factors -- Regulatory and Legislative Matters". The following table summarizes our systems' franchises by year of expiration, and approximate number of basic customers as of June 30, 1999 and does not reflect pending acquisitions or acquisitions closed since that date.

YEAR OF FRANCHISE EXPIRATION	NUMBER OF FRANCHISES	PERCENTAGE OF TOTAL FRANCHISES	TOTAL BASIC CUSTOMERS	PERCENTAGE OF TOTAL CUSTOMERS
Prior to December 31, 1999	109	9%	275,000	10%
2000 to 2002	239	19%	608,000	22%
2003 to 2005	267	21%	525,000	19%
2006 or after	632	51%	1,326,000	49%
Total	1,247	100%	2,734,000	100%

Under the 1996 Telecom Act, cable operators are not required to obtain franchises in order to provide telecommunications services, and granting authorities are prohibited from limiting, restricting or conditioning the provision of such services. In addition, granting authorities may not require a cable operator to provide telecommunications services or facilities, other than institutional networks, as a condition of an initial franchise grant, a franchise renewal, or a franchise transfer. The 1996 Telecom Act also limits franchise fees to an operator's cable-related revenues and clarifies that they do not apply to revenues that a cable operator derives from providing new telecommunications services.

We believe our relations with the franchising authorities under which our systems are operated are generally good. Substantially all of the material franchises relating to our systems which are eligible for renewal have been renewed or extended at or prior to their stated expiration dates.

COMPETITION

We face competition in the areas of price, service offerings, and service reliability. We compete with other providers of television signals and other sources of home entertainment. In addition, as we expand into additional services such as Internet access, interactive services and telephony, we will face competition from other providers of each type of service. See "Risk Factors -- We operate in a very competitive business environment which could adversely affect our business and operations".

To date, we believe that we have not lost a significant number of customers, or a significant amount of revenue, to our competitors' systems. However, competition from other providers of the technologies we expect to offer in the future may have a negative impact on our business in the future.

Through mergers such as the recent merger of Tele-Communications, Inc. and AT&T, customers will come to expect a variety of services from a single provider. While the TCI/AT&T merger has no direct or immediate impact on our business, it encourages providers of cable and telecommunications services to expand their service offerings. It also encourages consolidation in the cable industry as cable operators recognize the competitive benefits of a large customer base and expanded financial resources.

Key competitors today include:

- BROADCAST TELEVISION. Cable television has long competed with broadcast television, which consists of television signals that the viewer is able to receive without charge using a traditional "off-air" antenna. The extent of such competition is dependent upon the quality and quantity of broadcast signals available through "off-air" reception compared to the services provided by the local cable system. The recent licensing of digital spectrum by the Federal Communications Commission will provide incumbent television licenses with the ability to deliver high definition television pictures and multiple digital-quality program streams, as well as advanced digital services such as subscription video.

- DBS. Direct broadcast satellite, known as DBS, has emerged as significant competition to cable systems. The DBS industry has grown rapidly over the last several years, far exceeding the growth rate of the cable television industry, and now serves approximately 10 million subscribers nationwide. DBS service allows the subscriber to receive video services directly via satellite using a relatively small dish antenna. Moreover, video compression technology allows DBS providers to offer more than 100 digital channels, thereby surpassing the typical cable system. DBS, however, is limited in the local programming it can provide because of the current capacity limitations of satellite technology. In addition, existing copyright rules restrict the ability of DBS providers to offer local broadcast programming. Congress is now considering legislation that would remove these legal obstacles. DirecTV and EchoStar Communications Corporation, the two primary DBS providers, have reached agreements allowing them to offer Fox's owned-and-operated stations in their local markets. These agreements are contingent upon passage of satellite TV reform legislation. America Online Inc., the nation's leading provider of Internet services has recently announced a plan to invest $1.5 billion in Hughes Electronics Corp., DirecTV, Inc.'s parent company, and these companies intend to jointly market America Online's prospective Internet television service to DirecTV's DBS customers.

- DSL. The deployment of digital subscriber line technology, known as DSL, will allow Internet access to subscribers at data transmission speeds greater than those of modems over conventional telephone lines. Several telephone companies and other companies are introducing DSL service. The Federal Communications Commission has initiated an administrative proceeding to consider its authority and the possibility of rules to facilitate the deployment of advanced communications services, including high speed broadband services and interactive online Internet services. We are unable to predict the ultimate outcome of any Federal Communications Commission proceeding, the likelihood of success of the Internet access offered by our competitors or the impact on our business and operations of these competitive ventures.

- TRADITIONAL OVERBUILDS. Cable television systems are operated under non-exclusive franchises granted by local authorities. More than one cable system may legally be built in the same area. It is possible that a franchising authority might grant a second franchise to another cable operator and that franchise might contain terms and conditions more favorable than those afforded us. In addition, entities willing to establish an open video system, under which they offer unaffiliated programmers non-discriminatory access to a portion of the system's cable system may be able to avoid local franchising requirements. Well financed businesses from outside the cable industry, such as public utilities which already possess fiber optic and other transmission lines in the areas they serve may over time become competitors. There has been a recent increase in the number of cities that have constructed their own cable systems, in a manner similar to city-provided utility services. Constructing a competing cable system is a capital intensive process which involves a high degree of risk. We believe that in order to be successful, a competitor's overbuild would need to be able to serve the homes and businesses in the overbuilt area on a more cost-effective basis than us. Any such overbuild operation would require either significant access to capital or access to facilities already in place that are capable of delivering cable television programming.

We are aware of overbuild situations in some of our systems located in Newnan, Columbus and West Point, Georgia; Barron and Cameron, Wisconsin; Auburn, Rancho

Cucamanga and Victorville, California; and Lanett and Valley, Alabama. Approximately 49,000 basic customers, approximately 1.8% of our total basic customers, are passed by these overbuilds. Additionally, we have been notified that franchises have been awarded, and present potential overbuild situations, in some of our systems located in Denton, Southlake, Roanoke and Keller, Texas and Willimantic, Connecticut. These potential overbuild areas service an aggregate of approximately 54,000 basic customers or approximately 2.0% of our total basic customers. In response to such overbuilds, these systems have been designated priorities for the upgrade of cable plant and the launch of new and enhanced services. We have upgraded each of these systems to at least 750 megahertz two-way HFC architecture, with the exceptions of our systems in Columbus, Georgia, and Willimantic, Connecticut. Upgrades to at least 750 megahertz two-way HFC architecture with respect to these two systems are expected to be completed by December 31, 2000 and December 31, 2001, respectively.

- TELEPHONE COMPANIES AND UTILITIES. The competitive environment has been significantly affected by both technological developments and regulatory changes enacted in The Telecommunications Act of 1996, which were designed to enhance competition in the cable television and local telephone markets. Federal cross-ownership restrictions historically limited entry by local telephone companies into the cable television business. The 1996 Telecom Act modified this cross-ownership restriction, making it possible for local exchange carriers who have considerable resources to provide a wide variety of video services competitive with services offered by cable systems.

As we expand our offerings to include Internet and other telecommunications services, we will be subject to competition from other telecommunications providers. The telecommunications industry is highly competitive and includes competitors with greater financial and personnel resources, who have brand name recognition and long-standing relationships with regulatory authorities. Moreover, mergers, joint ventures and alliances among franchise, wireless or private cable television operators, local exchange carriers and others may result in providers capable of offering cable television, Internet, and telecommunications services in direct competition with us.

Several telephone companies have obtained or are seeking cable television franchises from local governmental authorities and are constructing cable systems. Cross-subsidization by local exchange carriers of video and telephony services poses a strategic advantage over cable operators seeking to compete with local exchange carriers that provide video services. Some local exchange carriers may choose to make broadband services available under the open video regulatory framework of the Federal Communications Commission. In addition, local exchange carriers provide facilities for the transmission and distribution of voice and data services, including Internet services, in competition with our existing or potential interactive services ventures and businesses, including Internet service, as well as data and other non-video services. We cannot predict the likelihood of success of the broadband services offered by our competitors or the impact on us of such competitive ventures. The entry of telephone companies as direct competitors in the video marketplace, however, is likely to become more widespread and could adversely affect the profitability and valuation of the systems.

Additionally, we are subject to competition from utilities which possess fiber optic transmission lines capable of transmitting signals with minimal signal distortion.

- SMATV. Additional competition is posed by satellite master antenna television systems known as "SMATV systems" serving multiple dwelling units, referred to in the cable industry as "MDU's", such as condominiums, apartment complexes, and private residential communities. These private cable systems may enter into exclusive agreements with such MDUs, which may preclude operators of franchise systems from serving residents of such private complexes. Such private cable systems can offer both improved reception of local television stations and many of the same satellite-delivered program services which are offered by cable systems. SMATV systems currently benefit from operating advantages not available to franchised cable systems, including fewer regulatory burdens and no requirement to service low density or economically depressed communities. Exemption from regulation may provide a competitive advantage to certain of our current and potential competitors.

- WIRELESS DISTRIBUTION. Cable television systems also compete with wireless program distribution services such as multi-channel multipoint distribution systems or "wireless cable", known as MMDS. MMDS uses low-power microwave frequencies to transmit television programming over-the-air to paying customers. Wireless distribution services generally provide many of the programming services provided by cable systems, and digital compression technology is likely to increase significantly the channel capacity of their systems. Both analog and digital MMDS services require unobstructed "line of sight" transmission paths. While no longer as significant a competitor, analog MMDS has impacted our customer growth in Riverside and Sacramento, California and Missoula, Montana. Digital MMDS is a more significant competitor, presenting potential challenges to us in Los Angeles, California and Atlanta, Georgia.

PROPERTIES

Our principal physical assets consist of cable television plant and equipment, including signal receiving, encoding and decoding devices, headend reception facilities, distribution systems and customer drop equipment for each of our cable television systems. Our cable television plant and related equipment are generally attached to utility poles under pole rental agreements with local public utilities and telephone companies, and in certain locations are buried in underground ducts or trenches. The physical components of our cable television systems require maintenance and periodic upgrading to keep pace with technological advances. We own or lease real property for signal reception sites and business offices in many of the communities served by our systems and for our principal executive offices. We own most of our service vehicles.

Our subsidiaries own the real property housing our regional data center in Town & Country, Missouri, as well as the regional office for the Northeast Region in Newtown, Connecticut and additional real estate located in Hickory, North Carolina; Hammond, Louisiana; and West Sacramento and San Luis Obispo, California. Our subsidiaries lease space for our regional data center located in Dallas, Texas and additional locations for business offices throughout our operating regions. Our headend locations are generally located on owned or leased parcels of land, and we generally own the towers on which our equipment is located.

All of our properties and assets are subject to liens securing payment of indebtedness under the existing credit facilities. We believe that our properties are in good operating condition and are suitable and adequate for our business operations.

EMPLOYEES

As of the closing of the offering, Charter Communications, Inc. will have only twelve employees, all of whom are senior management and are also employees of Charter Investment, Inc. Pursuant to a services agreement between Charter Communications, Inc. and Charter Investment, Inc., Charter Investment, Inc. will provide Charter Communications, Inc. on a cost reimbursement basis the necessary personnel and services to manage Charter Communications Holding Company and its subsidiaries. As of June 30, 1999, Charter Communications Holding Company's subsidiaries had approximately 4,980 full-time equivalent employees of which 280 were represented by the International Brotherhood of Electrical Workers. We believe we have a good relationship with our employees and have never experienced a work stoppage. See "Certain Relationships and Related Transactions".

INSURANCE

We have insurance to cover risks incurred in the ordinary course of business, including general liability, property coverage, business interruption and workers' compensation insurance in amounts typical of similar operators in the cable industry and with reputable insurance providers. As is typical in the cable industry, we do not insure our underground plant. We believe our insurance coverage is adequate.

LEGAL PROCEEDINGS

We are involved from time to time in routine legal matters incidental to our business. We believe that the resolution of such matters will not have a material adverse impact on our financial position or results of operations.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the Securities and Exchange Commission a registration statement on Form S-1 to register the Class A common stock offered by this prospectus. This prospectus, which forms a part of the registration statement, does not contain all the information included in that registration statement. For further information about us and the Class A common stock offered in this prospectus, you should refer to the registration statement and its exhibits. After completion of the offering, we will be required to file annual, quarterly and other information with the SEC. You may read and copy any document we file with the SEC at the public reference facilities maintained by the SEC at Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549, and at the SEC's regional offices at 3475 Lenox Road, N.E., Suite 1000, Atlanta, Georgia 30326-1232. Copies of such material may be obtained from the Public Reference Section of the SEC at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates. You can also review such material by accessing the SEC's Internet web site at http:// www.sec.gov. This site contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC.

We intend to furnish to each holder of our Class A common stock annual reports containing audited financial statements and quarterly reports containing unaudited financial information for the first three quarters of each fiscal year. We will also furnish to each holder of our Class A common stock such other reports as may be required by law.

REGULATION AND LEGISLATION

The following summary addresses the key regulatory developments and legislation affecting the cable television industry.

The operation of a cable system is extensively regulated by the Federal Communications Commission, some state governments and most local governments. The 1996 Telecom Act has altered the regulatory structure governing the nation's communications providers. It removes barriers to competition in both the cable television market and the local telephone market. Among other things, it also reduces the scope of cable rate regulation and encourages additional competition in the video programming industry by allowing local telephone companies to provide video programming in their own telephone service areas.

The 1996 Telecom Act requires the Federal Communications Commission to undertake a host of implementing rulemakings. Moreover, Congress and the Federal Communications Commission have frequently revisited the subject of cable regulation. Future legislative and regulatory changes could adversely affect our operations, and there have been calls in Congress and at the Federal Communications Commission to maintain or even tighten cable regulation in the absence of widespread effective competition.

CABLE RATE REGULATION. The 1992 Cable Act imposed an extensive rate regulation regime on the cable television industry, which limited the ability of cable companies to increase subscriber fees. Under that regime, all cable systems are subject to rate regulation, unless they face "effective competition" in their local franchise area. Federal law now defines "effective competition" on a community-specific basis as requiring satisfaction of conditions rarely satisfied in the current marketplace.

Although the Federal Communications Commission has established the underlying regulatory scheme, local government units, commonly referred to as local franchising authorities, are primarily responsible for administering the regulation of the lowest level of cable -- the basic service tier, which typically contains local broadcast stations and public, educational, and government access channels. Before a local franchising authority begins basic service rate regulation, it must certify to the Federal Communications Commission that it will follow applicable federal rules. Many local franchising authorities have voluntarily declined to exercise their authority to regulate basic service rates. Local franchising authorities also have primary responsibility for regulating cable equipment rates. Under federal law, charges for various types of cable equipment must be unbundled from each other and from monthly charges for programming services.

As of June 30, 1999, approximately 21% of our local franchising authorities were certified to regulate basic tier rates. The 1992 Cable Act permits communities to certify and regulate rates at any time, so that it is possible that additional localities served by the systems may choose to certify and regulate rates in the future.

The Federal Communications Commission itself directly administers rate regulation of cable programming service tiers, which is expanded basic programming offering more services than basic programming, which typically contain satellite-delivered programming. Under the 1996 Telecom Act, the Federal Communications Commission can regulate cable programming service tier rates only if a local franchising authority first receives at least two rate complaints from local subscribers and then files a formal complaint with the Federal Communications Commission. When new cable programming service tier rate complaints are filed, the Federal Communications Commission considers only whether the incremental increase is justified and it will not reduce the previously established cable programming service tier rate. We currently have rate complaints relating to approximately 240,000 subscribers pending at the Federal Communications Commission. The Federal Communications Commission's authority to regulate cable programming service tier rates effectively expired on March 31, 1999. The Federal Communications Commission has taken the position that it will still adjudicate cable programming service tier complaints filed after this sunset date, but no later than 180 days after the last cable programming service tier rate increase imposed prior to March 31, 1999, and will strictly limit its review, and possibly refund orders, to the time period predating the sunset date. We do not believe any adjudications regarding these pre-sunset complaints will have a material adverse effect on our business. The elimination of cable programming service tier regulation, which is the rate regulation of a particular level of packaged programming services, typically referring to the expanded basic level of service, on a prospective basis affords us substantially greater pricing flexibility.

Under the rate regulations of the Federal Communication Commission, most cable systems were required to reduce their basic service tier and cable programming service tier rates in 1993 and 1994, and have since had their rate increases governed by a complicated price cap scheme that allows for the recovery of inflation and certain increased costs, as well as providing some incentive for expanding channel carriage. The Federal Communications Commission has modified its rate adjustment regulations to allow for annual rate increases and to minimize previous problems associated with regulatory lag. Operators also have the opportunity to bypass this "benchmark" regulatory scheme in favor of traditional "cost-of-service" regulation in cases where the latter methodology appears favorable. Cost of service regulation is a traditional form of rate regulation, under which a utility is allowed to recover its costs of providing the regulated service, plus a reasonable profit. The Federal Communications Commission and Congress have provided various forms of rate relief for smaller cable systems owned by smaller operations. Premium cable services offered on a per-channel or per-program basis remain unregulated, as do affirmatively marketed packages consisting entirely of new programming product. However, federal law requires that the basic service tier be offered to all cable subscribers and limits the ability of operators to require purchase of any cable programming service tier if a customer seeks to purchase premium services offered on a per-channel or per-program basis, subject to a technology exception which sunsets in 2002.

As noted above, Federal Communications Commission regulation of cable programming service tier rates for all systems, regardless of size, sunset pursuant to the 1996 Telecom Act on March 31, 1999. Certain legislators, however, have called for new rate regulations if unregulated cost rates increase dramatically. The 1996 Telecom Act also relaxes existing "uniform rate" requirements by specifying that uniform rate requirements do not apply where the operator faces "effective competition," and by exempting bulk discounts to multiple dwelling units, although complaints about predatory pricing still may be made to the Federal Communications Commission.

CABLE ENTRY INTO TELECOMMUNICATIONS. The 1996 Telecom Act creates a more favorable environment for us to provide telecommunication services beyond traditional video delivery. It provides that no state or local laws or regulations may prohibit or have the effect of prohibiting any entity from providing any interstate or intrastate telecommunications service. A cable operator is authorized under the 1996 Telecom Act to provide telecommunication services without obtaining a separate local franchise. States are authorized, however, to impose "competitively neutral" requirements regarding universal service, public safety and welfare, service quality, and consumer protection. State and local governments also retain their authority to manage the public rights-of-way and may require reasonable, competitively neutral compensation for management of the public rights-of-way when cable operators provide telecommunications service. The favorable pole attachment rates afforded cable operators under federal law can be gradually increased by utility companies owning the poles, beginning in 2001, if the operator provides telecommunications service, as well as cable service, over its plant. The Federal Communications Commission recently clarified that a cable operator's favorable pole rates are not endangered by the provision of Internet access.

Cable entry into telecommunications will be affected by the regulatory landscape now being developed by the Federal Communications Commission and state regulators. One critical component of the 1996 Telecom Act to facilitate the entry of new telecommunications providers, including cable operators, is the interconnection obligation imposed on all telecommunications carriers. In July 1997, the Eighth Circuit Court of Appeals vacated certain aspects of the Federal Communications Commission initial interconnection order but most of that decision was reversed by the U.S. Supreme Court in January 1999. The Supreme Court effectively upheld most of the Federal Communications Commission interconnection regulations. Although these regulations should enable new telecommunications entrants to reach viable interconnection agreements with incumbent carriers, many issues, including whether the Federal Communications Commission ultimately can mandate that incumbent carriers make available specific network elements, remains subject to further Federal Communications Commission review. Aggressive regulation by the Federal Communications Commission in this area, if upheld by the courts, would make it easier for us to provide telecommunications service.

INTERNET SERVICE. Although there is at present no significant federal regulation of cable system delivery of Internet services, and the Federal Communications Commission recently issued a report to Congress finding no immediate need to impose such regulation, this situation may change as cable systems expand their broadband delivery of Internet services. In particular, proposals have been advanced at the Federal Communications Commission and Congress that would require cable operators to provide access to unaffiliated Internet service providers and online service providers. Certain Internet service providers also are attempting to use existing modes of access that are commercially leased to gain access to cable system delivery. A petition on this issue is now pending before the Federal Communications Commission. Finally, some local franchising authorities are considering the imposition of mandatory Internet access requirements as part of cable franchise renewals or transfers. A federal district court in Portland, Oregon recently upheld the legal ability of local franchising authority to impose such conditions, but an appeal has been filed. Other local authorities have imposed or may impose mandatory Internet access requirements on cable operators. These developments could, if they become widespread, burden the capacity of cable systems and complicate our own plans for providing Internet service.

TELEPHONE COMPANY ENTRY INTO CABLE TELEVISION. The 1996 Telecom Act allows telephone companies to compete directly with cable operators by repealing the historic telephone company/cable cross-ownership ban. Local exchange carriers, including the regional telephone companies, can now compete with cable operators both inside and outside their telephone service areas with certain regulatory safeguards. Because of their resources, local exchange carriers could be formidable competitors to traditional cable operators, and certain local exchange carriers have begun offering cable service.

Various local exchange carriers currently are seeking to provide video programming services within their telephone service areas through a variety of distribution methods, including both the deployment of broadband wire facilities and the use of wireless transmission.

Under the 1996 Telecom Act, local exchange carriers or any other cable competitor providing video programming to subscribers through broadband wire should be regulated as a traditional cable operator, subject to local franchising and federal regulatory requirements, unless the local exchange carrier or other cable competitor elects to deploy its broadband plant as an open video system. To qualify for favorable open video system status, the competitor must reserve two-thirds of the system's activated channels for unaffiliated entities. The Fifth Circuit Court of Appeals recently reversed certain of the Federal Communications Commission's open video system rules, including its preemption of local franchising. That decision may be subject to further appeal. It is unclear what effect this ruling will have on the entities pursuing open video system operation.

Although local exchange carriers and cable operators can now expand their offerings across traditional service boundaries, the general prohibition remains on local exchange carrier buyouts of co-located cable systems. Co-located cable systems are cable systems serving an overlapping territory. Cable operator buyouts of co-located local exchange carrier systems, and joint ventures between cable operators and local exchange carriers in the same market. The 1996 Telecom Act provides a few limited exceptions to this buyout prohibition, including a carefully circumscribed "rural exemption." The 1996 Telecom Act also provides the Federal Communications Commission with the limited authority to grant waivers of the buyout prohibition.

ELECTRIC UTILITY ENTRY INTO TELECOMMUNICATIONS/CABLE TELEVISION. The 1996 Telecom Act provides that registered utility holding companies and subsidiaries may provide telecommunications services, including cable television, notwithstanding the Public Utility Holding Company Act. Electric utilities must establish separate subsidiaries, known as "exempt telecommunications companies" and must apply to the Federal Communications Commission for operating authority. Like telephone companies, electric utilities have substantial resources at their disposal, and could be formidable competitors to traditional cable systems. Several such utilities have been granted broad authority by the Federal Communications Commission to engage in activities which could include the provision of video programming.

ADDITIONAL OWNERSHIP RESTRICTIONS. The 1996 Telecom Act eliminates statutory restrictions on broadcast/cable cross-ownership, including broadcast network/cable restrictions, but leaves in place existing Federal Communications Commission regulations prohibiting local cross-ownership between co-located television stations and cable systems.

Pursuant to the 1992 Cable Act, the Federal Communications Commission adopted rules precluding a cable system from devoting more than 40% of its activated channel capacity to the carriage of affiliated national video program services. Also pursuant to the 1992 Cable Act, the Federal Communications Commission has adopted rules that preclude any cable operator from serving more than 30% of all U.S. domestic video subscribers, including cable and direct broadcast satellite subscribers. However, this provision has been stayed pending further judicial review.

MUST CARRY/RETRANSMISSION CONSENT. The 1992 Cable Act contains broadcast signal carriage requirements. Broadcast signal carriage is the transmission of broadcast television signals over a cable system to cable customers. These requirements, among other things, allow local commercial television broadcast stations to elect once every three years between a "must carry" status or a "retransmission consent" status. Less popular stations typically elect must carry, which is the broadcast signal carriage requirement that allows local commercial television broadcast stations to require a cable system to carry the station. More popular stations, such as those affiliated with a national network, typically elect retransmission consent which is the broadcast signal carriage requirement that allows local commercial television broadcast stations to negotiate for payments for granting permission to the cable operator to carry the stations. Must carry requests can dilute the appeal of a cable system's programming offerings because a cable system with limited channel capacity may be required to forego carriage of popular channels in favor of less popular broadcast stations electing must carry. Retransmission consent demands may require substantial payments or other concessions. Either option has a potentially adverse effect on our business. The burden associated with must carry may increase substantially if broadcasters proceed with planned conversion to digital transmission and the Federal Communications Commission determines that cable systems must carry all analog and digital broadcasts in their entirety. This burden would reduce capacity available for more popular video programming and new internet and telecommunication offerings. A rulemaking is now pending at the Federal Communications Commission regarding the imposition of dual digital and analog must carry.

ACCESS CHANNELS. Local franchising authorities can include franchise provisions requiring cable operators to set aside certain channels for public, educational and governmental access programming. Federal law also requires cable systems to designate a portion of their channel capacity, up to 15% in some cases, for commercial leased access by unaffiliated third parties. The Federal Communications Commission has adopted rules regulating the terms, conditions and maximum rates a cable operator may charge for commercial leased access use. We believe that requests for commercial leased access carriages have been relatively limited. A new request has been forwarded to the Federal Communications Commission, however, requesting that unaffiliated Internet service providers be found eligible for commercial leased access. Although we do not believe such use is in accord with the governing statute, a contrary ruling could lead to substantial leased activity by Internet service providers and disrupt our own plans for Internet service.

ACCESS TO PROGRAMMING. To spur the development of independent cable programmers and competition to incumbent cable operators, the 1992 Cable Act imposed restrictions on the dealings between cable operators and cable programmers. Of special significance from a competitive business posture, the 1992 Cable Act precludes video programmers affiliated with cable companies from favoring their cable operators over new competitors and requires such programmers to sell their programming to other multichannel video distributors. This provision limits the ability of vertically integrated cable programmers to offer exclusive programming arrangements to cable companies. Recently, there has been increased interest in further restricting the marketing practices of cable programmers, including subjecting programmers who are not affiliated with cable operators to all of the existing program access requirements, and subjecting terrestrially delivered programming to the program access requirements. Terrestrially delivered programming is programming delivered other than by satellite. These changes should not have a dramatic impact on us, but would limit potential competitive advantages we now enjoy.

INSIDE WIRING; SUBSCRIBER ACCESS. In an order issued in 1997, the Federal Communications Commission established rules that require an incumbent cable operator upon expiration of a multiple dwelling unit service contract to sell, abandon, or remove "home run" wiring that was installed by the cable operator in a multiple dwelling unit building. These inside wiring rules are expected to assist building owners in their attempts to replace existing cable operators with new programming providers who are willing to pay the building owner a higher fee, where such a fee is permissible. The Federal Communications Commission has also proposed abrogating all exclusive multiple dwelling unit service agreements held by incumbent operators, but allowing such contracts when held by new entrants. In another proceeding, the Federal Communications Commission has preempted restrictions on the deployment of private antenna on rental property within the exclusive use of a tenant, such as balconies and patios. This Federal Communications Commission ruling may limit the extent to which we along with multiple dwelling unit owners may enforce certain aspects of multiple dwelling unit agreements which otherwise prohibit, for example, placement of digital broadcast satellite receiver antennae in multiple dwelling unit areas under the exclusive occupancy of a renter. These developments may make it even more difficult for us to provide service in multiple dwelling unit complexes.

OTHER REGULATIONS OF THE FEDERAL COMMUNICATIONS COMMISSION. In addition to the Federal Communications Commission regulations noted above, there are other regulations of the Federal Communications Commission covering such areas as:

- equal employment opportunity,

- subscriber privacy,

- programming practices, including, among other things,

    (1) syndicated program exclusivity, which is a Federal Communications Commission rule which requires a cable system to delete particular programming offered by a distant broadcast signal carried on the system which duplicates the programming for which a local broadcast station has secured exclusive distribution rights,

    (2) network program nonduplication,

    (3) local sports blackouts,

    (4) indecent programming,

    (5) lottery programming,

    (6) political programming,

    (7) sponsorship identification,

    (8) children's programming advertisements, and

    (9) closed captioning,

- registration of cable systems and facilities licensing,

- maintenance of various records and public inspection files,

- aeronautical frequency usage,

- lockbox availability,

- antenna structure notification,

- tower marking and lighting,

- consumer protection and customer service standards,

- technical standards,

- consumer electronics equipment compatibility, and

- emergency alert systems.

The Federal Communications Commission recently ruled that cable customers must be allowed to purchase cable converters from third parties and established a multi-year phase-in during which security functions, which would remain in the operator's exclusive control, would be unbundled from basic converter functions, which could then be satisfied by third party vendors. The Federal Communications Commission has the authority to enforce its regulations through the imposition of substantial fines, the issuance of cease and desist orders and/or the imposition of other administrative sanctions, such as the revocation of Federal Communications Commission licenses needed to operate certain transmission facilities used in connection with cable operations.

COPYRIGHT. Cable television systems are subject to federal copyright licensing covering carriage of television and radio broadcast signals. In exchange for filing certain reports and contributing a percentage of their revenues to a federal copyright royalty pool, that varies depending on the size of the system, the number of distant broadcast television signals carried, and the location of the cable system, cable operators can obtain blanket permission to retransmit copyrighted material included in broadcast signals. The possible modification or elimination of this compulsory copyright license is the subject of continuing legislative review and could adversely affect our ability to obtain desired broadcast programming. We cannot predict the outcome of this legislative activity. Copyright clearances for nonbroadcast programming services are arranged through private negotiations.

Cable operators distribute locally originated programming and advertising that use music controlled by the two principal major music performing rights organizations, the Association of Songwriters, Composers, Artists and Producers and Broadcast Music, Inc. The cable industry and Broadcast Music have reached a standard licensing agreement, and negotiations with the Association of Songwriters are ongoing. Although we cannot predict the ultimate outcome of these industry negotiations or the amount of any license fees we may be required to pay for past and future use of association-controlled music, we do not believe such license fees will be significant to our business and operations.

STATE AND LOCAL REGULATION. Cable television systems generally are operated pursuant to nonexclusive franchises granted by a municipality or other state or local government entity in order to cross public rights-of-way. Federal law now prohibits local franchising authorities from granting exclusive franchises or from unreasonably refusing to award additional franchises. Cable franchises generally are granted for fixed terms and in many cases include monetary penalties for non-compliance and may be terminable if the franchisee failed to comply with material provisions.

The specific terms and conditions of franchises vary materially between jurisdictions. Each franchise generally contains provisions governing cable operations, service rates, franchising fees, system construction and maintenance obligations, system channel capacity, design and technical performance, customer service standards, and indemnification protections. A number of states, including Connecticut, subject cable systems to the jurisdiction of centralized state governmental agencies, some of which impose regulation of a character similar to that of a public utility. Although local franchising authorities have considerable discretion in establishing franchise terms, there are certain federal limitations. For example, local franchising authorities cannot insist on franchise fees exceeding 5% of the system's gross cable-related revenues, cannot dictate the particular technology used by the system, and cannot specify video programming other than identifying broad categories of programming.

Federal law contains renewal procedures designed to protect incumbent franchisees against arbitrary denials of renewal. Even if a franchise is renewed, the local franchising authority may seek to impose new and more onerous requirements such as significant upgrades in facilities and service or increased franchise fees as a condition of renewal. Similarly, if a local franchising authority's consent is required for the purchase or sale of a cable system or franchise, such local franchising authority may attempt to impose more burdensome or onerous franchise requirements in connection with a request for consent. Historically, most franchises have been renewed for and consents granted to cable operators that have provided satisfactory services and have complied with the terms of their franchise.

Under the 1996 Telecom Act, cable operators are not required to obtain franchises for the provision of telecommunications services, and local franchising authorities are prohibited from limiting, restricting, or conditioning the provision of such services. In addition, local franchising authorities may not require a cable operator to provide any telecommunications service or facilities, other than institutional networks under certain circumstances, as a condition of an initial franchise grant, a franchise renewal, or a franchise transfer. The 1996 Telecom Act also provides that franchising fees are limited to an operator's cable-related revenues and do not apply to revenues that a cable operator derives from providing new telecommunications services.

MANAGEMENT

EXECUTIVE OFFICERS AND DIRECTORS

As of the completion of the offering, the following will be the executive officers and directors of Charter Communications, Inc. As of the date of this prospectus, there are three directors of Charter Communications, Inc. Upon the closing of the offering, three independent directors will be appointed to the board. After the offering, one additional director will be appointed to the board. All directors will serve until Charter Communications, Inc.'s next annual meeting. Mr. Allen, the holder of all of the Class B common stock, is entitled to elect all but one of the directors. The remaining director is elected by the holders of Class B common stock and Class A common stock voting together as a class. See "Description of Capital Stock and Membership Units -- Voting Rights".

EXECUTIVE OFFICERS AND DIRECTORS AS OF THE DATE OF THIS PROSPECTUS	AGE	POSITION
Paul G. Allen	46	Chairman of the Board of Directors
William D. Savoy	35	Director
Jerald L. Kent	43	President, Chief Executive Officer and Director
David G. Barford	41	Senior Vice President of Operations -- Western Division
Mary Pat Blake	44	Senior Vice President -- Marketing and Programming
Eric A. Freesmeier	46	Senior Vice President -- Administration
Thomas R. Jokerst	50	Senior Vice President -- Advanced Technology Development
Kent D. Kalkwarf	39	Senior Vice President and Chief Financial Officer
Ralph G. Kelly	42	Senior Vice President -- Treasurer
David L. McCall	44	Senior Vice President of Operations -- Eastern Division
John C. Pietri	49	Senior Vice President -- Engineering
Steven A. Schumm	47	Executive Vice President, Assistant to the President
Curtis S. Shaw	50	Senior Vice President, General Counsel and Secretary
Stephen E. Silva	39	Senior Vice President -- Corporate Development and Technology
DIRECTORS TO BE APPOINTED UPON CLOSING OF THE OFFERING		
Ronald L. Nelson	47	Director
Nancy B. Peretsman	45	Director
Howard L. Wood	60	Director
DIRECTOR TO BE APPOINTED AFTER THE OFFERING		
Marc B. Nathanson	54	Director

The following sets forth certain biographical information with respect to our executive officers, directors and director nominees.

PAUL G. ALLEN is the Chairman of the board of directors of Charter Communications, Inc. and of the board of directors of Charter Investment, Inc. Mr. Allen has been a private investor for more than five years, with interests in a wide variety of companies, many of which focus on multimedia digital communications. Such companies include Interval Research Corporation, of which Mr. Allen is a director, Vulcan Ventures, Inc., of which Mr. Allen is the President, Chief Executive Officer and Chairman of the board of directors, Vulcan Northwest, Inc., of which Mr. Allen is the Chairman of the board, Vulcan Programming, Inc. and Vulcan Cable III Inc. In addition, Mr. Allen is the owner and the Chairman of the board of directors of the Portland Trail Blazers of the National Basketball Association, and is the owner and the Chairman of the board of directors of the Seattle Seahawks of the National Football League. Mr. Allen currently serves as a director of Microsoft Corporation and USA Networks, Inc. and also serves as a director of various private corporations.

WILLIAM D. SAVOY is a director of Charter Communications, Inc., Charter Holdings and Charter Investment, Inc. Since 1990, Mr. Savoy has been an officer and a director for many affiliates of Mr. Allen, including Vice President and a director of Vulcan Ventures, President of Vulcan Northwest, President and a director of Vulcan Programming and President and director of Vulcan Cable III Inc. From 1987 until November 1990, Mr. Savoy was employed by Layered, Inc. and became its President in 1988. Mr. Savoy serves on the Advisory Board of DreamWorks SKG and also serves as director of CNET, Inc., Go2Net, Inc., Harbinger Corporation, High Speed Access Corp., Metricom, Inc., Telescan, Inc., Ticketmaster Online -- CitySearch, Inc., USA Networks, Inc. and Value America, Inc. Mr. Savoy holds a B.S. in computer science, accounting and finance from Atlantic Union College.

JERALD L. KENT is the President, Chief Executive Officer and director of Charter Communications, Inc., Charter Holdings, Charter Communications Holdings Capital Corporation and Charter Investment, Inc. and has previously held the position of Chief Financial Officer of Charter Investment, Inc. Prior to co-founding Charter Investment, Inc. in 1993, Mr. Kent was associated with Cencom Cable Associates, Inc., where he served as Executive Vice President and Chief Financial Officer. Mr. Kent also served Cencom as Senior Vice President of Finance from May 1987, Senior Vice President of Acquisitions and Finance from July 1988, and Senior Vice President and Chief Financial Officer from January 1989. Mr. Kent is a member of the board of directors of High Speed Access Corp., Cable Television Laboratories, Inc. and Com21 Inc. Prior to that time, Mr. Kent was employed by Arthur Andersen LLP, certified public accountants, where he attained the position of tax manager. Mr. Kent, a certified public accountant, received his undergraduate and M.B.A. degrees with honors from Washington University (St. Louis).

DAVID G. BARFORD is Senior Vice President of Operations -- Western Division of Charter Communications, Inc. and Charter Investment, Inc. where he has primary responsibility for all cable operations in the Central, Western, North Central and MetroPlex Regions. Prior to joining Charter Investment, Inc. in July 1995, he served as Vice President of Operations and New Business Development for Comcast Cable Communications, Inc., where he held various senior marketing and operating roles since November 1986. Mr. Barford received a B.A. degree from California State University, Fullerton and an M.B.A. from National University in La Jolla, California.

MARY PAT BLAKE is Senior Vice President -- Marketing and Programming of Charter Communications, Inc. and Charter Investment, Inc. and is responsible for all aspects of marketing, sales and programming and advertising sales. Prior to joining Charter Investment, Inc. in August 1995, Ms. Blake was active in the emerging business sector, and formed Blake Investments, Inc. in September 1993, which created, operated and sold a branded coffeehouse and bakery. From September 1990 to August 1993, Ms. Blake served as Director -- Marketing for Brown Shoe Company. Ms. Blake has 18 years of experience with senior management responsibilities in marketing, sales, finance, systems, and general management with companies such as The West Coast Group, Pepsico Inc.-Taco Bell Division, General Mills, Inc. and ADP Network Services, Inc. Ms. Blake received a B.S. degree from the University of Minnesota, and an M.B.A. degree from the Harvard Business School.

ERIC A. FREESMEIER is Senior Vice President -- Administration of Charter Communications, Inc. and Charter Investment, Inc. and is responsible for human resources, public relations and communications, corporate facilities and aviation. From 1986 until joining Charter Investment, Inc. in April 1998, he served in various executive management positions at Edison Brothers Stores, Inc., a specialty retail company where his most recent position was Executive Vice President -- Human Resources and Administration. From 1974 to 1986, Mr. Freesmeier held management and executive positions with Montgomery Ward, a national mass merchandise retailer, and its various subsidiaries. Mr. Freesmeier holds Bachelor of Business degrees in marketing and industrial relations from the University of Iowa and a Masters of Management degree in finance from Northwestern University's Kellogg Graduate School of Management.

THOMAS R. JOKERST is Senior Vice President -- Advanced Technology Development of Charter Communications, Inc. and Charter Investment, Inc. Prior to his appointment to this position, Mr. Jokerst held the position of Senior Vice President -- Engineering since January 1994. Prior to joining Charter Investment, Inc., from March 1991 to March 1993, Mr. Jokerst served as Vice President -- Office of Science and Technology for Cable Television Laboratories in Boulder, Colorado. From June 1976 to March 1993, Mr. Jokerst was Director of Engineering for the midwest region of Continental Cablevision. Mr. Jokerst participates in professional activities with the National Cable Television Association, SCTE and Cable Television Laboratories. Mr. Jokerst is a graduate of Ranken Technical Institute in St. Louis with a degree in communications electronics and computer technology and of Southern Illinois University in Carbondale, Illinois with a degree in electronics technology.

KENT D. KALKWARF is Senior Vice President and Chief Financial Officer of Charter Communications, Inc., Charter Holdings, Charter Communications Holdings Capital Corporation and Charter Investment, Inc. From July 1995 to May 1997, Mr. Kalkwarf served as a Vice President. Prior to joining Charter Investment, Inc. in 1995, Mr. Kalkwarf was employed by Arthur Andersen LLP, from 1982 to July 1995, where he attained the position of senior tax manager. Mr. Kalkwarf has extensive experience in cable, real estate and international tax issues. Mr. Kalkwarf has a B.S. degree from Illinois Wesleyan University and is a certified public accountant.

RALPH G. KELLY is Senior Vice President -- Treasurer of Charter Communications, Inc., Charter Holdings, Charter Communications Holdings Capital Corporation and Charter Investment, Inc. Mr. Kelly joined Charter Investment Inc. in 1993 as Vice President -- Finance, a position he held until early 1994 when he became Chief Financial Officer of CableMaxx, Inc., a wireless cable television operator. Mr. Kelly returned to Charter Investment, Inc. as Senior Vice President -- Treasurer in February 1996, and has responsibility for treasury operations, investor relations and financial reporting. From 1984 to 1993, Mr. Kelly was associated with Cencom Cable Associates, Inc. where he held the positions of Controller from 1984 to 1989 and Treasurer from 1990 to 1993. Mr. Kelly is a certified public accountant and was in the audit division of Arthur Andersen LLP from 1979 to 1984. Mr. Kelly received his undergraduate degree in accounting from the University of Missouri -- Columbia and his M.B.A. from Saint Louis University.

DAVID L. MCCALL is Senior Vice President of Operations -- Eastern Division of Charter Communications, Inc. and Charter Investment, Inc. Mr. McCall joined Charter Investment, Inc. in January 1995 as Regional Vice President Operations and has primary responsibility for all cable system operations managed by Charter Investment, Inc. in the Southeast, Southern and Northeast Regions of the United States. Prior to joining Charter Investment, Inc., Mr. McCall was associated with Crown Cable and its predecessor company, Cencom Cable Associates, Inc., from 1983 to 1994. As a Regional Manager of Cencom, Mr. McCall's responsibilities included supervising all aspects of operations for systems located in North Carolina, South Carolina and Georgia, consisting of over 142,000 customers. From 1977 to 1982, Mr. McCall was System Manager of Coaxial Cable Developers (known as Teleview Cablevision) in Simpsonville, South Carolina. Mr. McCall has served as a director of the South Carolina Cable Television Association for the past ten years.

JOHN C. PIETRI is Senior Vice President -- Engineering of Charter Communications, Inc. and Charter Investment, Inc. since November 1998. Prior to joining Charter Investment, Inc. Mr. Pietri was with Marcus Cable in Dallas, Texas for eight years, most recently serving as Senior Vice President and Chief Technical Officer. Prior to Marcus, Mr. Pietri served as Regional Technical Operations Manager for West Marc Communications in Denver, Colorado, and before that he served as Operations Manager with Minnesota Utility Contracting. Mr. Pietri attended the University of Wisconsin-Oshkosh.

STEVEN A. SCHUMM is Executive Vice President and Assistant to the President of Charter Communications, Inc., Charter Holdings, Charter Communications Holdings Capital Corporation and Charter Investment, Inc. Mr. Schumm joined Charter Investment, Inc. in December 1998 and currently directs the MIS Regulatory and Financial Controls Groups. Prior to joining Charter Investment, Inc., Mr. Schumm was managing partner of the St. Louis office of Ernst & Young LLP. Mr. Schumm was with Ernst & Young LLP for 24 years and was a partner of the firm for 14 of those years. Mr. Schumm held various management positions with Ernst & Young LLP, including the Director of Tax Services for the three-city area of St. Louis, Kansas City and Wichita and then National Director of Industry Tax Services. He served as one of 10 members comprising the firm's National Tax Committee. Mr. Schumm earned a B.S. degree from Saint Louis University with a major in accounting.

CURTIS S. SHAW is Senior Vice President, General Counsel and Secretary of Charter Communications, Inc., Charter Holdings, Charter Communications Holdings Capital Corporation and Charter Investment, Inc. and is responsible for all legal aspects of their businesses, government relations and the duties of the corporate secretary. Prior to joining Charter Investment, Inc. in February 1997, Mr. Shaw served as Corporate Counsel to NYNEX since 1988. From 1983 until 1988, Mr. Shaw served as Associate General Counsel for Occidental Chemical Corporation, and, from 1986 until 1988, as Vice President and General Counsel of its largest operating division. Mr. Shaw has 25 years of experience as a corporate lawyer, specializing in mergers and acquisitions, joint ventures, public offerings, financings, and federal securities and antitrust law. Mr. Shaw received a B.A. with honors from Trinity College and a J.D. from Columbia University School of Law.

STEPHEN E. SILVA is Senior Vice President -- Corporate Development and Technology of Charter Communications, Inc. and Charter Investment, Inc. and is responsible for strategic development, testing and initial rollout of new products and services. From 1983 until joining Charter Investment, Inc. in April 1995, Mr. Silva served in various management positions at U.S. Computer Services, Inc. (doing business as CableData), a service bureau organization engaged in customer billing services. Mr. Silva joined Charter Investment, Inc. as Director of Billing Services, and was promoted to Vice President -- Information Services in January 1997. Mr. Silva became Vice President -- Corporate Development and Technology in April 1998, and was promoted to Senior Vice President -- Corporate Development and Technology in September 1999. Mr. Silva is a member of the board of directors of High Speed Access Corp.

DIRECTORS TO BE APPOINTED UPON CLOSING OF THE OFFERING

Each of the following persons has agreed to join the board of directors of Charter Communications, Inc. upon the closing of the offering:

RONALD L. NELSON is a founding member of DreamWorks LLC and has been serving as a member of its executive management team since 1994 with responsibility for overseeing operations and corporate finance. Prior to joining DreamWorks, Mr. Nelson was employed for 15 years by Paramount Communications Inc. (formerly Gulf + Western Inc.), serving in a variety of operating and executive positions. Mr. Nelson was elected Executive Vice President of Paramount Communications in 1990 and was appointed to its board of directors in 1992. He also served as Chief Financial Officer of the corporation from 1987 until 1994. Mr. Nelson serves on the board of directors of Advanced Tissue Sciences, a biotechnology firm. Mr. Nelson has a B.S. in biochemistry from the University of California at Berkeley and a masters degree in business from the University of California at Los Angeles.

NANCY B. PERETSMAN has been a managing director and executive vice president of Allen & Company Incorporated, an investment bank unrelated to Mr. Allen, since June 1995. Prior to joining Allen & Company Incorporated, Ms. Peretsman had been an investment banker since 1983 at Salomon Brothers Inc, where she was a managing director since 1990. She served for fourteen years on the Board of Trustees of Princeton University and is currently an emerita trustee. Ms. Peretsman also is Vice Chairman of the board of The New School and serves on the board of directors of Oxygen Media, Inc., an Internet and cable television enterprise. Ms. Peretsman also serves on the board of NewSub Services, Inc. and Priceline.com Incorporated.

HOWARD L. WOOD has agreed to join the board of directors of Charter Communications, Inc. upon the closing of the offering. Mr. Wood served as Vice Chairman of Charter Communications, Inc. and Charter Investment, Inc. until October 1999 and is a co-founder of Charter Investment, Inc. Prior to co-founding Charter Investment, Inc. in 1993, Mr. Wood was associated with Cencom Cable Associates, Inc. Mr. Wood joined Cencom as President, Chief Financial Officer and director and assumed the additional position of Chief Executive Officer effective January 1, 1989. Prior to that time, Mr. Wood was a partner in Arthur Andersen LLP, certified public accountants, where he served as Partner-in-Charge of the St. Louis Tax Division from 1973 until joining Cencom. Mr. Wood is a certified public accountant and a member of the American Institute of Certified Public Accountants. He also serves as a director of VanLiner Group, Inc., First State Community Bank, Gaylord Entertainment Company and Data Research, Inc. Mr. Wood serves as Commissioner for the Missouri Department of Conservation. He is also a past Chairman of the board of directors and former director of the St. Louis College of Pharmacy. Mr. Wood graduated with honors from Washington University (St. Louis) School of Business.

DIRECTOR TO BE APPOINTED AFTER THE OFFERING

MARC B. NATHANSON has been Chairman of the board and Chief Executive Officer of Falcon Holding Group, Inc. and its predecessors since 1975, and prior to September 1995 also served as President. Upon the closing of the Falcon acquisition, Mr. Nathanson will be employed by Charter Communications, Inc. in a non-executive position as Vice Chairman. Prior to 1975, Mr. Nathanson was vice president of marketing for Teleprompter Corporation, then the largest cable operator in the United States. He also held executive positions with Warner Cable and Cypress Communications Corporation. He is a former President of the California Cable Television Association and a member of Cable Pioneers. He is currently a director of the National Cable Television Association and chaired its 1999 National Convention. Mr. Nathanson has served as Chairman of the board, Chief Executive Officer and President of Enstar Communications Corporation since October 1988, and is a director of Digital Entertainment Network, Inc. and an Advisory Board member of TVA (Brazil). Mr. Nathanson was appointed by President Clinton on November 1, 1998 as Chair of the Board of Governors for the International Bureau of Broadcasting, which oversees Voice of America, Radio/TV Marti, Radio Free Asia, Radio Free Europe and Radio Liberty. Mr. Nathanson is a trustee of the Annenburg School of Communications at the University of Southern California and a member of the Board of Visitors of the Anderson School of Management at UCLA. In addition, he serves on the Board of the

UCLA Foundation and the UCLA Center for Communications Policy and is on the Board of Governors of AIDS Project Los Angeles and Cable Positive.

COMMITTEES OF THE BOARD OF DIRECTORS

At the same time Charter Communications, Inc. completes this offering, it will establish an audit committee and a compensation committee, each composed of two outside directors. The audit committee will recommend the annual appointment of Charter Communications, Inc.'s auditors with whom the audit committee will review the scope of audit and non-audit assignments and related fees, accounting principles used in Charter Communications, Inc.'s financial reporting, internal auditing procedures and the adequacy of Charter Communications, Inc.'s internal control procedures. The compensation committee will make recommendations to the board regarding compensation for Charter Communications, Inc.'s executive officers.

DIRECTOR COMPENSATION

The employee directors of Charter Communications, Inc. are not entitled to any compensation for serving as a director, nor are they paid any fees for attendance at any meeting of the board of directors. Non-employee directors will be compensated in a manner to be determined. Directors may be reimbursed for the actual reasonable costs incurred in connection with attendance at board meetings.

EMPLOYMENT AND CONSULTING AGREEMENTS

Effective as of December 23, 1998, Jerald L. Kent entered into an employment agreement with Mr. Allen for a three-year term with automatic one-year renewals. The employment agreement was assigned by Mr. Allen to Charter Investment, Inc. as of December 23, 1998. Under this agreement, Mr. Kent agrees to serve as President and Chief Executive Officer of Charter Investment, Inc., with responsibility for the nationwide general management, administration and operation of all present and future business of Charter Investment, Inc. and its subsidiaries. During the initial term of the agreement, Mr. Kent will receive an annual base salary of $1,250,000, or such higher rate as may from time to time be determined by the board of directors in its discretion. In addition, Mr. Kent will be eligible to receive an annual bonus in an aggregate amount not to exceed $625,000, to be determined by the board based on an assessment of the performance of Mr. Kent as well as the achievement of certain financial targets.

Under the agreement, Mr. Kent is entitled to participate in any disability insurance, pension, or other benefit plan afforded to employees generally or executives of Charter Investment, Inc. Mr. Kent will be reimbursed by Charter Investment, Inc. for life insurance premiums up to $30,000 per year, and is granted personal use of Charter Investment's airplane. Mr. Kent was also granted a car valued at up to $100,000 and membership fees and dues for his membership in a country club of his choice, but has not accepted use of the car as of the date of this prospectus. He may choose to do so in the future. Also under this agreement and a related agreement with Charter Communications Holding Company, Mr. Kent received options to purchase three percent (3%) of the equity value of all cable systems managed by Charter Investment, Inc. on the date of the grant, or 7,044,127 Charter Communications Holding Company membership units. The options have a term of ten years and vested twenty-five percent (25%) on December 23, 1998. The remaining seventy-five percent (75%) will vest 1/36 on the first day of each of the 36 months commencing on the first day of the thirteenth month following December 23, 1998.

Charter Investment, Inc. agrees to indemnify and hold harmless Mr. Kent to the maximum extent permitted by law from and against any claims, damages, liabilities, losses, costs or expenses in connection with or arising out of the performance by Mr. Kent of his duties.

In the event of the expiration of the agreement in accordance with its terms as a result of Charter Investment, Inc. giving Mr. Kent notice of its intention not to extend the initial term, or a termination of the agreement by Mr. Kent for good reason or by Charter Investment without cause, (a) Charter Investment will pay to Mr. Kent an amount equal to the aggregate base salary due to Mr. Kent for the remaining term and the board shall consider additional amounts, if any, to be paid to Mr. Kent and (b) any unvested options of Mr. Kent shall immediately vest.

Charter Investment, Inc. will assign Mr. Kent's employment agreement to Charter Communications, Inc. and Charter Communications, Inc. will assume all rights and obligations of Charter Investment under the agreement, except with respect to the grant of options, which will be obligations of Charter Communications Holding Company.

Charter Communications, Inc. intends to enter into a consulting agreement with Howard L. Wood who will become a director of Charter Communications, Inc. upon the closing of the offering. The consulting agreement is for a one-year term with automatic one-year renewals. Under this agreement, Mr. Wood will provide consulting services to Charter Communications, Inc. and will also be responsible for such other duties as our Chief Executive Officer determines. During the term of this agreement, Mr. Wood will receive cash compensation initially at a rate of $60,000. In addition, Mr. Wood will be entitled to receive disability and health benefits comparable to those he currently enjoys as well as use of an office and a full-time secretary.

Charter Communications, Inc. has agreed to indemnify and hold harmless Mr. Wood to the maximum extent permitted by law from and against any claims, damages, liabilities, losses, costs or expenses in connection with or arising out of the performance by Mr. Wood of his duties.

Charter Communications, Inc. intends to enter into a consulting agreement with Barry L. Babcock, one of our founders and former Vice Chairman.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

Upon completion of the offering, Charter Communications, Inc. will appoint three outside directors who will form Charter Communications, Inc.'s compensation committee. There are no compensation committee interlocks.

EXECUTIVE COMPENSATION

Charter Communications, Inc. has not paid any compensation to its executive officers. Immediately prior to the offering, the executive officers will no longer be paid by Charter Investment, Inc. and will become paid employees of Charter Communications, Inc. These employees will remain as unpaid officers of Charter Investment, Inc. The employment agreement of Mr. Kent will be assigned from Charter Investment, Inc. to Charter Communications, Inc. Pursuant to a mutual services agreement between Charter Communications, Inc. and Charter Investment, Inc., to be effective upon closing of the offering, each of those entities agrees to provide services to each other, including the knowledge and expertise of their respective officers. See "-- Mutual Services Agreement".

The following table sets forth information regarding the compensation paid by Charter Investment, Inc. during its last completed fiscal year to the President and Chief Executive Officer and each of the other four most highly compensated executive officers as of December 31, 1998. This compensation was paid to these executive officers by certain of our subsidiaries and affiliates for their services to these entities.

SUMMARY COMPENSATION TABLE

		ANNUAL COMPENSATION			LONG-TERM COMPENSATION AWARD	
NAME AND PRINCIPAL POSITION	YEAR ENDED DEC. 31	SALARY($)	BONUS($)	OTHER ANNUAL COMPENSATION($)	SECURITIES UNDERLYING OPTIONS(#)	ALL OTHER COMPENSATION($)
Jerald L. Kent President and Chief Executive Officer	1998	790,481	641,353	--	7,044,127(1)	18,821(2)
Barry L. Babcock(3) Vice Chairman	1998	575,000	925,000(4)	--	--	41,866(5)
Howard L. Wood Vice Chairman	1998	575,000	675,000(6)	--	--	15,604(7)
David G. Barford Senior Vice President of Operations -- Western Division	1998	220,000	225,000(8)	--	--	8,395,235(9)
Curtis S. Shaw Senior Vice President, General Counsel and Secretary	1998	190,000	80,000	--	--	8,182,303(10)

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(1) Options for membership units in Charter Communications Holding Company granted pursuant to an employment agreement and a related option agreement.

(2) Includes $4,000 in 401(k) plan matching contribution, $918 in life insurance premiums, $418 in gasoline reimbursement and $13,485 attributed to personal use of Charter Investment, Inc.'s airplane.

(3) Mr. Babcock resigned as an executive officer of Charter Communications, Inc. in October 1999.

(4) Includes $500,000 earned as a one-time bonus upon signing of an employment agreement.

(5) Includes $4,000 in 401(k) plan matching contributions, $2,493 in life insurance premiums, $970 in gasoline reimbursement and $34,403 attributed to personal use of Charter Investment, Inc.'s airplane.

(6) Includes $250,000 earned as a one-time bonus upon signing of an employment agreement.

(7) Includes $4,000 in 401(k) plan matching contributions, $4,050 in life insurance premiums, $1,242 in gasoline reimbursement and $6,312 attributed to personal use of Charter Investment, Inc.'s airplane.

(8) Includes $150,000 received as a one-time bonus after completion of three years of employment.

(9) Includes $4,000 in 401(k) plan matching contribution, $347 in life insurance premiums, and $8,390,888 received in March 1999, in connection with a one-time change of control payment under the terms of a previous equity appreciation rights plan. Such payment was triggered by the acquisition of us by Mr. Allen on December 23, 1998, but is income for 1999.

(10) Includes $2,529 in 401(k) plan matching contribution, $807 in life insurance premiums, and $8,178,967 received in March 1999, in connection with a one-time change of control payment under the terms of a previous equity appreciation rights plan. Such payment was triggered by the acquisition of us by Mr. Allen on December 23, 1998, but is income for 1999.

1998 OPTION GRANTS

The following table shows individual grants of options made to certain executive officers during the fiscal year ended December 31, 1998.

NAME	NUMBER OF MEMBERSHIP UNITS UNDERLYING OPTIONS GRANTED	% OF TOTAL OPTIONS GRANTED TO EMPLOYEES IN 1998	EXERCISE PRICE	EXPIRATION DATE	POTENTIAL REALIZABLE VALUE AT ASSUMED ANNUAL RATES OF MEMBERSHIP UNIT PRICE APPRECIATION FOR OPTION TERM(1) 5%	10%
Jerald L. Kent	7,044,127(2)	100%	$20.00	12/22/08	$88,600,272	$224,530,486
Barry L. Babcock	--	--	--	--	--	--
Howard L. Wood	--	--	--	--	--	--
David G. Barford	--	--	--	--	--	--
Curtis S. Shaw	--	--	--	--	--	--

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(1) This column shows the hypothetical gains on the options granted based on assumed annual compound price appreciation of 5% and 10% over the full ten-year term of the options. The assumed rates of appreciation are mandated by the SEC and do not represent our estimate or projection of future prices.

(2) Options for membership units in Charter Communications Holding Company granted pursuant to an employment agreement and a related option agreement which amends the options granted under the employment agreement. The agreements provide that Mr. Kent receive an option to purchase 3% of the net equity value of all of the cable systems managed by Charter Investment, Inc. on the date of the grant. The option has a term of 10 years and vested one fourth on December 23, 1998, with the remaining portion vesting monthly at a rate of 1/36th on the first of each month for months 13 through 48. Upon the exercise of an option, each membership unit received will automatically be exchanged on a one-for-one basis for shares of Class A common stock.

1998 AGGREGATED OPTION EXERCISES AND OPTION VALUE TABLE

The following table sets forth for certain executive officers information concerning the options granted during the fiscal year ended December 31, 1998, and the value of unexercised options as of December 31, 1998.

	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS AT DECEMBER 31, 1998		VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS AT DECEMBER 31, 1998(1)	
	EXERCISABLE	UNEXERCISABLE	EXERCISABLE	UNEXERCISABLE
Jerald L. Kent	1,761,032	5,283,095	--	--
Barry L. Babcock	--	--	--	--
Howard L. Wood	--	--	--	--
David G. Barford	--	--	--	--
Curtis S. Shaw	--	--	--	--

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(1) No options were in-the-money as of December 31, 1998.

1999 OPTION GRANTS

The following table shows individual grants of options made to certain executive officers during 1999, as of June 30, 1999. All such grants were made under the option plan.

NAME	NUMBER OF MEMBERSHIP UNITS UNDERLYING OPTIONS GRANTED	EXERCISE PRICE	EXPIRATION DATE	AGGREGATE VALUE OF OPTIONS TO HOLDER IF CHARTER COMMUNICATIONS, INC.'S COMMON STOCK PRICE PER SHARE AT SOME FUTURE DATE IS:			
				$18.00	$22.00	$26.00	$30.00
Jerald L. Kent	--	--	--	--	--	--	--
Barry L. Babcock	65,000	$20.00	2/9/09	$ 0	$130,000	$ 390,000	$ 650,000
Howard L. Wood	65,000	20.00	2/9/09	0	130,000	390,000	650,000
David G. Barford	200,000	20.00	2/9/09	0	400,000	1,200,000	2,000,000
Curtis S. Shaw	200,000	20.00	2/9/09	0	400,000	1,200,000	2,000,000

OPTION PLAN

Charter Holdings adopted a plan on February 9, 1999, which was assumed by Charter Communications Holding Company on May 25, 1999, providing for the grant of options to purchase up to 25,009,798 membership units in Charter Communications Holding Company, which is equal to 10% of the aggregate equity value of the subsidiaries of Charter Communications Holding Company as of February 9, 1999, the date of adoption of the plan. The plan provides for grants of options to employees and consultants of Charter Communications Holding Company and its affiliates. The plan is intended to promote the long-term financial interest of Charter Communications Holding Company and its affiliates by encouraging eligible individuals to acquire an ownership position in Charter Communications Holding Company and its affiliates and providing incentives for performance. There are a total of 9,494,081 options granted under the plan. Of those, 9,050,881 options were granted on February 9, 1999 with an exercise price of $20.00 and 443,200 options were granted on April 5, 1999 with an exercise price of $20.73. Of the options granted on February 9, 1999, 65,000 options have vested and of the remaining 8,985,881 options, one-fourth vest on April 3, 2000 and the remainder vest 1/45 on each monthly anniversary following April 3, 2000. One-fourth of the options granted on April 5, 1999 vest on the 15-month anniversary from April 5, 1999, with the remainder vesting 1/45 on each monthly anniversary for 45 months following the 15-month anniversary. The options expire after ten years from the date of grant. Under the terms of the plan, following consummation of the offering, each membership unit held as a result of exercise of options will be exchanged automatically for shares of Class A common stock on a one-for-one basis.

Any unvested options issued under the plan vest immediately upon a change of control of Charter Communications Holding Company. Options will not vest upon a change of control, however, to the extent that any such acceleration of vesting would result in the disallowance of specified tax deductions that would otherwise be available to Charter Communications Holding Company or any of its affiliates or to the extent that any optionee would be liable for any excise tax under a specified section of the tax code. In the plan, a change of control includes:

(1) a sale of more than 49.9% of the outstanding membership units in Charter Communications Holding Company, except where Mr. Allen and his affiliates retain effective voting control of Charter Communications Holding Company;

(2) a merger or consolidation of Charter Communications Holding Company with or into any other corporation or entity, except where Mr. Allen and his affiliates retain effective voting control of Charter Communications Holding Company; or

(3) any other transactions or event, including a sale of the assets of Charter Communications Holding Company, that results in Mr. Allen holding less than 50.1% of the voting power of the surviving entity, except where Mr. Allen and his affiliates retain effective voting control of Charter Communications Holding Company.

The sale of Class A common stock pursuant to this prospectus is not a change of control under the option plan.

LIMITATION OF DIRECTORS' LIABILITY AND INDEMNIFICATION MATTERS

Charter Communications, Inc.'s restated certificate of incorporation will limit the liability of directors to the maximum extent permitted by Delaware law. The Delaware General Corporation Law provides that a corporation may eliminate or limit the personal liability of a director for monetary damages for breach of fiduciary duty as a director, except for liability for:

(1) any breach of the director's duty of loyalty to the corporation and its stockholders;

(2) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;

(3) unlawful payments of dividends or unlawful stock purchases or redemptions; or

(4) any transaction from which the director derived an improper personal benefit.

Charter Communications, Inc.'s bylaws provide that Charter Communications, Inc. shall indemnify all persons whom it may indemnify pursuant thereto to the fullest extent permitted by law.

Charter Communications, Inc. plans to enter into agreements to indemnify its directors and officers, in addition to the indemnification provided for in Charter Communications, Inc.'s bylaws. These agreements, among other things, will provide for the indemnification of Charter Communications, Inc.'s directors and officers for certain expenses (including attorney's fees), judgments, fines and settlement amounts incurred by any such person in any action or proceeding, including any action by or in the right of Charter Communications, Inc., arising out of such person's services as Charter Communications, Inc.'s director or officer, to any of Charter Communications, Inc.'s subsidiaries or to any other company or enterprise to which the person provides services at Charter Communications, Inc.'s request. Charter Communications, Inc. believes that these provisions and agreements will be necessary to attract and retain qualified directors and officers.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling Charter Communications, Inc. pursuant to the foregoing provisions, we have been informed that in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

PRINCIPAL STOCKHOLDERS

The following table sets forth certain information regarding beneficial ownership of Charter Communications, Inc. common stock as of the closing of the offering by:

- each person known by us to own beneficially 5% or more of the outstanding shares of Charter Communications, Inc. common stock and Charter Communications Holding Company membership units;

- each of our directors who owns common stock or membership units;

- each of our named executive officers who owns Charter Communications, Inc. common stock or membership units; and

- all current directors and executive officers as a group.

With respect to the percentage of voting power set forth in the following table:

- each holder of Class A common stock is entitled to one vote per share; and

- each holder of Class B common stock is entitled to a number of votes based on the number of outstanding Class B common stock and membership units exchangeable for Class B common stock. For example, Mr. Allen will be entitled to ten votes for each share of Class B common stock held by him or his affiliates and ten votes for each membership unit held by him or his affiliates.

NAME AND ADDRESS OF BENEFICIAL OWNER	NUMBER OF SHARES BENEFICIALLY OWNED(1)	PERCENTAGE OF SHARES BENEFICIALLY OWNED(1)	PERCENTAGE OF VOTING POWER(1)
Paul G. Allen(2)(3)...............................	317,955,052	57.5%	95.0%
Charter Investment, Inc.(4)(5)....................	217,585,246	39.3%	0.0%
Vulcan Cable III Inc.(2)(5).......................	107,319,806	19.4%	0.0%
Jerald L. Kent(4)(6)..............................	5,261,032	0.9%	0.0%
Howard L. Wood(4)(7)..............................	1,000,000	0.2%	0.0%
Marc B. Nathanson(8)..............................	16,365,501	3.0%	0.0%
All directors and executive officers as a group (18 persons)....................................	340,581,585	61.4%	95.0%

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(1) In calculating beneficial share ownership and percentages, we have made the same assumptions described on page 4 with respect to our organizational chart, except for options granted to our chief executive officer that have vested. In calculating the voting power percentages, we have also assumed that membership units have not been exchanged for Class A or Class B common stock. Membership units are exchangeable for Charter Communications, Inc. common stock on a one-for-one basis. Class B common stock is convertible into Class A common stock on a one-for-one basis.

(2) The address of these persons is 110 110th Street, NE, Suite 500, Bellevue, WA 98004.

(3) Represents 210,585,246 membership units attributable to such holder because of his equity interest in Charter Investment, Inc.; 107,319,806 membership units attributable to such holder because of his equity interest in Vulcan Cable III Inc.; and 50,000 shares of Class B common stock.

(4) The address of these persons is Charter Communications, Inc., 12444 Powerscourt Drive, St. Louis, MO 63131.

(5) Represents membership units.

(6) Represents 3,500,000 membership units attributable to such holder because of his equity interest in Charter Investment, Inc.; and 1,761,032 shares of Class A common stock issuable upon the exchange of membership units issuable upon the exercise of options to purchase membership units.

(7) Represents 1,000,000 membership units attributable to such holder because of his equity interest in Charter Investment, Inc.

(8) Represents membership units that will be acquired by the Falcon sellers in the Falcon acquisition. Falcon Holding Group, L.P. will acquire all of these membership units at the closing of the Falcon acquisition. Falcon Holding Group, Inc., which is controlled by Mr. Nathanson, is the general partner of Falcon Holding Group, L.P. Mr. Nathanson disclaims beneficial ownership of all shares owned by Falcon Holding Group, L.P. or its partners, other than any such shares he will directly own. The address of this person is c/o Falcon Communications LP and Affiliates, 10900 Wilshire Blvd., Los Angeles, CA 90024.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The following sets forth certain transactions in which we and our directors, executive officers and affiliates, including the directors and executive officers of Charter Investment, Inc., are involved. We believe that each of the transactions described below was on terms no less favorable to us than could have been obtained from independent third parties.

TRANSACTIONS WITH MANAGEMENT AND OTHERS

MERGER WITH MARCUS

On April 23, 1998, Mr. Allen acquired approximately 99% of the non-voting economic interests in Marcus Cable, and agreed to acquire the remaining interests in Marcus Cable. The aggregate purchase price was approximately $1.4 billion, excluding $1.8 billion in debt assumed. On February 22, 1999, Marcus Holdings was formed, and all of Mr. Allen's interests in Marcus Cable were transferred to Marcus Holdings on March 15, 1999. On March 31, 1999, Mr. Allen completed the acquisition of all remaining interests in Marcus Cable.

On December 23, 1998, Mr. Allen acquired approximately 94% of the equity of Charter Investment, Inc. for an aggregate purchase price of approximately $2.2 billion, excluding $2.0 billion in debt assumed. On February 9, 1999, Charter Holdings was formed as a wholly owned subsidiary of Charter Investment, Inc. On February 10, 1999, Charter Operating was formed as a wholly owned subsidiary of Charter Holdings. In April 1999, Mr. Allen merged Marcus Holdings into Charter Holdings, and the operating subsidiaries of Marcus Holdings and all of the cable systems they owned came under the ownership of Charter Holdings, and, in turn, Charter Operating. On May 25, 1999, Charter Communications Holding Company was formed as a wholly owned subsidiary of Charter Investment, Inc. All of Charter Investment, Inc.'s equity interests in Charter Holdings were transferred to Charter Communications Holding Company.

In March 1999, we paid $20 million to Vulcan Northwest, an affiliate of Mr. Allen, for reimbursement of direct costs incurred in connection with Mr. Allen's acquisition of Marcus Cable. Such costs were principally comprised of financial, advisory, legal and accounting fees.

On April 7, 1999, Mr. Allen merged Marcus Holdings into Charter Holdings. Charter Holdings survived the merger, and the operating subsidiaries of Marcus Holdings became subsidiaries of Charter Holdings.

At the time Charter Holdings issued $3.6 billion in principal amount of notes, this merger had not yet occurred. Consequently, Marcus Holdings was a party to the indentures governing the notes as a guarantor of Charter Holdings' obligations. Charter Holdings loaned some of the proceeds from the sale of the original notes to Marcus Holdings, which amounts were used to complete the cash tender offers for then-outstanding notes of subsidiaries of Marcus Holdings. Marcus Holdings issued a promissory note in favor of Charter Holdings. The promissory note was in the amount of $1.7 billion, with an interest rate of 9.92% and a maturity date of April 1, 2007. Marcus

Holdings guaranteed its obligations under the promissory note by entering into a pledge agreement in favor of Charter Holdings pursuant to which Marcus Holdings pledged all of its equity interests in Marcus Cable as collateral for the payment and performance of the promissory note. Charter Holdings pledged this promissory note to the trustee under the indentures as collateral for the equal and ratable benefit of the holders of the notes. Upon the closing of the merger, and in accordance with the terms of the notes and the indentures:

- the guarantee issued by Marcus Holdings was automatically terminated;

- the promissory note issued by Marcus Holdings was automatically extinguished, with no interest having accrued or being paid; and

- the pledge in favor of Charter Holdings of the equity interests in Marcus Cable as collateral under the promissory note and the pledge in favor of the trustee of the promissory note as collateral for the notes were automatically released.

MANAGEMENT AGREEMENTS

PREVIOUS MANAGEMENT AGREEMENTS. Prior to March 18, 1999, pursuant to a series of management agreements with certain of our subsidiaries, Charter Investment, Inc. provided management and consulting services to those subsidiaries. In exchange for these services, Charter Investment, Inc. was entitled to receive management fees of 3% to 5% of the gross revenues of all of our systems plus reimbursement of expenses. However, our previous credit facilities limited such management fees to 3% of gross revenues. The balance of management fees payable under the previous management agreements was accrued. Payment is at the discretion of Charter Investment, Inc. Certain deferred portions of management fees bore interest at the rate of 8% per annum. Following the closing of our current credit facilities, the previous management agreements were replaced by a revised management agreement. The material terms of our previous management agreements are substantially similar to the material terms of the revised management agreement.

PREVIOUS MANAGEMENT AGREEMENT WITH MARCUS. On October 6, 1998, Marcus Cable entered into a management consulting agreement with Charter Investment, Inc. pursuant to which Charter Investment, Inc. agreed to provide certain management and consulting services to Marcus Cable and its subsidiaries, in exchange for a fee equal to 3% of the gross revenues of Marcus Cable's systems plus reimbursement of expenses. Management fees expensed by Marcus Cable during the period from October 1998 to December 31, 1998 were approximately $3.3 million. Upon Charter Holdings' merger with Marcus Holdings and the closing of our current credit facilities, this agreement was terminated and the subsidiaries of Marcus Cable now receive management and consulting services from Charter Investment, Inc. under the revised management agreement.

THE REVISED MANAGEMENT AGREEMENT. On February 23, 1999, Charter Investment, Inc. entered into a revised management agreement with Charter Operating, which was amended and restated as of March 17, 1999. Upon the closing of our current credit facilities on March 18, 1999, our previous management agreements and the management consulting agreement with Marcus Cable terminated and the revised management agreement became operative. Under the revised management agreement, Charter Investment, Inc. has agreed to manage the operations of the cable television systems owned by Charter Operating's subsidiaries, as well as any cable television systems Charter Operating may subsequently acquire in the future. The term of the revised management agreement is ten years.

The revised management agreement provides that Charter Operating will pay Charter Investment, Inc. a management fee equal to its actual costs to provide these services and a management fee of 3.5% of gross revenues. Gross revenues include all revenues from the operation of Charter Operating's cable systems, including, without limitation, subscriber payments, advertising revenues, and revenues from other services provided by Charter Operating's cable systems. Gross revenues do not include interest income or income from investments unrelated to our cable systems.

Payment of the management fee to Charter Investment, Inc. is permitted under our current credit facilities, but ranks below our payment obligations under our current credit facilities. In the event any portion of the management fee due and payable is not paid by Charter Operating, it is deferred and accrued as a liability. Any deferred amount of the management fee will bear interest at the rate of 10% per annum, compounded annually, from the date it was due and payable until the date it is paid. As of June 30, 1999, no interest had been accrued.

The management fee is payable to Charter Investment, Inc. quarterly in arrears. If the current management agreement is terminated, Charter Investment, Inc. is entitled to receive the fee payable for an entire quarter, even if termination occurred before the end of that quarter. Additionally, Charter Investment, Inc. is entitled to receive payment of any deferred amount.

Pursuant to the terms of the revised management agreement, Charter Operating has agreed to indemnify and hold harmless Charter Investment, Inc. and its shareholders, directors, officers and employees. This indemnity extends to any and all claims or expenses, including reasonable attorneys' fees, incurred by them in connection with any action not constituting gross negligence or willful misconduct taken by them in good faith in the discharge of their duties to Charter Operating.

The total management fees, including expenses, earned by Charter Investment, Inc. under all management agreements were as follows:

YEAR	FEES PAID	TOTAL FEES EARNED
	(IN THOUSANDS)	
Six Months Ended June 30, 1999	$23,388	$20,796
Year Ended December 31, 1998	17,073	27,500
Year Ended December 31, 1997	14,772	20,290
Year Ended December 31, 1996	11,792	15,443

As of June 30, 1999, approximately $17.0 million remains unpaid for all management agreements.

ASSIGNMENT AND AMENDMENT OF REVISED MANAGEMENT AGREEMENT. Upon the closing of the offering, Charter Investment, Inc. will assign to Charter Communications, Inc. all of its rights and obligations under the revised Charter Operating management agreement. In connection with the assignment, the revised Charter Operating management agreement will be amended to eliminate the 3.5% management fee. Under the amended agreement, Charter Communications, Inc. will be entitled to reimbursement from Charter Operating for all of its expenses, costs, losses, liabilities and damages paid or incurred by it in connection with the performance of its obligations under the amended agreement, with no cap on the amount of reimbursement.

MANAGEMENT AGREEMENT WITH CHARTER COMMUNICATIONS, INC. Upon the closing of the offering, Charter Communications, Inc. intends to enter into a management agreement with Charter Communications Holding Company. This management agreement will provide that Charter Communications, Inc. will manage and operate the cable television systems owned or to be acquired by Charter Communications Holding Company and its subsidiaries.

The terms of the Charter Communications, Inc. management agreement will be substantially similar to the terms of the Charter Operating management agreement. Charter Communications, Inc. will be entitled to reimbursement from Charter Communications Holding Company for all expenses, costs, losses, liabilities and damages paid or incurred by Charter Communications, Inc. in connection with the performance of its services, which expenses will include any fees Charter Communications, Inc. is obligated to pay under the mutual services agreement described below. There is no cap on the amount of reimbursement to which Charter Communications, Inc. is entitled.

MUTUAL SERVICES AGREEMENT WITH CHARTER INVESTMENT. Charter Communications, Inc. will initially have only twelve executive officers, all of whom are also employees of Charter Investment, Inc. Charter Communications, Inc. and Charter Investment, Inc. will enter into a mutual services agreement to be effective upon the closing of the offering. Pursuant to the mutual services agreement, each entity agrees to provide services to the other as may be reasonably requested in order to manage Charter Communications Holding Company and to manage and operate our cable systems. In addition, officers of Charter Investment, Inc. will also serve as officers of Charter Communications, Inc. The officers and employees of each entity will be available to the other to provide the services described above. All expenses and costs incurred with respect to the services provided will be paid by Charter Communications, Inc. Charter Communications, Inc. will indemnify and hold harmless Charter Investment, Inc. and its directors, officers and employees from and against any and all claims that may be made against any of them in connection with the mutual services agreement except due to its or their gross negligence or willful misconduct. The term of the mutual services agreement will be ten years, commencing on the closing of the offering, and the agreement may be terminated at any time by either party upon thirty days' written notice to the other.

CONSULTING AGREEMENT

On March 10, 1999, Charter Holdings entered into a consulting agreement with Vulcan Northwest and Charter Investment, Inc. Pursuant to the terms of the consulting agreement, Charter Holdings retained Vulcan Northwest and Charter Investment, Inc. to provide advisory, financial and other consulting services with respect to acquisitions of the business, assets or stock of other companies by Charter Holdings or by any of its subsidiaries. Such services include participation in the evaluation, negotiation and implementation of these acquisitions. The agreement expires on December 31, 2000, and automatically renews for successive one-year terms unless otherwise terminated.

All reasonable out-of-pocket expenses incurred by Vulcan Northwest and Charter Investment, Inc. are Charter Holdings' responsibility and must be reimbursed. Charter Holdings must also pay Vulcan Northwest and Charter Investment, Inc. a fee for their services rendered for each acquisition made by Charter Holdings or any of its subsidiaries. This fee equals 1% of the aggregate value of such acquisition. Neither Vulcan Northwest nor Charter Investment, Inc. will receive a fee in connection with the American Cable, Renaissance, Greater Media, Helicon, Vista, Cable Satellite, InterMedia and Rifkin acquisitions. No such fee is payable to either Vulcan Northwest or Charter Investment, Inc. in connection with other acquisitions being made by Charter Holdings' affiliates. Charter Holdings has also agreed to indemnify and hold harmless Vulcan Northwest and Charter Investment, Inc., and their respective officers, directors, stockholders, agents, employees and affiliates, for all claims, actions, demands and expenses that arise out of this consulting agreement and the services they provide to Charter Holdings.

Mr. Allen owns 100% of Vulcan Northwest and is the Chairman of the board. William D. Savoy, another of Charter Communications, Inc.'s directors, is the President and a director of Vulcan Northwest.

TRANSACTIONS WITH PAUL G. ALLEN

On December 21, 1998, Mr. Allen contributed approximately $431 million to Charter Investment, Inc. and received non-voting common stock of Charter Investment, Inc. Such non-voting common stock was converted to voting common stock on December 23, 1998.

On December 23, 1998, Mr. Allen contributed approximately $1.3 billion to Charter Investment, Inc. and received voting common stock of Charter Investment, Inc. Additionally, Charter Investment, Inc. borrowed approximately $6.2 million in the form of a bridge loan from Mr. Allen. This bridge loan was contributed by Mr. Allen to Charter Investment, Inc. in March 1999. No interest on such bridge loan was accrued or paid by Charter Investment, Inc. On the same date, Mr. Allen also contributed approximately $223.5 million to Vulcan Cable II, Inc., a company owned by Mr. Allen. Vulcan II was merged with and into Charter Investment, Inc.

On January 5, 1999, Charter Investment, Inc. borrowed approximately $132.2 million in the form of a bridge loan from Mr. Allen. This bridge loan was contributed by Mr. Allen to Charter Investment, Inc. in March 1999. No interest on such bridge loan was accrued or paid by Charter Investment, Inc. On the same date, Mr. Allen also acquired additional voting common stock of Charter Investment, Inc. from Jerald L. Kent, Howard L. Wood and Barry L. Babcock for an aggregate purchase price of approximately $176.7 million.

On January 11, 1999, Charter Investment, Inc. borrowed $25 million in the form of a bridge loan from Mr. Allen. This bridge loan was contributed by Mr. Allen to Charter Investment, Inc. in March 1999. No interest on such bridge loan was accrued or paid by Charter Investment, Inc.

On March 16, 1999, Charter Investment, Inc. borrowed approximately $124.8 million in the form of a bridge loan from Mr. Allen. This bridge loan was contributed by Mr. Allen to Charter Investment, Inc. in March 1999. No interest on such bridge loan was accrued or paid by Charter Investment, Inc.

The $431 million contribution was used to redeem stock of certain shareholders in Charter Investment, Inc. The $1.3 billion and $223.5 million contributions by Mr. Allen were used by Charter Investment, Inc. to purchase the remaining interest in CCA Group and CharterComm Holdings. All other contributions to Charter Investment, Inc. by Mr. Allen were used in operations of Charter Investment, Inc. and were not contributed to Charter Holdings.

On August 10, 1999, Vulcan Cable III Inc. purchased 24.1 million membership units for $500 million. On September 22, 1999, Mr. Allen, through Vulcan Cable III Inc., contributed an additional $825 million, consisting of approximately $644.3 million in cash and approximately $180.7 million in equity interests in Rifkin that Vulcan Cable III Inc. had acquired in the Rifkin acquisition in exchange for 39.8 million membership units.

As part of the membership interests purchase agreement, Vulcan Ventures Incorporated and Charter Communications, Inc., Charter Investment, Inc. and Charter Communications Holding Company entered into an agreement on September 21, 1999 regarding the right of Vulcan Ventures to use up to eight of our digital cable channels. Specifically, we will provide Vulcan Ventures with exclusive rights for carriage of up to eight digital cable television programming services or channels on each of the digital cable television systems with local control of the digital product now or hereafter owned, operated, controlled or managed by us of 550 MHz or more. If the system offers digital services but has less than 550 MHz of capacity, then the programming services will be equitably reduced. The programming services will consist of any designated by Vulcan Ventures. We agree that upon request of Vulcan Ventures, we will attempt to reach a comprehensive programming agreement pursuant to which we will pay the programmer, if possible, a fee per digital subscriber. If such fee arrangement is not achieved, then we and the programmer shall enter into a standard programming agreement. We believe that this transaction is on terms at least as favorable to us as Mr. Allen would negotiate with other cable operators.

During the second and third quarters of 1999, one of our subsidiaries sold shared interests in several airplanes to Mr. Allen for approximately $8 million. We believe that the purchase price paid by Mr. Allen for these interests was the fair market price.

ALLOCATION OF BUSINESS OPPORTUNITIES WITH MR. ALLEN

As described under "-- Business Relationships", Mr. Allen and a number of his affiliates have interests in various entities that provide services or programming to a number of our subsidiaries. Given the diverse nature of Mr. Allen's investment activities and interests, and to avoid the possibility of future disputes as to potential business, Charter Communications Holding Company and Charter Communications, Inc. may not, under the terms of their organizational documents, engage in any business transaction outside the cable transmission business except for the portal joint venture with Broadband Partners and incidental businesses engaged in as of the closing of this offering. We will be subject to this restriction until all shares of Class B common stock have converted into Class A common stock. See "Description of Capital Stock and Membership Units".

Should we wish to pursue a business transaction outside of this scope, we must first offer Mr. Allen the opportunity to pursue the particular business transaction. If he decides not to do so and consents to our engaging in the business transaction, we will be able to do so. In any such case, the restated certificate of incorporation and the operating agreement would be amended accordingly to appropriately modify the current restrictions on our ability to engage in any business other than the cable transmission business. The cable transmission business means the business of transmitting video, audio, including telephony, and data over cable television systems owned, operated or managed by us from time to time. Under Charter Communications, Inc.'s restated certificate of incorporation, the businesses of RCN Corporation, a company in which Mr. Allen is making a significant investment, are not considered cable transmission businesses. See "-- RCN".

Under Delaware corporate law, each director of Charter Communications, Inc., including Mr. Allen, is generally required to present to Charter Communications, Inc. any opportunity he or she may have to acquire any cable transmission business or any company whose principal business is the ownership, operation or management of cable transmission businesses so that we may determine whether we wish to pursue such opportunities. However, except for the foregoing, Mr. Allen and other directors will not have an obligation to present to Charter Communications, Inc. business opportunities in which both they and we might have an interest and they may exploit such opportunities for their own account.

ASSIGNMENTS OF ACQUISITIONS

On January 1, 1999, Charter Investment, Inc. entered into a membership purchase agreement with ACEC Holding Company, LLC for the acquisition of American Cable. On February 23, 1999, Charter Investment, Inc. assigned its rights and obligations under this agreement to one of our subsidiaries, Charter Communications Entertainment II, LLC, effective as of March 8, 1999, or such earlier date as mutually agreed to by the parties. The acquisition of American Cable was completed in May 1999.

On February 17, 1999, Charter Investment, Inc. entered into an asset purchase agreement with Greater Media, Inc. and Greater Media Cablevision, Inc. for the acquisition of the Greater Media systems. On February 23, 1999, Charter Investment, Inc. assigned its rights and obligations under this agreement to one of our subsidiaries, Charter Communications Entertainment I, LLC. The acquisition of the Greater Media systems was completed in June 1999.

On April 26, 1999, Charter Communications, Inc. entered into a purchase and sale agreement with InterLink Communications Partners, LLLP and the other sellers listed on the signature pages of the agreement. On June 30, 1999, Charter Communications, Inc. assigned its rights and obligations under this agreement to Charter Communications Operating, LLC. The acquisition contemplated by these agreements was completed in September 1999.

On April 26, 1999, Charter Communications, Inc. entered into a purchase and sale agreement with Rifkin Acquisition Partners L.L.L.P and the other sellers listed on the signature pages of the agreement. On June 30, 1999, Charter Communications, Inc. assigned its rights and obligations under this agreement to Charter Communications Operating, LLC. The acquisition contemplated by these agreements was completed in September 1999.

On April 26, 1999, Charter Communications, Inc. entered into the RAP indemnity agreement with InterLink Communications Partners, LLLP and the other sellers and InterLink partners listed on the signature pages of the agreement. On June 30, 1999, Charter Communications, Inc. assigned its rights and obligations under this agreement to Charter Communications Operating, LLC.

In May 1999, Charter Investment, Inc. entered into the Falcon purchase agreement. As of June 22, 1999, pursuant to the first amendment to the Falcon purchase agreement, Charter Investment, Inc. assigned its rights under the Falcon purchase agreement to Charter LLC, a subsidiary of Charter Communications Holding Company.

In May 1999, Charter Investment, Inc. entered into the Fanch purchase agreement. On September 21, 1999, Charter Investment, Inc. assigned its rights and obligations to purchase stock interests under this agreement to Charter Communications Holding Company and its rights and obligations to purchase partnership interests and assets under this agreement to Charter Communications VI, LLC, an indirect wholly owned subsidiary of Charter Communications Holding Company.

In May 1999, Charter Investment, Inc. and Charter Communications Holdings, LLC entered into an agreement to purchase directly and indirectly all of the equity interests of Avalon Cable LLC. Effective as of June 16, 1999, Charter Communications Holdings, LLC assigned its rights and obligations under this agreement to Charter Communications Holding Company. On October 11, 1999, Charter Communications Holding Company and Charter Communications, Inc. entered into an Assignment and Contribution Agreement pursuant to which Charter Communications, Inc. has agreed to assume the obligation to acquire the stock of Avalon Cable of Michigan Holdings, Inc. See "Description of Capital Stock and Membership Units -- Membership Units".

EMPLOYMENT AGREEMENTS

Mr. Kent has entered into an employment agreement with us. We have summarized this agreement in "Management -- Employment Agreements".

CONSULTING AGREEMENTS

Mr. Wood has entered into a consulting agreement with us. We have summarized this agreement in "Management -- Employment and Consulting Agreements".

INSURANCE

Charter Communications, Inc. receives insurance and workers' compensation coverage through Charter Investment, Inc. Charter Investment, Inc.'s insurance policies provide coverage for Charter Investment, Inc. and its

- subsidiaries, and associated, affiliated and inter-related companies,

- majority (51% or more) owned partnerships and joint ventures,

- interest in (or its subsidiaries' interest in) any other partnerships, joint ventures or limited liability companies,

- interest in (or its subsidiaries' interest in) any company or organization coming under its active management or control, and

- any entity or party required to be insured under any contract or agreement, which may now exist, may have previously existed, or may hereafter be created or acquired.

Charter Investment, Inc. expensed approximately $5,498,000 for the six months ended June 30, 1999, approximately $603,000 for the year ended December 31, 1998, approximately $172,100 for the year ended December 31, 1997, and approximately $108,000, for the year ended December 31, 1996, relating to insurance allocations.

BUSINESS RELATIONSHIPS

Paul G. Allen or certain affiliates of Mr. Allen own equity interests or warrants to purchase equity interests in various entities which provide a number of our subsidiaries with services or programming. Among these entities are High Speed Access Corp., WorldGate Communications, Inc., Wink Communications, Inc., ZDTV, L.L.C., USA Networks and Oxygen Media, Inc., Broadband Partners LLC, Go2Net, Inc. and RCN Corporation. Affiliates of Mr. Allen include Charter Investment, Inc. and Vulcan Ventures, Inc. Mr. Allen owns 100% of the equity of Vulcan Ventures, and is its Chief Executive Officer. Mr. Savoy is also a Vice President and a director of Vulcan Ventures. The various cable, Internet and telephony companies that Mr. Allen has invested in may mutually benefit one another. The recently announced Broadband Partners Internet portal joint venture is an example of a cooperative business relationship among his affiliated companies. We can give no assurance, nor should you expect, that this joint venture will be successful, that Charter Communications, Inc. and its subsidiaries will realize any benefits from this or other relationships with Mr. Allen's affiliated companies or that we will enter into any joint ventures or business relationships in the future with Mr. Allen's affiliated companies.

Mr. Allen and his affiliates have made and in the future likely will make, numerous investments outside of Charter Communications Holding Company. We cannot assure you that, in the event that we or any of our subsidiaries enter into transactions in the future with any affiliate of Mr. Allen, such transactions will be on terms as favorable to us as terms we might have obtained from an unrelated third party. Also, conflicts could arise with respect to the allocation of corporate opportunities between us and Mr. Allen and his affiliates.

We have not instituted any formal plan or arrangement to address potential conflicts of interest.

HIGH SPEED ACCESS. High Speed Access is a provider of high-speed Internet access over cable modems. In November 1998, Charter Investment, Inc. entered into a systems access and investment agreement with Vulcan Ventures and High Speed Access and a related network services agreement with High Speed Access. Additionally, Vulcan Ventures and High Speed Access entered into a programming content agreement. Under these agreements, High Speed Access will have exclusive access to at least 750,000 of our homes with an installed cable drop from our cable system or which is eligible for a cable drop by virtue of our cable system passing the home. The term of the systems access and investment agreement continues until midnight of the day High Speed Access ceases to provide High Speed Access services to cable subscribers in any geographic area or region. The term of the network services agreement is as to a particular cable system, five years from the date revenue billing commences for that cable system and, following this initial term, the network services agreement automatically renews itself on a year-to-year basis. Additionally, we can terminate our exclusivity rights, on a system-by-system basis, if High Speed Access fails to meet performance benchmarks or otherwise breaches the agreements including their commitment to provide content designated by Vulcan Ventures. The programming content agreement is effective until terminated for any breach and will automatically terminate upon the expiration of the systems access and investment agreement. During the term of the agreements, High Speed Access has agreed not to deploy WorldGate, Web TV, digital television or related products in the market areas of any committed system or in any area in which we operate a cable system. All of Charter Investment, Inc.'s operations take place at the subsidiary level and it is through Charter Investment, Inc. that we derive our rights and obligations with respect to High Speed Access. Under the terms of the network services agreement, we split revenue with High Speed Access based on set percentages of gross revenues in each category of service. The programming content agreement provides each of Vulcan Ventures and High Speed Access with a license to use certain content and materials of the other on a non-exclusive, royalty-free basis. Operations began in the first quarter of 1999. Net receipts from High Speed Access for the six months ended June 30, 1999 were approximately $24,000.

Concurrently with entering into these agreements, High Speed Access issued 8 million shares of Series B convertible preferred stock to Vulcan Ventures at a purchase price of $2.50 per share. Vulcan Ventures also subscribed to purchase 2.5 million shares of Series C convertible preferred stock, at a purchase price of $5.00 per share on or before November 25, 2000, and received an option to purchase an additional 2.5 million shares of Series C convertible preferred stock at a purchase price of $5.00 per share. In April 1999, Vulcan Ventures purchased the entire 5 million shares of Series C convertible preferred stock for $25 million in cash. The shares of Series B and Series C convertible preferred stock issued to Vulcan Ventures automatically converted at a price of $3.23 per share into 20.15 million shares of common stock upon completion of High Speed Access' initial public offering in June 1999.

Additionally, High Speed Access granted Vulcan Ventures warrants to purchase up to 5 million shares of common stock at a purchase price of $5.00 per share. These warrants were converted to warrants to purchase up to 7,739,938 shares of common stock at a purchase price of $3.23 per share upon completion of High Speed Access' initial public offering. Vulcan Ventures subsequently assigned the warrants to Charter Investment, Inc. The warrants are exercisable at the rate of 1.55 shares of common stock for each home passed in excess of 750,000, 3.9 million warrants may be earned on or before July 31, 2001 and must be exercised on or before July 31, 2002. 3.9 million warrants may be earned on or before July 31, 2003 and must be exercised on or before July 31, 2004. The warrants may be forfeited in certain circumstances, generally if the number of homes passed in a committed system is reduced.

Jerald L. Kent, our President and Chief Executive Officer and a director of Charter Holdings, Stephen E. Silva, our Senior Vice President -- Corporate Development and Technology, and Mr. Savoy, a member of our board of directors are all members of the board of directors of High Speed Access Corp.

Upon completion of the offering, Charter Investment, Inc. will assign to Charter Communications Holding Company all of its rights and obligations under its agreements with High Speed Access, and transfer the warrants to purchase up to 7,739,938 shares of common stock of High Speed Access, to Charter Communications Holding Company.

WORLDGATE. WorldGate is a provider of Internet access through cable television systems. On November 7, 1997, Charter Investment, Inc. signed an affiliation agreement with WorldGate pursuant to which WorldGate's services will be offered to some of our customers. The term of the agreement is five years unless terminated by either party for failure of the other party to perform any of its obligations or undertakings required under the agreement. The agreement automatically renews for additional successive two-year periods upon expiration of the initial five-year term. All of Charter Investment, Inc.'s operations take place at the subsidiary level and it is through Charter Investment, Inc. that we derive our rights and obligations with respect to WorldGate. Pursuant to the agreement, we have agreed to use our reasonable best efforts to deploy the WorldGate Internet access service within a portion of our cable television systems and to install the appropriate headend equipment in all of our major markets in those systems. Major markets for purposes of this agreement include those in which we have more than 25,000 customers. We incur the cost for the installation of headend equipment. In addition, we have agreed to use our reasonable best efforts to deploy such service in all non-major markets that are technically capable of providing interactive pay-per-view service, to the extent we determine that it is economically practical. When WorldGate has a telephone return path service available, we will, if economically practical, use all reasonable efforts to install the appropriate headend equipment and deploy the WorldGate service in our remaining markets. Telephone return path service is the usage of telephone lines to connect to the Internet to transmit data or receive data. We have also agreed to market the WorldGate service within our market areas. We pay a monthly subscriber access fee to WorldGate based on the number of subscribers to the WorldGate service. We have the discretion to determine what fees, if any, we will charge our subscribers for access to the WorldGate service. We started offering WorldGate service in 1998. For the six months ended June 30, 1999, we paid to WorldGate approximately $570,000. For the year ended December 31, 1998, we paid to WorldGate approximately $276,000. We charged our subscribers approximately $76,000 for the six months ended June 30, 1999, and approximately $22,000 for the year ended December 31, 1998.

On November 24, 1997, Charter Investment, Inc. acquired 70,423 shares of WorldGate's Series B preferred stock at a purchase price of $7.10 per share. On February 3, 1999, a subsidiary of Charter Holdings acquired 90,909 shares of Series C preferred stock at a purchase price of $11.00 per share. As a result of a stock split, each share of Series B preferred stock will convert into two-thirds of a share of WorldGate's common stock, and each share of Series C preferred stock will convert into two-thirds of a share of WorldGate's common stock. Upon completion of WorldGate's initial public offering, each series of preferred stock will automatically convert into common stock.

Upon completion of the offering, Charter Investment, Inc. will assign to Charter Communications Holding Company all of its rights and obligations under its agreements with WorldGate and transfer its 70,423 shares of WorldGate Series B preferred stock to Charter Communications Holding Company.

WINK. Wink offers an enhanced broadcasting system that adds interactivity and electronic commerce opportunities to traditional programming and advertising. Viewers can, among other things, find news, weather and sports information on-demand and order products through use of a remote control. On October 8, 1997, Charter Investment, Inc. signed a cable affiliation agreement with Wink to deploy this enhanced broadcasting technology in our systems. The term of the agreement is three years. Either party has the right to terminate the agreement for the other party's failure to comply with any of its respective material obligations under the agreement. All of Charter Investment, Inc.'s operations take place at the subsidiary level and it is through Charter Investment, Inc. that we derive our rights and obligations with respect to Wink. Pursuant to the agreement, Wink granted us the non-exclusive license to use their software to deliver the enhanced broadcasting to all of our cable systems. For the first year of the agreement, we pay a monthly license fee to Wink which is based on the number of our subscribers in our operating areas. After the first year of the agreement we pay a fixed monthly license fee to Wink regardless of the number of our subscribers in our operating areas. We also supply all server hardware required for deployment of Wink services. In addition, we agreed to promote and market the Wink service to our customers within the area of each system in which such service is being provided. We share in the revenue Wink generated from all fees collected by Wink for transactions generated by our customers. The amount of revenue shared is based on the number of transactions per month. As of June 30, 1999, no revenue or expenses have been recognized as a result of this agreement.

On November 30, 1998, Vulcan Ventures acquired 1,162,500 shares of Wink's Series C preferred stock for approximately $9.3 million. In connection with such acquisition, Wink issued to Vulcan Venture warrants to purchase shares of common stock. Additionally, Microsoft Corporation, of which Mr. Allen is a director, also owns an equity interest in Wink.

Upon the completion of the offering, Charter Investment, Inc. will assign to Charter Communications Holding Company all of its rights and obligations under its agreements with Wink.

ZDTV. ZDTV operates a cable television channel which broadcasts shows about technology and the Internet. Pursuant to a carriage agreement which Charter Communications Holding Company intends to enter into with ZDTV, ZDTV has agreed to provide us with programming for broadcast via our cable television systems at no cost. The term of the proposed carriage agreement, with respect to each of our cable systems, is from the date of launch of ZDTV on that cable system until April 30, 2008. The term expires on the same day for each of our cable systems, regardless of when any individual cable system launches ZDTV. The carriage agreement grants us a limited non-exclusive right to receive and to distribute ZDTV to our subscribers in digital or analog format. The carriage agreement does not grant us the right to distribute ZDTV over the Internet. We pay a monthly subscriber fee to ZDTV for the ZDTV programming based on the number of our subscribers subscribing to ZDTV. Additionally, we agreed to use commercially reasonable efforts to publicize the programming schedule of ZDTV in each of our cable systems that offers or will offer ZDTV. Upon reaching a specified threshold number of ZDTV subscribers, then, in the event ZDTV inserts any informercials, advertorials and/or home shopping into in the ZDTV programming, we receive from ZDTV a percentage of net product revenues resulting from our distribution of these services. ZDTV may not offer its services to any other cable operator which serves the same or fewer number of subscribers at a more favorable rate or on more favorable carriage terms. As of June 30, 1999, no expenses have been recognized as a result of these agreements.

On February 5, 1999, Vulcan Programming acquired an approximate one-third interest in ZDTV. Mr. Allen owns 100% of Vulcan Programming. Mr. Savoy is the president and director of Vulcan Programming. The remaining approximate two-thirds interest in ZDTV is owned by Ziff-Davis Inc. Vulcan Ventures owns approximately 3% of the interests in Ziff-Davis. The total investment made by Vulcan Programming and Vulcan Ventures was $104 million.

USA NETWORKS. USA Networks operates USA Network and The Sci-Fi Channel, which are cable television networks. USA Networks also operates Home Shopping

Network, which is a retail sales program available via cable television systems. On May 1, 1994, Charter Investment, Inc. signed an affiliation agreement with USA Networks. Pursuant to this affiliation agreement, USA Networks has agreed to provide their programming for broadcast via our cable television systems. The term of the affiliation agreement is until December 30, 1999. The affiliation agreement grants us the nonexclusive right to cablecast the USA Network programming service. We pay USA Networks a monthly fee for the USA Network programming service number based on the number of subscribers in each of our systems and the number and percentage of such subscribers receiving the USA Network programming service. Additionally, we agreed to use best efforts to publicize the schedule of the USA Network programming service in the television listings and program guides which we distribute. We have paid to USA Networks for programming approximately $4,931,614 for the six months ended June 30, 1999, approximately $556,000 for the year ended December 31, 1998, approximately $204,000 for the year ended December 31, 1997, and approximately $134,000 for the year ended December 31, 1996. In addition, we received commissions from Home Shopping Network for sales generated by our customers totaling approximately $794,000 for the six months ended June 30, 1999, approximately $121,000 for the year ended December 31, 1998, approximately $62,000 for the year ended December 31, 1997, and approximately $35,000 for the year ended December 31, 1996.

Mr. Allen and Mr. Savoy are also directors of USA Networks. As of April 1999, Mr. Allen owned approximately 9.8% and Mr. Savoy owned less than 1% of the common stock of USA Networks. Upon completion of the offering, Charter Investment, Inc. will assign to Charter Communications Holding Company all of its rights and obligations under its agreements with USA Networks.

OXYGEN MEDIA, INC. Oxygen Media provides content aimed at the female audience for distribution over the Internet and cable television systems. Vulcan Ventures has agreed to invest up to $100 million in Oxygen Media. In addition, Charter Communications Holding Company has agreed to enter into a carriage agreement with Oxygen Media pursuant to which we intend to carry Oxygen Media programming content on our cable systems. As of June 30, 1999, no expenses have been recognized as a result of these agreements. Nancy B. Peretsman, one of our nominees for director, serves on the board of directors of Oxygen Media.

BROADBAND PARTNERS, LLC. Charter Communications, Inc. has entered into a joint venture with Vulcan Ventures and Go2Net to provide broadband portal services. See "Business -- Products and Services". Mr. Allen owns approximately 33% of the outstanding equity of Go2Net. Mr. Savoy, a director of Charter Communications, Inc., is also a director of Go2Net.

RCN CORPORATION. On October 1, 1999, Vulcan Ventures entered into an agreement to purchase shares of convertible preferred stock of RCN Corporation for an aggregate purchase price of approximately $1.65 billion. If Vulcan Ventures immediately converts the RCN preferred stock it has agreed to purchase into common stock, it will own 27.4% of RCN when combined with the common stock that Vulcan Ventures already owns. None of Charter Communications, Inc., Charter Communications Holding

Company or their respective stockholders or members, other than Vulcan Ventures, have any interest in the RCN investment and none of them is expected to have any interest in any subsequent investment in RCN that Vulcan Ventures may make. The businesses of RCN are not deemed to be the "cable transmission business" under Charter Communications, Inc.'s Certificate of Incorporation.

OTHER RELATIONSHIPS

David L. McCall, Senior Vice President of Operations -- Eastern Division, is a partner in a partnership that leases office space to us. The partnership has received $108,647 pursuant to such lease for the period from January 1999 to June 1999.

In January 1999, Charter Investment, Inc. issued bonuses to executive officers in the form of three-year promissory notes. One-third of the original outstanding principal amount of each of these notes is forgiven, as long as the employee is still employed by Charter Investment, Inc. or any of its affiliates, at the end of each of the first three anniversaries of the issue date. The promissory notes bear interest at 7% per year. Outstanding balances as of June 30, 1999 are as follows:

INDIVIDUAL	AMOUNT
David G. Barford	$450,000
Mary Pat Blake	$450,000
Eric A. Freesmeier	$450,000
Thomas R. Jokerst	$450,000
Kent D. Kalkwarf	$450,000
Ralph G. Kelly	$450,000
David L. McCall	$450,000
John C. Pietri	$225,000
Steven A. Schumm	$900,000
Curtis S. Shaw	$450,000
Stephen E. Silva	$300,000

Mr. Wood has agreed to lease, from time to time, to Charter Communications, Inc. and its subsidiaries and affiliates an airplane owned by Mr. Wood for business travel. We or our subsidiary or affiliate, as applicable, would, in turn, pay Mr. Wood market rates for such use. When Mr. Wood uses the plane for personal matters, we have agreed to provide, if available, Charter-employed airplane operating personnel. This agreement with Mr. Wood is not in writing.

Marc B. Nathanson is a Chairman of the board of directors of Falcon Holding Group, Inc., the general partner of Falcon Holding Group, L.P.

DESCRIPTION OF CERTAIN INDEBTEDNESS

The following description of our indebtedness is qualified in its entirety by reference to the relevant credit facility, indenture and related documents governing the debt.

EXISTING CREDIT FACILITIES

CHARTER OPERATING CREDIT FACILITIES. On March 18, 1999, all of our then-existing senior debt, consisting of seven separate credit facilities, was refinanced with proceeds of the sale of the original Charter Holdings notes and proceeds of our initial senior secured credit facilities. The borrower under our initial senior secured credit facilities is Charter Operating. The initial senior secured credit facilities were arranged by Chase Securities, Inc., NationsBank Montgomery Securities LLC and TD Securities (USA) Inc. The initial Charter Operating senior secured credit facilities provided for borrowings of up to $2.75 billion.

The initial Charter Operating senior secured credit facilities were increased on April 30, 1999 by $1.35 billion of additional senior secured credit facilities. Obligations under the Charter Operating credit facilities are guaranteed by Charter Operating's parent, Charter Holdings, and by Charter Operatings' subsidiaries. The obligations under the Charter Operating credit facilities are secured by pledges by Charter Operating of inter-company obligations and the ownership interests of Charter Operating and its subsidiaries, but are not secured by the other assets of Charter Operating or its subsidiaries. The guarantees are secured by pledges of inter-company obligations and the ownership interests of Charter Holdings in Charter Operating, but are not secured by the other assets of Charter Holdings or Charter Operating.

The initial senior secured credit facilities of $4.1 billion consist of:

- an eight and one-half year reducing revolving loan in the amount of $1.25 billion;

- an eight and one-half year Tranche A term loan in the amount of $1.0 billion; and

- a nine-year Tranche B term loan in the amount of $1.85 billion.

The Charter Operating credit facilities provide for the amortization of the principal amount of the Tranche A term loan facility and the reduction of the revolving loan facility beginning on June 30, 2002 with respect to the Tranche A term loan and on March 31, 2004 with respect to the revolving credit facility, with a final maturity date of September 18, 2007. The amortization of the principal amount of the Tranche B term loan facility is substantially "back-ended," with more than ninety percent of the principal balance due in the year of maturity. The Charter Operating credit facilities also provide for an incremental term facility of up to $500 million which is conditioned upon receipt of additional new commitments from lenders. If the incremental term facility becomes available, up to 50% of the borrowings under it may be repaid on terms substantially similar to that of the Tranche A term loan and the remaining portion on terms substantially similar to the Tranche B term loan. The credit facilities also contain provisions requiring mandatory loan prepayments under some circumstances, such as when significant amounts of assets are sold and the proceeds are not promptly reinvested in assets useful in the business.

The Charter Operating credit facilities provide the borrower with two interest rate options, to which a margin is added: a base rate option, generally the "prime rate" of interest, and an interest rate option based on the interbank eurodollar rate. Interest rate margins for the Charter Operating credit facilities depend upon performance measured by a "leverage ratio," or, the ratio of indebtedness to annualized operating cash flow. Annualized operating cash flow is defined as the immediately preceding quarter's operating cash flow, before management fees, multiplied by four. This leverage ratio is based on the debt of Charter Operating and its subsidiaries, exclusive of the outstanding notes and other debt for money borrowed, including guarantees by Charter Operating and by Charter Holdings. The interest rate margins for the Charter Operating credit facilities are as follows:

- with respect to the revolving loan and the Tranche A term loan, the margin ranges from 1.5% to 2.25% for eurodollar loans and from 0.5% to 1.25% for base rate loans.

- with respect to the Tranche B term loan, the margin ranges from 2.25% to 2.75% for eurodollar loans and from 1.25% to 1.75% for base rate loans.

The Charter Operating credit facilities contain representations and warranties, affirmative and negative covenants, information requirements, events of default and financial covenants. The financial covenants, which are generally tested on a quarterly basis, measure performance against standards set for leverage, debt service coverage, and operating cash flow coverage of cash interest expense.

Under most circumstances, acquisitions and investments may be made without the consent of the lenders as long as Charter Operating's operating cash flow for the four complete quarters preceding the acquisition or investment equals or exceeds 1.75 times the sum of its cash interest expense plus any restricted payments, on a pro forma basis after giving effect to the acquisition or investment.

The Charter Operating credit facilities also contain a change of control provision, making it an event of default, and permitting acceleration of the debt, in the event that either:

- Mr. Allen, including his estate, heirs and other related entities, fails to maintain a 51% direct or indirect voting and economic interest in Charter Operating, provided that after the consummation of an initial public offering by Charter Holdings or an affiliate of Charter Holdings, the economic interest percentage may be reduced to 25%, or

- a change of control occurs under the indentures governing the Charter Holdings notes.

The various negative covenants place limitations on the ability of Charter Holdings, Charter Operating and their subsidiaries to, among other things:

- incur debt;

- pay dividends;

- incur liens;

- make acquisitions;

- investments or asset sales; or

- enter into transactions with affiliates.

Distributions by Charter Operating under the credit facilities to Charter Holdings to pay interest on the Charter Holdings notes are generally permitted, except during the existence of a default under the credit facilities. If the 8.250% Charter Holdings notes are not refinanced prior to six months before their maturity date, the entire amount outstanding of the Charter Operating credit facilities will become due and payable. As of June 30, 1999, approximately $2.025 billion was outstanding and $2.075 billion was available for borrowing under the Charter Operating credit facilities.

CREDIT FACILITIES TO BE ASSUMED OR ARRANGED IN CONNECTION WITH OUR PENDING ACQUISITIONS

FALCON CABLE COMMUNICATIONS CREDIT FACILITIES. In May 1999, Charter Investment, Inc. entered into the Falcon acquisition agreements. The assumed debt portion of the purchase price includes $967.0 million of senior credit facilities of Falcon Cable Communications, LLC (the Falcon borrower). As of July 21, 1999, a required percentage of the lenders under the Falcon borrower credit agreement dated June 30, 1998 agreed to amend and restate the credit agreement, effective on the date that we close our acquisition of Falcon. Unless otherwise noted, the description below gives effect to this amendment and restatement, which becomes effective at the time of the acquisition.

The Falcon credit facilities have maximum borrowings of $1.255 billion. The amount outstanding under the credit facilities at June 30, 1999 was approximately $967.0 million, consisting of:

- A revolving facility in the amount of approximately $469.5 million;

- A term loan B in the amount of approximately $199 million; and

- A term loan C in the amount of approximately $298.5 million.

We are in the process of raising additional commitments for a permitted supplemental revolving credit facility in the maximum amount of $235 million. The revolving facility and the supplemental revolving facility amortize beginning in 2001 and 2003, respectively, and ending on December 29, 2006 and December 31, 2007, respectively. The term loan B and term loan C facilities amortize beginning in 1999 and ending on June 29, 2007 and December 31, 2007, respectively. The obligations under these facilities are guaranteed by the subsidiaries of the Falcon borrower. The obligations under the Falcon borrower credit facilities are secured by pledges of the ownership interests and inter-company obligations of the Falcon borrower and its subsidiaries, but are not secured by other assets of the Falcon borrower or its subsidiaries.

This supplemental facility is in the form of an additional revolving loan. Upon the effectiveness of the amendment and restatement of the Falcon borrower credit facilities at the time of the acquisition of the Falcon borrower by Charter Communications Holding Company, up to an additional $585 million supplemental facility will be available, subject to the Falcon borrower's ability to obtain additional commitments from lenders.

The Falcon borrower credit facilities also contain provisions requiring mandatory loan prepayments under certain circumstances, such as when significant amounts of assets are sold and the proceeds are not promptly reinvested in assets useful in the business of the Falcon borrower.

The Falcon credit facilities provide the Falcon borrower with two interest rate options, to which a margin is added: a base rate option, generally the "prime rate" of interest, and an interest rate option rate based on the interbank eurodollar rate. Interest rates for the Falcon credit facilities, as well as a fee payable on unborrowed amounts available under these facilities, will depend upon performance measured by a "leverage ratio" which is the ratio of indebtedness to annualized operating cash flow. Annualized operating cash flow is defined as the immediately preceding quarter's operating cash flow, before management fees, multiplied by four. This leverage ratio is based on the debt of the Falcon borrower and its subsidiaries, exclusive of the Falcon debentures described below. The interest rate margins for the Falcon credit facilities are as follows:

- With respect to the revolving loan facility, the margin ranges from 1.0% to 2.0% for eurodollar loans and from 0.0% to 1.0% for base rate loans.

- With respect to Term Loan B, the margin ranges from 1.75% to 2.25% for eurodollar loans and from 0.75% to 1.25% for base rate loans.

- With respect to Term Loan C, the margin ranges from 2.0% to 2.5% for eurodollar loans and from 1.0% to 1.5% for base rate loans.

The Falcon borrower credit facilities contain representations and warranties, affirmative and negative covenants, information requirements, events of default and financial covenants. The financial covenants, which are generally tested on a quarterly basis, measure performance against standards set for leverage, debt service coverage, and operating cash flow coverage of cash interest expense.

The Falcon credit facilities also contain a change of control provision, making it an event of default, and permitting acceleration of the debt, in the event that either:

- Mr. Allen, including his estate, heirs and other related entities, fails to maintain a 51% direct or indirect voting and economic interest in the Falcon borrower, provided that after the consummation of an initial public offering by the Falcon borrower or an affiliate of the Falcon borrower, the economic interest percentage may be reduced to 25%; or

- A change of control occurs under the indentures governing the Falcon debentures or under the terms of other debt of Falcon.

The various negative covenants place limitations on the ability of the Falcon borrower and its subsidiaries to, among other things:

- incur debt;

- pay dividends;

- incur liens;

- make acquisitions;

- investments or assets sales; or

- enter into transactions with affiliates.

Distributions by the Falcon borrower under its credit facilities to pay interest on the Falcon debentures are generally permitted, except during the existence of a default under the credit facilities.

As of June 30, 1999, $967 million was outstanding and, without giving effect to the amendment, $523 million was committed and available for borrowing and an additional $350 million is uncommitted and available for borrowing under the Falcon credit facilities.

FALCON BRIDGE LOAN FACILITY. On October 15, 1999, we received a commitment from Goldman Sachs Credit Partners, L.P. for a bridge loan facility to finance required repayments of Falcon debentures and notes. The commitment to provide the bridge loans expires on February 12, 2000 if the closing of the bridge loans has not occurred by that date. The conditions to closing under the bridge loans include:

- consummation of the offering and receipt of net proceeds therefrom of at least $2.5 billion;

- consummation of the Falcon acquisition and Falcon becoming a party to the bridge loan commitment upon consummation of the Falcon acquisition;

- execution and delivery of satisfactory documentation of the bridge loans;

- absence of various types of material adverse changes, including material adverse changes relative to us and to Falcon, as well as material adverse changes in the financial and capital markets;

- the absence of certain litigation;

- Falcon having adequate availability, in Goldman Sachs Credit Partners L.P.'s judgment, under the Falcon credit facilities;

- satisfactory completion by the bridge lenders of a due diligence review of Falcon;

- receipt of certain historical and pro forma financial statements for Falcon; and

- receipt of required approvals. Many of these closing conditions are outside of the control of Falcon or us. There can be no assurance that the closing conditions will be met.

Under the commitment, the bridge loans will have a term of one year. If the bridge loans have not been repaid in full by the maturity date, and provided there is no default under the bridge loans or the Falcon credit facilities, the bridge loans will be automatically converted into nine-year term loans.

The bridge loans will bear interest initially at one month LIBOR plus 400 basis points. The interest rate will increase by 25 basis points at the end of each three month period after the closing of the bridge loans. The bridge loans may be prepaid at any time without penalty. The bridge loans must be repaid with the net proceeds from any public or private offering of debt or equity securities by Falcon or any of its subsidiaries, or any future bank borrowings other than under the Falcon credit facilities in effect at the closing date or any future asset sales, subject to customary exceptions. The bridge lenders may require Falcon to repay the bridge loans upon specified changes of control of Falcon or Charter Communications, Inc.

FANCH CREDIT FACILITIES. In May 1999, Charter Communications, Inc. entered into the Fanch purchase agreement. As of October 1, 1999, a group of lenders had issued commitments, based on a detailed term sheet, in the aggregate amount of $1.2 billion to CC VI Operating, LLC (the Fanch borrower), to be effective on the date that we close our acquisition of Fanch. Upon the closing of the Fanch acquisition, the Fanch borrower will own, directly or indirectly, the cable systems we are acquiring. The Fanch credit facilities have maximum borrowings of $1.2 billion, consisting of:

- A revolving facility in the amount of approximately $350 million;

- A term loan A in the amount of approximately $400 million; and

- A term loan B in the amount of approximately $450 million.

The revolving facility amortizes beginning in 2004 and ending in May 2008. The term loan A and term loan B facilities amortize beginning in 2003 and ending in May 2008 and November 2008, respectively. The obligations under these facilities are guaranteed by the subsidiaries of the Fanch borrower and CC VI Holdings, LLC (Fanch Holdings), the Fanch borrower's parent and a subsidiary of Charter Communications Holding Company. The obligations under the Fanch borrower credit facilities are secured by pledges of the ownership interests and inter-company obligations of the Fanch borrower and its subsidiaries, but are not secured by other assets of the Fanch borrower or its subsidiaries.

In addition to the foregoing, the Fanch credit facilities will permit a supplemental credit facility in the maximum amount of $300 million. This facility may be in the form of (i) an additional term loan or (ii) an aggregate increase in the amount of the term loan A or the revolving facility. Upon the effectiveness of the Fanch credit facilities, such supplemental facility will be available, subject to the borrower's ability to obtain additional commitments from lenders. The amortization of the additional term loans under the supplemental credit facility prior to May 2009 shall be limited to 1% per annum of the aggregate principal amount of such additional term loans.

The Fanch credit facilities also contain provisions requiring mandatory loan prepayments under specific circumstances, including when significant amounts of assets are sold and the proceeds are not promptly reinvested in assets useful in the business of the Fanch borrower.

The Fanch credit facilities provide the Fanch borrower with the following two interest rate options, to which a margin is added:

- a base rate option, generally the "prime rate" of interest; and

- an interest rate option rate based on the interbank Eurodollar rate.

Interest rates for the Fanch credit facilities, as well as a fee payable on unborrowed amounts available under these facilities, will depend upon performance measured by a "leverage ratio", which is the ratio of indebtedness to annualized operating cash flow. Annualized operating cash flow is defined as the immediately preceding quarter's operating cash flow, before management fees, multiplied by four. This leverage ratio is based on the debt of the Fanch borrower and its subsidiaries. The interest rate margins for the Fanch credit facilities are as follows:

- With respect to the revolving loan facility and term loan A, the margin ranges from 1.0% to 2.25% for Eurodollar loans and from 0.0% to 1.25% for base rate loans.

- With respect to term loan B, the margin ranges from 2.50% to 3.00% for Eurodollar loans and from 1.50% to 2.00% for base rate loans.

The Fanch credit facilities contain representations and warranties, affirmative and negative covenants, information requirements, events of default and financial covenants. The financial covenants, which are generally tested on a quarterly basis, measure performance against standards set for leverage, debt service coverage, and operating cash flow coverage of cash interest expense.

The Fanch credit facilities also contain a change of control provision, making it an event of default, and permitting acceleration of the debt, in the event of either of the following:

- Mr. Allen, including his estate, heirs and other related entities, fails to maintain a 51% direct or indirect voting and economic interest in the Fanch borrower. After consummation of an initial public offering by the Fanch borrower or an affiliate of the Fanch borrower, this economic interest percentage may be reduced to 25%.

- A change of control occurs under specified indebtedness of Fanch Holdings or the Fanch borrower.

Various negative covenants place limitations on the ability of the Fanch borrower and its subsidiaries to, among other things:

- incur debt;

- pay dividends;

- incur liens;

- make acquisitions;

- investments or assets sales; or

- enter into transactions with affiliates.

Distributions by the Fanch borrower under its credit facilities to pay interest on certain indebtedness of Fanch Holdings are generally permitted, except during the existence of a default under the Fanch credit facilities.

OTHER SENIOR CREDIT FACILITIES

In connection with its acquisitions of Bresnan and Avalon, Charter Communications Holding Company will assume or refinance the existing credit facilities of those companies. In the event it assumes such credit facilities, it will attempt, as it has succeeded with respect to Falcon, to renegotiate the terms of such indebtedness on terms substantially similar or identical to the terms of the senior credit facilities for Charter Operating. In the event it is unable to do so, it will assume such indebtedness on its existing terms, if permitted, or refinance such indebtedness. However, we cannot assure you that Charter Communications Holding Company will be successful in its effort to assume and renegotiate, or to refinance, any of such existing senior indebtedness.

BRESNAN CREDIT FACILITIES

On February 2, 1999, Bresnan entered into a loan agreement providing for borrowings of up to $650 million. The obligations under the Bresnan credit facilities are guaranteed by the restricted subsidiaries of Bresnan. The obligations under the Bresnan credit facilities are secured by pledges of the ownership interests and intercompany obligations of Bresnan, its subsidiaries and its parent company, but are not secured by other assets of Bresnan, its subsidiaries or its parent company.

The Bresnan credit facilities consist of:

- a reducing revolving loan facility in the amount of $150 million;

- a term loan A facility in the amount of $328 million; and

- a term loan B facility in the amount of $172 million.

The Bresnan credit facilities provide for the amortization of the principal amount of the term loan A facility and the reduction of the revolving loan facility beginning March 31, 2002, with a final maturity date of June 30, 2007. The amortization of the term loan B facility is substantially "back-ended", with more than ninety percent of the principal balance due on the final maturity date of February 2, 2008. The Bresnan credit facilities also provide for an incremental term facility of up to $200 million, which is conditioned upon receipt of additional commitments from lenders. If the incremental term facility becomes available, it may be in the form of revolving loans or term loans, but may not amortize more quickly that the reducing revolving loan facility or the term loan A facility, and may not have a final maturity date earlier than six calendar months after the maturity date of the term loan B facility.

The Bresnan credit facilities provide Bresnan with two interest rate options, to which a margin is added: a base rate, generally the "prime rate" of interest, and an interest rate option rate based on the interbank eurodollar rate. Interest rate margins for the Bresnan credit facilities depend upon performance measured by a "leverage ratio," that is, the ratio of total debt to annualized operating cash flow of Bresnan and its restricted subsidiaries. Annualized operating cash flow is defined as the immediately preceding quarter's operating cash flow multiplied by four. The interest rate margins for the Bresnan credit facilities are as follows:

- there is no margin with respect to the revolving loan facility.

- with respect to the term loan A facility, the margin ranges from 0.75% to 2.25% for eurodollar loans and from 0.0% to 1.25% for base rate loans.

- with respect to the term loan B facility, the margin ranges from 2.5% to 2.75% for eurodollar loans and from 1.5% to 1.75% for base rate loans.

The Bresnan credit facilities contain various representations and warranties, affirmative and negative covenants, information requirements, events of default and financial covenants. The financial covenants, which are generally tested on a quarterly basis, measure performance against standards set for leverage, debt service coverage, and operating cash flow coverage of cash interest expense. Certain negative covenants place limitations on the ability of Bresnan and its restricted subsidiaries to, among other things:

- incur debt;

- pay dividends;

- incur liens;

- make acquisitions;

- investments or asset sales; or

- enter into transactions with affiliates.

Acquisitions may be made by Bresnan or its restricted subsidiaries without the consent of the lenders so long as the leverage ratio for total debt is less than or equal to 5.50 to 1.00, after giving effect to the acquisition. Other investments may only be made on a limited basis within certain dollar amounts or "baskets."

The Bresnan credit facilities contain a change of control provision, making it an event of default, and permitting acceleration of the debt, in the event that either:

- TCI Communications, including its affiliates, fails to own at least twenty-five percent of the membership interests of Bresnan;

- Entities affiliated with the Blackstone Funds fail to own at least twenty percent of the membership interest in Bresnan prior to January 29, 2002; or

- Thereafter, if the entities affiliated with the Blackstone Funds fail to own at least twenty percent of the membership interests in Bresnan, if any party(other than Bresnan Communications, Inc. or its affiliates), owns a greater percentage interest in Bresnan than the percentage interest held by TCI Communications and its affiliates.

The Bresnan credit facilities also contain an asset sale provision, requiring the borrower to use the net proceeds from any asset sales in excess of $10 million:

- to repay outstanding principal under the Bresnan facilities;

- for permitted acquisitions; or

- for the purchase of similar assets.

The Bresnan credit facilities also require that the company be managed by a Bresnan management company, BCI (USA), LLC. The foregoing provisions, among others, will require material amendments to, or a refinancing of, the Bresnan credit facilities upon the acquisition of Bresnan. If we cannot obtain consents of lenders for amendments to the Bresnan credit facilities or arrange for their refinancing, we will be required to repay the Bresnan credit facilities.

As of June 30, 1999, there was $500 million total principal amount outstanding under the Bresnan credit facilities.

AVALON CREDIT FACILITIES. Avalon's existing credit facilities, under a loan agreement dated November 5, 1998, include a revolving loan facility, maturing October 31, 2005, a term loan A facility, maturing on October 31, 2005, and a term loan B facility, maturing October 31, 2006, with total commitments under all facilities of approximately $345 million. Unlike the Charter Operating, Bresnan, and Falcon facilities, the Avalon credit facilities are secured by all assets of the borrower and its subsidiaries, real and personal property, including ownership interests and inter-company indebtedness.

The Avalon credit facilities provide for the amortization of the principal amount of the term loan A facility beginning on January 31, 2001. The amortization of the principal amount of the term loan B facility is substantially "back-ended," with more than 90% of the principal balance due in 2006, the year of maturity. The credit facilities also provide for an incremental term facility of up to $75 million, which is conditioned upon receipt of additional commitments from lenders. Mandatory loan prepayments are required under specified circumstances, such as when significant amounts of assets are sold and the proceeds are not promptly reinvested in assets useful in the business.

The credit facilities provide Avalon with two interest rate options, to which a margin is added: a base rate, generally the "prime rate" of interest, and an interest rate option based on an interbank eurodollar rate. Interest rate margins for the Avalon credit facilities depend upon performance measured by a "leverage ratio," that is, the ratio of consolidated debt to earnings before interest, taxes, depreciation and amortization for the four preceding fiscal quarters. The interest rate margins for the Avalon credit facilities are as follows:

- with respect to the revolving loan facility and the term loan A facility, the margin ranges from 1.75% to 3.0% for eurodollar loans and from 0.75% to 2.0% for base rate loans,

- with respect to the term loan B facility, the margin is 3.75% for eurodollar loans and 2.75% for base rate loans.

The credit facilities contain representations and warranties, affirmative and negative covenants, events of default and financial covenants. The financial covenants, which are generally tested on a quarterly basis, measure performance against standards set for leverage, interest coverage, fixed charge coverage and debt service coverage.

Certain negative covenants place limitations on the ability of Avalon and its subsidiaries to, among other things:

- incur debt;

- pay dividends;

- incur liens;

- enter into any merger, consolidation or amalgamation;

- make any investments or asset sales; or

- enter into transactions with affiliates.

The Avalon credit facilities also contain a change of control provision, making it an event of default and permitting acceleration of the debt under certain circumstances, including the following:

- Avalon Cable Holdings LLC ceases to own and control 80% of the ordinary voting power of the outstanding capital stock of Avalon Cable LLC;

- Avalon Cable LLC ceases to own and control 100% of each class of outstanding capital stock of Avalon Cable of Michigan LLC, Avalon Cable of New England LLC and Avalon Cable Finance, Inc.; or

- a change of control occurs under the indentures governing the Avalon notes.

Unless the lenders under the Avalon credit facilities grant consents, the completion of the Avalon acquisition will constitute a change of control. If we cannot obtain those consents or refinance the Avalon credit facilities, we will be required to repay the Avalon credit facilities.

As of June 30, 1999, there was approximately $177.4 million total principal amount outstanding under the Avalon credit facilities.

EXISTING PUBLIC DEBT

THE CHARTER HOLDINGS NOTES. The original 8.250% Charter Holdings notes, 8.625% Charter Holdings notes and 9.920% Charter Holdings notes were issued and the new

8.250% Charter Holdings notes, 8.625% Charter Holdings notes and 9.920% Charter Holdings notes will be issued under three separate indentures, each dated as of March 17, 1999, among Charter Holdings and Charter Communications Holdings Capital Corporation, as the issuers, Marcus Cable Holdings, LLC, as guarantor and Harris Trust and Savings Bank, as trustee. The issuers of the original Charter Holdings notes have commenced an offer to exchange these notes for new Charter Holdings notes by filing and causing to be declared effective a registration statement under the Securities Act of 1933 for the exchange. The form and terms of the new Charter Holdings notes will be the same in all material respects as the form and terms of the original Charter Holdings notes, except that the new Charter Holdings notes will be registered under the Securities Act of 1933 and, therefore, will not bear legends restricting the transfer thereof. At the time of the sale of the original Charter Holdings notes, Marcus Holdings guaranteed the Charter Holdings notes and issued a promissory note to Charter Holdings for certain amounts loaned by Charter Holdings to subsidiaries of Marcus Holdings. At the time of the merger of Charter Holdings with Marcus Holdings, both the guarantee and the promissory note automatically became ineffective under the terms of the Charter Holdings indentures. Consequently, all references in the Charter Holdings indentures and the Charter Holdings notes to the guarantor, the guarantee or the promissory note, and all related matters, such as the pledges of any collateral, became inapplicable. The Charter Holdings notes are general unsecured obligations of the issuers. The 8.250% Charter Holdings notes mature on April 1, 2007 and as of June 30, 1999, there was $600 million in total principal amount outstanding. The 8.625% Charter Holdings notes will mature on April 1, 2009 and as of June 30, 1999, there was $1.5 billion in total principal amount currently outstanding. The 9.920% Charter Holdings discount notes mature on April 1, 2011 and as of June 30, 1999, the total accreted value was $931.6 million. Net proceeds from the sale of Charter Holdings discount notes were $905.6 million. Cash interest on the 9.920% Charter Holdings notes will not accrue prior to April 1, 2004.

The Charter Holdings notes are senior debts of the co-issuers. They rank equally with the current and future unsecured and unsubordinated debt, including trade payables, of Charter Holdings.

The issuers will not have the right to redeem the 8.250% Charter Holdings notes prior to their maturity date on April 1, 2007. However, before April 1, 2002, the issuers may redeem up to 35% of each of the 8.625% Charter Holdings notes and the 9.920% Charter Holdings notes with the proceeds of certain offerings of equity securities. In addition, on or after April 1, 2004, the issuers may redeem some or all of the 8.625% Charter Holdings notes and the 9.920% Charter Holdings notes at any time.

In the event of a specified change of control event, the issuers must offer to repurchase any then-outstanding Charter Holdings notes at 101% of their principal amount or accreted value, as applicable, plus accrued and unpaid interest. The consummation of the offering will not trigger any change of control provisions under the Charter Holdings notes.

The indentures governing the Charter Holdings notes also contain certain events of default, affirmative covenants and negative covenants. Subject to certain important exceptions, the indentures governing the Charter Holdings notes, among other things, restrict the ability of the issuers and certain of their subsidiaries to:

- incur additional debt;

- create specified liens;

- pay dividends on stock or repurchase stock;

- make investments;

- sell all or substantially all of our assets or merge with or into other companies;

- sell assets;

- in the case of our restricted subsidiaries, create or permit to exist dividend or payment restrictions with respect to us; and

- engage in certain transactions with affiliates.

RENAISSANCE NOTES. The original Renaissance notes and new Renaissance notes were issued by Renaissance Media (Louisiana) LLC, Renaissance Media (Tennessee) LLC and Renaissance Media Capital Corporation, with Renaissance Media Group LLC as guarantor and the United States Trust Company of New York as trustee. Renaissance Media Group LLC, which is the direct or indirect parent company of these issuers, is now a subsidiary of Charter Operating. The Renaissance notes and the Renaissance guarantee are unsecured, unsubordinated debt of the issuers and the guarantor, respectively. In October 1998, the issuers exchanged $163.175 million of the original issued and outstanding 10% senior discount notes due 2008 for an equivalent value of 10% senior discount notes due April 15, 2008. The form and terms of the new Renaissance notes are the same in all material respects as the form and terms of the original Renaissance notes except that the issuance of the new Renaissance notes was registered under the Securities Act.

There will not be any payment of interest in respect of the Renaissance notes prior to October 15, 2003. Interest on the Renaissance notes shall be paid semi-annually in cash at a rate of 10% per annum beginning on October 15, 2003. The Renaissance notes are redeemable at the option of the issuer, in whole or in part, at any time on or after April 15, 2003, initially at 105% of their principal amount at maturity, plus accrued interest, declining to 100% of the principal amount at maturity, plus accrued interest, on or after April 15, 2006. In addition, at any time prior to April 15, 2001, the issuers may redeem up to 35% of the original total principal amount at maturity of the Renaissance notes with the proceeds of one or more sales of capital stock at 110% of their accreted value on the redemption date, provided that after any such redemption at least $106 million total principal amount at maturity of Renaissance notes remains outstanding.

Our acquisition of Renaissance triggered change of control provisions of the Renaissance notes that required us to offer to purchase the Renaissance notes at a purchase price equal to 101% of their accreted value on the date of the purchase, plus accrued interest, if any. In May 1999, we made an offer to repurchase the Renaissance notes, and holders of Renaissance notes representing 30% of the total principal amount outstanding at maturity tendered their Renaissance notes for repurchase.

The indenture contains certain covenants that restrict the ability of the issuers and their restricted subsidiaries to:

- incur additional debt;
- create liens;
- engage in sale-leaseback transactions;
- pay dividends or make contributions in respect of their capital stock;
- redeem capital stock;
- make investments or certain other restricted payments;
- sell assets;
- issue or sell stock of restricted subsidiaries;
- enter into transactions with stockholders or affiliates; or
- effect a consolidation or merger.

As of June 30, 1999, there was outstanding $114.4 million, total principal amount at maturity of Renaissance notes, with an accreted value of $82.6 million.

HELICON NOTES

On November 3, 1993, The Helicon Group, L.P. and Helicon Capital Corp. jointly issued $115.0 million aggregate principal amount of 11% senior secured notes due 2003. On February 3, 1994, the issuers exchanged the original Helicon notes for an equivalent value of new Helicon notes. The form and terms of the new Helicon notes are the same as the form and terms of the corresponding original Helicon notes except that the new Helicon notes were registered under the Securities Act of 1933 and, therefore the new Helicon notes do not bear legends restricting their transfer. The Helicon notes bear interest at a rate of 11% per annum.

The Helicon notes are senior obligations of the issuers and are secured by substantially all of their cable assets, subject to a number of exceptions. The Helicon notes may be redeemed at the option of the issuers in whole or in part at any time, at specified redemption prices plus accrued interest to the date of redemption. On September 30, 1999, the Helicon Group and Helicon Capital delivered a notice of redemption to holders of the Helicon notes that the Helicon notes would be redeemed on November 1, 1999, at a redemption price of 103% of the total principal amount, plus accrued and unpaid interest to the date of redemption. The total redemption price to be paid for the Helicon notes is $124.8 million.

The indenture governing the Helicon notes restricts, among other things, the ability of the issuers and some of their subsidiaries to:

- incur additional debt;

- make specified distributions;

- redeem equity interests;

- enter into transactions with affiliates; and

- merge or consolidate with or sell substantially all of the assets of the issuers.

As of June 30, 1999, $115.0 million total principal amount of the Helicon notes remains outstanding.

RIFKIN NOTES

The Rifkin notes were issued by Rifkin Acquisition Partners, and Rifkin Acquisition Capital Corp. as co-issuers, subsidiaries of the partnership other than Rifkin Acquisition Capital Corp. as guarantors, and Marine Midland Bank as trustee. In March 1996, the issuers exchanged $125.0 million aggregate principal amount of the originally issued and outstanding 11 1/8% senior subordinated notes due 2006 for an equivalent value of new 11 1/8% senior subordinated notes due 2006. The form and terms of the new Rifkin notes are substantially identical to the form and terms of the original Rifkin notes except that the new Rifkin notes have been registered under the Securities Act and, therefore, do not bear legends restricting the transfer thereof. Interest on the Rifkin notes accrues at the rate of 11 1/8% per annum and is payable in cash semi-annually in arrears on January 15 and July 15 of each year, commencing July 15, 1996.

The Rifkin notes are redeemable at the issuers' option, in whole or in part, at any time on or after January 15, 2001, at 105.563% of the principal amount together with accrued and unpaid interest, if any, to the date of the redemption. This redemption premium declines over time to 100% of the principal amount, plus accrued and unpaid interest, if any, on or after January 15, 2005.

Our acquisition of Rifkin triggered change of control provisions of the Rifkin notes that require us to offer to purchase the Rifkin notes at a purchase price equal to 101% of their principal amount, plus accrued interest, if any. We have made an offer to repurchase the Rifkin notes which expires on October 18, 1999, unless extended. In connection with this offer, we have solicited consents to amend the related indenture and have offered to pay any holder of notes that consented and tendered on or prior to October 1, 1999, an additional $30.00 per $1,000 principal amount of notes tendered. Because Rifkin notes in a principal amount of $123,175,000 were tendered on or prior to October 1, 1999, the holders of the notes so tendered will be entitled to a total additional payment of $3,695,250.

The Rifkin notes are jointly and severally guaranteed on a senior subordinated basis by specified subsidiaries of the issuers. The guarantees of the Rifkin notes will be general unsecured obligations of the guarantors and will be subordinated in right of to all existing and future senior debt of the guarantors.

Among other restrictions, the indentures governing the Rifkin notes contain covenants which limit the ability of the issuers and specified subsidiaries to:

- assume additional debt and issue specified additional equity interests;

- make restricted payments;

- enter into transactions with affiliates;

- incur liens;

- make specified contributions and payments to Rifkin Acquisition Partners;

- transfer specified assets to subsidiaries; and

- merge, consolidate, and transfer all or substantially all of the assets of Rifkin Acquisition Partners to another person.

As of June 30, 1999, there was $125.0 million total principal outstanding on the Rifkin notes.

PUBLIC DEBT TO BE ASSUMED IN CONNECTION WITH OUR PENDING ACQUISITIONS

THE FALCON DEBENTURES. The Falcon debentures, consisting of 8.375% Series A senior debentures due 2010 and 9.285% Series A senior discount debentures due 2010, were issued by Falcon Holding Group, L.P. and Falcon Funding Corporation on April 3, 1998. On August 5, 1998, the issuers proposed an exchange offer whereby the outstanding $375 million Series A senior debentures and $435.3 million Series A senior discount debentures were exchanged for an equivalent value of Series B senior debentures and Series B senior discount debentures. The form and terms of the new debentures are the same as the form and terms of the corresponding original Falcon debentures except that the issuance of the exchange debentures was registered under the Securities Act of 1933 and, therefore, the exchange debentures do not bear legends restricting the transfer thereof.

The Falcon debentures will mature on April 15, 2010. Interest on the Falcon debentures accrues from the issue date or from the most recent interest payment date to which interest has been paid or provided for, payable semiannually on April 15 and October 15 of each year. No interest on the Series B senior discount debentures will be paid prior to April 15, 2003. The issuers may, however, elect to commence accrual of cash interest on any payment date, in which case the outstanding principal amount at maturity of Series B senior discount debenture will be reduced to the accreted value of such Series B senior discount debenture as of such interest payment date and the interest will be payable semiannually in cash on each interest payment date thereafter.

The Falcon debentures will be redeemable at the option of the issuers, in whole or in part, at any time on or after April 15, 2003, at a premium and, in each case, plus accrued and unpaid interest, if any, to the date of redemption. This premium declines over time to 100% of their principal amount, plus accrued and unpaid interest, if any, on or after April 15, 2006. In addition, at any time prior to April 15, 2001, the issuers may redeem, at a premium, up to 35% of the total principal amount or accreted value, as applicable, of the Falcon debentures with the net cash proceeds of specified equity issuances, in each case plus accrued and unpaid interest, if any, to the date of redemption. Following a redemption, at least 65% in total principal amount at maturity of the Falcon senior discount debentures and $195 million of the total principal amount of Falcon senior debentures must remain outstanding.

In the event of specified change of control events, the holders of the Falcon debentures will have the right to require the issuers to purchase their Falcon debentures at a price equal to 101% of their principal amount or accreted value, as applicable, plus accrued and unpaid interest, if any, to the date of purchase. The Falcon acquisition will give rise to this right.

The Falcon debentures are joint and several senior unsecured obligations of the issuers. The Falcon debentures are the obligations of the issuers only, and the issuers' subsidiaries do not have any obligation to pay any amounts due under the Falcon debentures. Therefore, the Falcon debentures are effectively subordinated to all existing and future liabilities of the issuers' subsidiaries.

Among other restrictions, the indentures governing the Falcon debentures contain certain limitations on the issuers' and their specified subsidiaries' ability to:

- incur additional debt;

- make restricted payments;

- create certain liens;

- sell all or substantially all of their assets or merge with or into other companies;

- invest in unrestricted subsidiaries and affiliates;

- pay dividends or make any other distributions on any capital stock; and

- guarantee any debt which is equal or subordinate in right of payment to the Falcon debentures.

As of June 30, 1999, there was $375.0 million total principal amount outstanding on the Falcon senior debentures, and the accreted value of the senior discount debentures was $308.7 million.

THE FALCON SUBORDINATED NOTES

On October 21, 1991, Falcon Holding Group, L.P. issued $15.0 million aggregate principal amount of 11.56% subordinated notes due 2001. Interest is payable semi-annually on March 31 and September 30 of each year.

The Falcon subordinated notes are redeemable at the issuer's option, in whole or in part, at any time in whole or part on or after June 30, 1993, at 100% of their principal amount, plus accrued interest to the date of redemption and a make-whole premium.

Among other restrictions, the note purchase agreement governing the Falcon subordinated notes limits the activities of the issuer and its subsidiaries to:

- incur additional debt;

- pay dividends or make other restricted payments;

- enter into transactions with affiliates;

- create liens;

- incur additional debt; and

- sell assets or subsidiary stock.

In addition, the terms of the note purchase agreement prohibits the issuer from being acquired by an unaffiliated entity. Our acquisition of Falcon will constitute an event of default under the note purchase agreement and will give rise, if written notice is given by holders of a majority in outstanding amount of notes, to an obligation to repay all outstanding principal and accrued interest on the Falcon subordinated notes, plus a make-whole premium, within 30 days of the receipt of the notice. The make-whole premium equals the difference between the principal amount of the subordinated notes and the present value of all principal payments, principal prepayments and interest payments. Absent receipt of a waiver by the noteholders of the change of control default, which we do not expect to receive, we expect to prepay at the time of closing of the Falcon acquisition, the entire principal amount of the notes, plus accrued interest and a specified premium.

As of June 30, 1999, $15.0 million principal amount of the Falcon subordinated notes was outstanding.

THE AVALON 11 7/8% NOTES

On December 3, 1998, Avalon Cable LLC and Avalon Cable Holdings Finance, Inc. jointly issued $196 million total principal amount at maturity of 11 7/8% senior discount notes due December 1, 2008. On July 22, 1999, the issuers exchanged $196 million of the original issued and outstanding 11 7/8% senior discount notes for an equivalent amount of new 11 7/8% senior discount notes due December 1, 2008. The form and terms of the new Avalon 11 7/8% notes are substantially identical to the original Avalon 11 7/8% notes except that they will be registered under the Securities Act of 1933 and, therefore, are not subject to the same transfer restrictions. The issuers received no proceeds from the exchange offer.

The Avalon 11 7/8% notes are guaranteed by Avalon Cable of Michigan, Inc., an equity holder in Avalon Cable LLC, and its sole stockholder, Avalon Cable of Michigan Holdings, Inc.

There will be no current payments of cash interest on the Avalon 11 7/8% notes before December 1, 2003. The new Avalon 11 7/8% notes accrete in value at a rate of 11 7/8% per annum, compounded semi-annually, to an aggregate principal amount of

$196 million on December 1, 2003. After December 1, 2003, cash interest on the Avalon 11 7/8% notes:

- will accrue at the rate of 11 7/8% per year on the principal amount at maturity of the new notes, and

- will be payable semi-annually in arrears on June 1 and December 1 of each year, commencing June 1, 2004.

On December 1, 2003, the issuers will be required to redeem an amount equal to $369.79 per $1,000 in principal amount at maturity of each Avalon 11 7/8% note, on a pro rata basis at a redemption price of 100% of the principal amount at maturity of the Avalon 11 7/8% notes so redeemed.

On or after December 1, 2003, the issuers may redeem the Avalon 11 7/8% notes, in whole or in part. Before December 1, 2001, the issuers may redeem up to 35% of the total principal amount at maturity of the Avalon 11 7/8% notes with the proceeds of one or more equity offerings and/or strategic equity investments.

In the event of specified change of control events, holders of the Avalon 11 7/8% notes will have the right to sell their Avalon 11 7/8% notes to the issuers at 101% of:

- the accreted value of the Avalon 11 7/8% notes in the case of repurchases of Avalon notes prior to December 1, 2003; or

- the total principal amount of the Avalon 11 7/8% notes in the case of repurchases of Avalon 11 7/8% notes on or after December 1, 2003, plus accrued and unpaid interest and liquidated damages, if any, to the date of purchase.

Our acquisition of Avalon will trigger this right.

Among other restrictions, the indenture governing the Avalon 11 7/8% notes limits the ability of the issuers and their specified subsidiaries to:

- incur additional debt;

- pay dividends or make specified other restricted payments;

- enter into transactions with affiliates;

- sell assets or subsidiary stock;

- create liens;

- restrict dividends or other payments from restricted subsidiaries;

- merge, consolidate or sell all or substantially all of their combined assets; and

- with respect to restricted subsidiaries, issue capital stock.

As of June 30, 1999, the total accreted value of the outstanding Avalon 11 7/8% notes was $118.1 million.

THE AVALON 9 3/8% NOTES

On December 3, 1998, Avalon Cable of New England LLC, Avalon Cable Finance, Inc. and Avalon Cable of Michigan, Inc. jointly issued $150 million total principal amount at maturity of 9 3/8% senior subordinated notes due December 1, 2008. On July 22, 1999, the issuers exchanged $150 million of the original issued and outstanding

9 3/8% senior subordinated notes for an equivalent amount of new 9 3/8% senior subordinated notes due December 1, 2008. The form and terms of the new Avalon 9 3/8% notes are substantially the same as the form and terms of the original Avalon 9 3/8% notes except that the new Avalon 9 3/8% notes will be registered under the federal securities laws and will not bear a legend restricting the transfer thereof.

Interest on the Avalon 9 3/8% notes accrues at a rate of 9.375% per annum from the date of issuance and is payable semiannually in arrears on June 1 and December 1. The Avalon 9 3/8% notes are guaranteed by Avalon Cable of Michigan, Inc. Avalon Cable of Michigan, Inc., however, does not have any significant assets other than its interest in Avalon Cable LLC.

On or after December 1, 2003, the issuers may redeem the Avalon 9 3/8% notes in whole or in part. Until December 1, 2001, the issuers may redeem up to 35% of the total principal amount of the Avalon 9 3/8% notes at a redemption price equal to 109.375% of the principal amount thereof, plus accrued and unpaid interest, if any, and liquidated damages, if any, with the net cash proceeds of a strategic equity investment and/or an equity offering. Following the redemption, at least 65% of the total principal amount of the Avalon 9 3/8% notes must remain outstanding after each redemption.

Upon the occurrence of specified change of control events or the sale of certain assets, holders of the Avalon 9 3/8% notes will have the opportunity to sell their Avalon 9 3/8% notes to the issuers at 101% of their face amount, plus accrued and unpaid interest and liquidated damages, if any, to the date of purchase. Our acquisition of Avalon will trigger this right.

The Avalon 9 3/8% notes are general unsecured obligations of the issuers and are subordinate in right of payment to all existing and future senior debt of the issuers. The Avalon 9 3/8% notes rank equal in right of payment to any senior subordinated debt of the issuers and rank senior in the right of payment to all subordinated debt of the issuers.

Among other restrictions, the indenture governing the new Avalon 9 3/8% notes limits the activities of the issuers and of their specified subsidiaries to:

- incur additional debt;

- pay dividends or make other restricted payments;

- enter into transactions with affiliates;

- sell assets or subsidiary stock;

- create liens;

- merge, consolidate or sell all or substantially all or their combined assets;

- incur debt that is senior to the Avalon 9 3/8% notes but junior to senior debt; and

- issue capital stock.

As of June 30, 1999, there was $150.0 million total principal outstanding on the Avalon 9 3/8% notes.

THE BRESNAN NOTES

On February 2, 1999, Bresnan Communications Group LLC and Bresnan Capital Corporation jointly issued $170 million total principal amount of 8% Series A senior notes due 2009 and $275 million total principal amount at maturity of 9 1/4% Series A senior discount notes due 2009.

In September 1999, the issuers of the Bresnan notes completed an exchange offer in which Bresnan senior notes and senior discount notes representing 100% of the principal amount of all Bresnan notes outstanding were exchanged for new notes. The form and terms of the new Bresnan notes are the same in all material respects as the form and terms of the original Bresnan notes except that the new Bresnan notes have been registered under the federal securities laws and will not bear a legend restricting their transfer.

The Bresnan senior notes bear interest at 8% per year from the original issue date or from the most recent date to which interest has been paid or provided for, payable semiannually on February 1 and August 1 of each year, commencing on August 1, 1999. The Bresnan senior discount notes bear interest at 9 1/4% per year, compounded semiannually, to a total principal amount of $275 million by February 1, 2004, unless the issuers elect to accrue interest on or after February 1, 2002. On and after August 1, 2004, interest on the Bresnan senior discount notes will accrue at a rate of 9 1/4% per year and will be payable in cash semiannually in arrears on February 1 and August 1.

The Bresnan senior notes are not redeemable prior to February 1, 2004. During the year 2004, the Bresnan senior notes are redeemable at 104.00% of the principal amount plus accrued and unpaid interest. The premium decreases to 102.667% in 2005, 101.33% in 2006 and 100% on or after February 1, 2007.

The Bresnan senior discount notes are not redeemable prior to February 1, 2004. During the year 2004, the Bresnan senior discount notes will be redeemable at 104.625% of their accreted value plus accrued and unpaid interest. The premium decreases to 103.083% in 2005, 101.542% in 2006 and 100% in 2007.

At any time prior to February 1, 2002, the issuers may redeem up to 35% of the total principal amount of the Bresnan senior notes at a redemption price equal to 108% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of redemption with the net cash proceeds of one or more equity offerings. Following such redemption, at least 65% of the total principal amount of the Bresnan senior notes must remain outstanding.

At any time prior to February 1, 2002, the issuers may also redeem up to 35% of the total principal amount at maturity of the Bresnan senior discount notes at a redemption price equal to 109.250% of the accreted value thereof plus accrued and unpaid interest, if any, to the date of redemption, with the net cash proceeds of one or more equity offerings. Following such redemption, at least 65% of the total principal amount of the Bresnan senior discount notes must remain outstanding.

The Bresnan notes will be senior unsecured obligations of the issuers and will rank equal in right of payment with all existing and future senior debt of and will be senior in right of payment to all its existing and future subordinated debt. Bresnan Capital Corporation has no, and the terms of the indenture governing the Bresnan notes prohibit it from having any, obligations other than the Bresnan notes.

Upon the occurrence of specified change of control events, each holder of Bresnan notes shall have the right to require the issuers to purchase all or any part of such holder's notes at a purchase price of 101% of the principal amount in the case of the Bresnan senior notes, and 101% of the accreted value thereof in the case of the Bresnan senior discount notes, plus accrued and unpaid interest, if any, to the purchase date. Our acquisition of Bresnan will trigger this right.

Among other restrictions, the indenture governing the Bresnan notes limits the ability of Bresnan Communications Group LLC and its specified subsidiaries to:

- incur additional debt;

- make specified restricted payments;

- create liens;

- create or permit any restrictions on the payment of dividends or other distributions to Bresnan Communications Group LLC;

- guarantee debt;

- consolidate with, merge into or transfer all or substantially all of their assets;

- sell assets; and

- transact business with their affiliates.

As of June 30, 1999, there was $170.0 million total principal outstanding on the Bresnan senior notes and the accreted value of the outstanding Bresnan senior discount notes was $181.8 million.

DESCRIPTION OF CAPITAL STOCK AND MEMBERSHIP UNITS

GENERAL

Upon the completion of the offering, the capital stock of Charter Communications, Inc. and the provisions of Charter Communications, Inc.'s restated certificate of incorporation and bylaws will be as described below. These summaries are qualified by reference to the restated certificate of incorporation and the bylaws, copies of which have been filed with the Securities and Exchange Commission as exhibits to our registration statement, of which this prospectus forms a part.

Our authorized capital stock will consist of 1.75 billion shares of Class A common stock, par value $.001 per share, 750 million shares of Class B common stock, par value $.001 per share, and 250 million shares of preferred stock, par value $.001 per share.

Charter Communications, Inc.'s restated certificate of incorporation and Charter Communications Holding Company's operating agreement contain provisions that are designed to cause the number of shares of common stock of Charter Communications, Inc. that are outstanding to equal the number of common membership units of Charter Communication Holding Company owned by Charter Communications, Inc. and to cause the value of a share of common stock to be equal to the value of a common membership unit. These provisions are meant to allow a holder of common stock of Charter Communications, Inc. to easily understand the economic interest that such holder's common shares represent of Charter Communications Holding Company's business.

In particular, provisions in Charter Communications, Inc.'s restated certificate of incorporation provide that:

(1) at all times the number of shares of common stock of Charter Communications, Inc. outstanding will be equal to the number of Charter Communications Holding Company common membership units owned by Charter Communications, Inc.;

(2) Charter Communications, Inc. will not hold any assets other than, among other allowable assets:

- working capital and cash held for the payment of current obligations and receivables from Charter Communications Holding Company;

- membership units of Charter Communications Holding Company;

- obligations and equity interests of Charter Communications Holding Company that correspond to obligations and equity interests issued by Charter Communications, Inc.; and

- assets subject to an existing obligation to contribute such assets in exchange for membership units of Charter Communications Holding Company; and

(3) Charter Communications, Inc. will not borrow any money or enter into any capital lease unless Charter Communications Holding Company enters into the

same arrangements with Charter Communications, Inc. so that Charter Communications, Inc.'s liability flows through to Charter Communications Holding Company.

Provisions in Charter Communications Holding Company's operating agreement provide that upon the contribution by Charter Communications, Inc. of assets acquired through the issuance of common stock by Charter Communications, Inc., Charter Communications Holding Company will issue to Charter Communications, Inc. an equal number of common membership units as Charter Communications, Inc. issued shares of common stock. In the event of the contribution by Charter Communications, Inc. of assets acquired through the issuance of indebtedness or preferred interests of Charter Communications, Inc., Charter Communications Holding Company will issue to Charter Communications, Inc. a corresponding obligation to allow Charter Communications, Inc. to pass through to Charter Communications Holding Company these liabilities or preferred interests.

COMMON STOCK

As of the completion of the offering, there will be 170,000,000 shares of Class A common stock issued and outstanding and 50,000 shares of Class B common stock issued and outstanding. If, as described below, all shares of Class B common stock convert to shares of Class A common stock as a result of dispositions by Mr. Allen and his affiliates and changes in the value of Mr. Allen's and his affiliates' interest in Charter Communications, Inc. and Charter Communications Holding Company, the holders of Class A common stock shall be entitled to elect all members of the board of directors, other than any members elected separately by the holders of any preferred shares.

VOTING RIGHTS. The holders of Class A common stock and Class B common stock generally have identical rights, except:

- each Class A common stockholder is entitled to one vote per share and

- each Class B common stockholder is entitled to a number of votes based on the number of outstanding Class B common stock and membership units exchangeable for Class B common stock. For example, Mr. Allen will be entitled to ten votes for each share of Class B common stock held by him or his affiliates and ten votes for each membership unit held by him or his affiliates.

- the Class B common stockholders have the sole power to vote or to amend or repeal the provisions of Charter Communications, Inc.'s restated certificate of incorporation relating to the activities in which Charter Communications, Inc. may engage and relating to the exchange ratio of common stock to membership units. See "Certain Relationships and Related Transactions -- Allocation of Business Opportunities with Mr. Allen".

The voting rights relating to the election of Charter Communications, Inc.'s board of directors are as follows:

- The Class B common stockholders are entitled to elect all but one member of Charter Communications, Inc.'s board of directors.

- Class A and Class B common stockholders, voting together as one class, are entitled to elect the remaining member of Charter Communications, Inc.'s board of directors who is not elected by the Class B common stockholders.

- Class A common stockholders and Class B common stockholders are not entitled to cumulate their votes in the election of directors.

- In addition, if Charter Communications, Inc. issues any series of preferred stock that entitles holders to elect directors, the holders of such series of preferred stock may be able to vote for directors if provided in the instrument creating such preferred stock.

Other than the election of directors and any matters where Delaware law or Charter Communications, Inc.'s restated certificate of incorporation requires otherwise, all matters to be voted on by stockholders must be approved by a majority of the votes entitled to be cast by the shares of Class A common stockholders and Class B common stockholders present in person or represented by proxy, voting together as a single class, subject to any voting rights granted to holders of any preferred stock.

Amendments to Charter Communications, Inc.'s restated certificate of incorporation that would adversely alter or change the powers, preferences or special rights of the Class A common stock or the Class B common stock also must be approved by a majority of the votes entitled to be cast by the holders of the outstanding shares of the affected class, voting as a separate class. In addition, any amendment to Charter Communications, Inc.'s restated certificate of incorporation:

- to issue any Class B common stock other than in exchange for Charter Communications Holding Company membership units and other than pursuant to specified stock splits and dividends;

- to issue any class of common stock having more than one vote per share or any class of preferred stock; or

- affecting the voting powers of the Class B common stock,

must be approved by the affirmative vote of the holders of at least a majority of the voting power of the outstanding Class B common stock, voting as a separate class.

If for any reason the Class B common stock no longer has more votes per share than the Class A common stock, then Charter Communications, Inc. will lose its rights to manage the business of Charter Communications Holding Company and Charter Operating and Charter Investment, Inc. will become the sole manager of Charter Communications Holding Company. Reasons why the Class B common stock could lose its high vote status include that the General Corporation Law of the State of Delaware is changed to eliminate high vote stock or a holder of Class A common stock successfully challenges in a court proceeding the high vote rights of the Class B common stock. In any of these circumstances, Charter Communications, Inc. would also lose its 100% voting control of Charter Communications Holding Company as provided in Charter Communications Holding Company's operating agreement. These provisions exist to assure Mr. Allen that he will be able to control Charter Communications

Holding Company in the event he was no longer able to control Charter Communications, Inc. through his ownership of Class B common stock. These events could have a material adverse impact on our business and the market price of the Class A common stock. See "Risk Factors -- Our Structure".

DIVIDENDS. Holders of Class A common stock and Class B common stock will share ratably (based on the number of shares of common stock held) in any dividend declared by Charter Communications, Inc.'s board of directors, subject to any preferential rights of any outstanding preferred stock. Dividends consisting of shares of Class A common stock and Class B common stock may be paid only as follows:

- shares of Class A common stock may be paid only to holders of Class A common stock;

- shares of Class B common stock may be paid only to holders of Class B common stock;

- the number of shares of each class of common stock payable per share of such class of common stock shall be equal in number; and

- all outstanding Charter Communications Holding Company common membership units shall be correspondingly adjusted.

CONVERSION OF CLASS B COMMON STOCK. Each share of outstanding Class B common stock will automatically convert into one share of Class A common stock if, at any time, Mr. Allen sells any shares of common stock of Charter Communications, Inc. or membership units of Charter Communications Holding Company and as a result of such sale, Mr. Allen no longer owns directly and indirectly through entities he controls an interest in Charter Communications Holding Company that represents at least:

- 20% of the sum of the values, as of the date of this offering, of the shares of Class B common stock directly or indirectly owned by Mr. Allen and the shares of Class B common stock for which outstanding Charter Communications Holding Company membership units directly or indirectly owned by Mr. Allen are exchangeable, and

- 5% of the sum of the values, as of the date of this offering, of shares of outstanding common stock and other equity interests in Charter Communications, Inc. and the shares of Charter Communications, Inc. common stock for which outstanding Charter Communications Holding Company membership units are exchangeable.

Each holder of a share of Class B common stock has the right to convert such share into one share of Class A common stock at any time on a one-for-one basis. If a Class B common stockholder transfers any shares of Class B common stock to a person other than an approved Class B common stockholder, these shares of Class B common stock will automatically convert into shares of Class A common stock. Approved Class B common stockholders are Paul G. Allen, entities controlled by Mr. Allen, Mr. Allen's estate, any organization qualified under Section 501(c)(3) of the Internal Revenue Code that is Mr. Allen's beneficiary upon his death and certain trusts established by or for the benefit of Mr. Allen. In this context, "controlled" means the ownership of more than 50% of the voting power of an entity and "transfer" means the transfer of record or beneficial ownership of any such share of Class B common stock.

OTHER RIGHTS. Shares of Class A common stock and Class B common stock will be treated equally in the event of any merger or consolidation of Charter Communications, Inc. so that each share will receive the same amount of shares of stock, other securities or property into which the common stock may be converted or exchanged. The only exception to this rule is that holders of Class B common stock may receive shares having higher voting rights similar to those held by them in Charter Communications, Inc. without regard to the percentage economic interest they are receiving in the acquiring entities.

Upon Charter Communications, Inc.'s liquidation, dissolution or winding up, after payment in full of the amounts required to be paid to preferred stockholders, if any, all common stockholders, regardless of class, are entitled to share ratably in any assets and funds available for distribution to common stockholders.

No shares of any class of common stock are subject to redemption or have preemptive rights to purchase additional shares of common stock.

PREFERRED STOCK

Upon the closing of the offering, Charter Communications, Inc.'s board of directors will be authorized, without further stockholder approval, to issue from time to time up to an aggregate of 250 million shares of preferred stock in one or more series and to fix the numbers, powers, designations, preferences, and any special rights of the shares of each such series thereof, including:

- dividend rights and rates;

- conversion rights;

- voting rights (subject, if applicable, to the approval of holders of the Class B common stock), terms of redemption (including sinking fund provisions);

- redemption price or prices;

- liquidation preferences; and

- the number of shares constituting any series or designations of such series.

Upon the closing of the offering, there will be no shares of preferred stock outstanding. Charter Communications, Inc. has no present plans to issue any shares of preferred stock, other than possibly in connection with the financing of the Bresnan acquisition.

OPTIONS

As of June 30, 1999, options to purchase a total of 9,494,081 membership units in Charter Communications Holding Company were outstanding pursuant to the Charter Communications Holding Company 1999 option plan. 65,000 of these options have vested but the remainder will not vest before April 2000. In addition, 7,044,127 options to purchase membership units in Charter Communications Holding Company were outstanding pursuant to an employment agreement and a related agreement with Charter Communications, Inc.'s chief executive officer. Of these options, 1,761,032 vested on December 23, 1998, with the remainder vesting at a rate of 1/36th on the first of each month for months 13 through 48.

ANTI-TAKEOVER EFFECTS OF PROVISIONS OF CHARTER COMMUNICATIONS, INC.'S RESTATED CERTIFICATE OF INCORPORATION AND BYLAWS

Provisions of Charter Communications, Inc.'s restated certificate of incorporation and bylaws will be deemed to have an anti-takeover effect and may delay, defer or prevent a tender offer or takeover attempt that a stockholder might consider in its best interest, including those attempts that might result in a premium over the market price for the shares held by stockholders.

SPECIAL MEETING OF STOCKHOLDERS. Our bylaws provide that special meetings of our stockholders may be called only by the chairman of our board of directors, our chief executive officer or a majority of our board of directors.

ADVANCE NOTICE REQUIREMENTS FOR STOCKHOLDER PROPOSALS AND DIRECTOR NOMINATIONS. Our bylaws provide that stockholders seeking to bring business before an annual meeting of stockholders, or to nominate candidates for election as directors at an annual meeting of stockholders, must provide timely prior written notice of their proposals. To be timely, a stockholder's notice must be received at our principal executive offices not less than 45 days nor more than 70 days prior to the first anniversary of the date on which we first mailed our proxy statement for the prior year's annual meeting. If, however, the date of the annual meeting is more than 30 days before or after the anniversary date of the prior year's annual meeting, notice by the stockholder must be received not less than 90 days prior to the annual meeting or by the 10th day following the date on which notice of the date of the meeting is given to stockholders or made public, whichever occurs later and not more than 120 days prior to the annual meeting. Our bylaws also specify requirements as to the form and content of a stockholder's notice. These provisions may preclude stockholders from bringing matters before an annual meeting of stockholders or from making nominations for directors at an annual meeting of stockholders.

AUTHORIZED BUT UNISSUED SHARES. The authorized but unissued shares of common stock and preferred stock are available for future issuance without stockholder approval. These additional shares may be utilized for a variety of corporate purposes, including future public offerings to raise additional capital, corporate acquisitions and employee benefit plans. The existence of authorized but unissued shares of common stock and preferred stock could render more difficult or discourage an attempt to obtain control of us by means of a proxy contest, tender offer, merger or otherwise.

MEMBERSHIP UNITS

Charter Communications Holding Company has four separate classes of common membership units designated Class A, Class B, Class C and Class D and one class of preferred membership units designated Class A. Immediately following the offering, there will be 494,955,052 Charter Communications Holding Company common membership units issued and outstanding.

- Charter Investment, Inc. will own 217,585,246 Class A common membership units, Vulcan Cable III Inc. will own 107,319,806 Class A common membership units;

- Charter Communications, Inc. will own 170,050,000 Class B common membership units;

- 133,312,118 Class A preferred membership units are owned by the sellers in the Rifkin transaction;

- Upon the closing of the Falcon acquisition, a portion of the purchase price may, at the option of specified Falcon sellers, be paid in the form of Class D common membership units ranging from a minimum amount of units with an estimated value of $425 million to a maximum with a fixed value of $550 million; and

- Upon the closing of the Bresnan acquisition, approximately $1.0 billion will be paid in the form of Class C common membership units.

Subsequent to the consummation of the offering, any matter requiring a vote of the members will require the affirmative vote of a majority of the Class B common membership units. Charter Communications, Inc. will own all Class B common membership units immediately after the offering and therefore will control Charter Communications Holding Company. Because Mr. Allen owns high vote Class B common stock of Charter Communications, Inc. that entitles him to approximately 95% of the voting power of the outstanding common stock of Charter Communications, Inc., Mr. Allen controls Charter Communications, Inc. and through this company will have voting control of Charter Communications Holding Company.

The net cash proceeds that Charter Communications, Inc. receives from any issuance of shares of common stock will be immediately transferred to Charter Communications Holding Company in exchange for membership units equal in number to the number of shares of common stock issued by Charter Communications, Inc., except as described in the next paragraph in connection with the offering.

Concurrently with the closing of the offering, Charter Communications, Inc. will contribute the proceeds of the offering to Charter Communications Holding Company, less a portion that will be retained by Charter Communications, Inc. to permit Charter Communications, Inc. to purchase the stock of Avalon Cable of Michigan Holdings, Inc. that will be acquired in the Avalon acquisition. Charter Communications, Inc., rather than Charter Communications Holding Company, will purchase this stock to simplify the organizational structure of the acquired Avalon companies without incurring tax. This tax-free simplification would not be available if the stock were purchased by a limited liability company. After the closing of the Avalon acquisition, Charter Communications, Inc. will be obligated to contribute to Charter Communications Holding Company the indirect interest that it will hold in Avalon Cable LLC as a result of the Avalon acquisition and any remaining cash retained from the proceeds of the offering. If the

Avalon acquisition does not close on or before the termination date of the Avalon acquisition agreement (currently March 31, 2000), Charter Communications, Inc. will contribute the retained proceeds from the offering together with any earnings on the retained proceeds to Charter Communications Holding Company. Concurrently with the closing of the offering, Charter Communications Holding Company will issue to Charter Communications, Inc. 170,000,000 membership units in Charter Communications Holding Company in exchange for the contribution of proceeds and the obligation to contribute the Avalon interests described above.

As part of the consideration for the Rifkin acquisition, specified sellers received Class A preferred membership units in Charter Communications Holding Company. The provisions of the preferred membership units are described in "Business -- Acquisitions".

EXCHANGE AGREEMENTS

Upon the closing of the offering, we will have entered into an agreement permitting Vulcan Cable III Inc., Charter Investment, Inc. and any other affiliate of Mr. Allen to exchange at any time on a one-for-one basis any or all of their Charter Communications Holding Company membership units for shares of Class B common stock. This exchange may occur directly or, at the election of the exchanging holder, indirectly through a tax-free reorganization such as a statutory share exchange or a merger of any Allen-controlled entity with and into the Company or a wholly-owned subsidiary of the Company.

Similar exchange agreements will also permit all other holders of Charter Communications Holding Company membership units, other than Charter Communications, Inc., to exchange at any time on a one-for-one basis any or all of their membership units for shares of Class A common stock. These other holders would include, for example, those sellers under the Falcon acquisition and the Bresnan acquisition that receive membership units of Charter Communications Holding Company as well as officers and employees of Charter Communications Holding Company, Charter Investment, Inc. and/or their affiliates that have been issued or will be issued options or rights to purchase membership of Charter Communications Holding Company.

All exchanges of membership units for shares will be on a one-for-one basis so long as the Company is in compliance with specific provisions of its current certificate of incorporation and Charter Communications Holding Company operates in compliance with specific provisions of its current operating agreement. The exchange agreements will include provisions to adjust the exchange ratio if the Company's outstanding shares of common stock do not equal the number of common membership units which it holds or if Charter Communications, Inc. were to hold significant assets not contributed to, or incur significant liabilities not offset by, Charter Communications Holding Company. However, the aforementioned provisions in Charter Communications, Inc.'s certificate of incorporation and Charter Communications Holding Company's operating agreement restrict Charter Communications, Inc.'s ability to issue securities, hold assets and incur liabilities, such that the exchange ratio will remain one-to-one. See "-- General".

If Charter Communications, Inc.'s certificate of incorporation or the operating agreement of Charter Communications Holdings Company are amended in a manner that results in an adjustment of the exchange ratio under the exchange agreements, the holders of membership units will be entitled to exchange their units for shares of common stock based on a formula. The formula will give them a number of shares of common stock having a fair market value equal to the fair market value of the exchanged units. For this purpose, each share of common stock will have a value equal to the then current trading price of the Class A common stock on the date of the exchange. Each common membership unit to be exchanged will be valued by reference to the liquidation value of each membership unit then held by Charter Communications, Inc. Charter Communications, Inc.'s membership units will in turn be valued by reference to the then market value of the Class A common stock, but the value will be adjusted to reflect the value of Charter Communications, Inc.'s assets (other than common units), the amount of its liabilities and the value of any outstanding securities of Charter Communications, Inc. other than Class A common stock. Specifically, the value of all common membership units held by Charter Communications, Inc. will be deemed to equal:

- the total value of all outstanding shares of common stock of Charter Communications, Inc. (determined as described above); plus

- the fair market value of all outstanding securities of Charter Communications, Inc. other than the common stock; plus

- the amount by which the aggregate exercise price of outstanding convertible securities, if any, is less than the total market value of shares of Class A common stock issuable upon the exercise or conversion of the convertible securities; and

- the fair market value of all balance sheet liabilities of Charter Communications, Inc.; minus

- the fair market value of all assets of Charter Communications, Inc. other than its common membership units in Charter Communications Holding Company.

By way of example, assume hypothetically that the trading price of Class A common stock is $18.00 per share and that:

- there are 250,000,000 shares of Class A common stock and 50,000 shares of Class B common stock outstanding;

- Charter Communications, Inc. owns 250,050,000 common membership units;

- all common memberships units have the same liquidation value;

- the fair market value of Charter Communications, Inc.'s outstanding securities, other than common stock, together with its balance sheet liabilities, is $1,000,000,000; and

- the fair market value of Charter Communications, Inc.'s assets other than common membership unit is $2,000,000,000.

Then, in this case, the liquidation value per common membership unit would be $14 and the exchange ratio would be $14/$18 or .78.

SPECIAL ALLOCATION OF LOSSES

Charter Communications Holding Company's operating agreement provides that through the end of 2003, tax losses of Charter Communications Holding Company that would otherwise have been allocated to Charter Communications, Inc. in proportion to its percentage equity interest will be allocated instead to the membership units held by Vulcan Cable III Inc. and Charter Investment, Inc. We expect that the effect of these special loss allocation provisions will be that Mr. Allen will receive tax savings. Except as described below, the special loss allocation provisions should not adversely affect Charter Communications, Inc. or its shareholders because Charter Communications, Inc. would not benefit from tax losses of Charter Communications Holding Company until such time as Charter Communications Holding Company generates tax profits. We do not expect Charter Communications Holding Company to generate tax profits for the foreseeable future. The special loss allocation provisions will diminish Mr. Allen's economic rights in Charter Communications Holding Company through Vulcan Cable III Inc. and Charter Investment, Inc. if there are insufficient allocations to be made under the special profit allocation provisions described below to restore these economic rights over time.

The operating agreement further provides that, beginning at the time Charter Communications Holding Company first becomes profitable (as determined under the applicable tax accounting rules for determining book profits), tax profits that would otherwise have been allocated to Charter Communications, Inc. in proportion to its percentage equity interest will instead be allocated to membership units held by Vulcan Cable III Inc. and Charter Investment, Inc. We expect that these special profit allocation provisions will have the effect of providing tax savings to Charter Communications, Inc. In addition, we expect that Mr. Allen will incur additional tax costs. These special profit allocations generally will continue until such time as Mr. Allen's economic rights in Charter Communications Holding Company that had been diminished as a result of the special loss allocations have been restored. We cannot assure you that Charter Communications Holding Company will become profitable.

In a number of situations, these special tax allocations could result in Charter Communications, Inc. having to pay taxes in an amount that can be either more or less than if the special tax allocation provisions had not been adopted. For example, the special profit allocation provisions may result in an allocation of tax profits to the membership units held by Vulcan Cable III Inc. and Charter Investment, Inc. that is less than the amount of the tax losses previously allocated to such units pursuant to the special loss allocation provisions. As a result, Charter Communications, Inc. could then be required to pay higher taxes but only commencing at the time when Mr. Allen's economic rights in Charter Communications Holding Company have been restored as described above. These tax payments could reduce our reported net income for the relevant period.

As another example, Vulcan Cable III Inc. and Charter Investment, Inc. may exchange some or all of their membership units for Class B common stock prior to the date that the special profit allocation provisions have had the effect of fully restoring Mr. Allen's economic rights in Charter Communications Holding Company. Charter Communications, Inc. will then succeed to tax profits that will be allocated to these units pursuant to the special profit allocation provisions. As a result, Charter Communications, Inc. could be required to pay higher taxes in years following such an exchange than if the special tax allocation provisions had not been adopted. These tax payments could reduce our reported net income for the relevant period.

However, we do not anticipate that the special tax allocations would result in Charter Communications, Inc. having to pay taxes in an amount that is materially different on a present value basis than the taxes that would be payable had the special tax allocation provisions not been adopted, although there is no assurance that a material difference will not result.

Each of Vulcan Cable III Inc. and Charter Investment, Inc. has the right to transfer directly or indirectly its Charter Communications Holding Company membership units in a non-taxable transaction, including a merger, for Class B common stock. Such a transaction may occur prior to the date that the special profit allocation provisions have had the effect of fully restoring Mr. Allen's economic rights in Charter Communications Holding Company. In this case, the following will apply. Vulcan Cable III Inc. or Charter Communications, Inc. may elect to cause Charter Communications Holding Company to make additional allocations to the membership units to be transferred to Charter Communications, Inc., or to the membership units already held by Charter Communications, Inc., or to both, to restore Mr. Allen's economic rights. If no election is made, or if an election is made but such allocations are insufficient to restore Mr. Allen's economic rights, Mr. Allen, Vulcan Cable III Inc. or Charter Investment, Inc. will agree to make certain payments to Charter Communications, Inc. in respect of the Class B common stock that it received. The payments will equal the amount actually pays in income taxes solely as a result of the allocation to it of tax profits because of the paid losses previously allocated to membership units transferred to Charter Communications, Inc. by Vulcan Cable III Inc. or Charter Investment, Inc. Any of these payments would be made at the time Charter Communications, Inc. actually pays these income taxes.

Under the terms of the pending Bresnan acquisition, Charter Communications Holding Company's operating agreement also will provide for specified special allocations of tax losses and tax profits between the Bresnan sellers receiving membership units on the one hand and Vulcan Cable III Inc. and Charter Investment, Inc. on the other. The Bresnan sellers may exchange some or all of their membership units for Charter Communications, Inc. Class A common stock prior to the date that any diminished economic rights resulting from the special loss allocations that these Bresnan sellers may incur have been restored. It is then possible that Charter Communications, Inc. will succeed to certain of such special allocations. As a result, Charter Communications, Inc. could be required to pay higher taxes in years following such an exchange than if such special allocations were not in effect. However, Charter Communications, Inc. does not anticipate that any such exchange would result in our having to pay taxes in an amount that is materially different on a present value basis than the taxes that would have been payable had the special allocations not been adopted, although there is no assurance that a material difference will not result.

The effect of the special loss allocations discussed above is expected to be that Mr. Allen and some of the sellers in the Bresnan transaction will receive tax savings while at the same time diminishing their economic rights in Charter Communications Holding Company. If and when the special profit allocations occur, their economic rights will be restored and they will likely incur some additional tax costs. These special tax allocations should not materially affect our results of operations or financial condition.

MATERIAL TERMS OF CERTIFICATE OF FORMATION AND AMENDED AND RESTATED LIMITED LIABILITY AGREEMENT FOR CHARTER COMMUNICATIONS HOLDING COMPANY

Charter Communications Holding Company is a limited liability company that was formed on May 25, 1999. Charter Communications Holding Company has four separate classes of common membership units designated Class A, Class B, Class C and Class D and one class of preferred membership units designated Class A.

Subsequent to the consummation of the offering, any matter requiring a vote of the members requires the affirmative vote of a majority of the Class B common membership units. Charter Communications, Inc. will own all Class B common membership units immediately after the offering and therefore will control Charter Communications Holding Company as its manager. Because Mr. Allen owns high vote Class B common stock of Charter Communications, Inc. that entitles him to approximately 95% of the voting power of the outstanding common stock of Charter Communications, Inc., Mr. Allen controls Charter Communications, Inc. and through this company will have voting control of Charter Communications Holding Company.

The operating agreement contains provisions that permit each member and the manager (and their respective officers, directors, agents, stockholders, members, partners or affiliates) to engage in businesses that may compete with the businesses of Charter Communications Holding Company or any subsidiary. However, directors of Charter Communications, Inc., who include Mr. Allen and Mr. Kent, are subject to fiduciary duties under Delaware corporate law that generally require them to present business opportunities in the cable transmission business to us.

The operating agreement restricts the ability of each member to transfer its membership interest unless certain conditions have been met. These conditions include:

- the transfer will not result in the loss of any license or regulatory approval or exemption that has been obtained by Charter Communications Holding Company and is materially useful in the conduct of its business as then being conducted or proposed to be conducted;

- the transfer will not result in a material limitation or restriction on Charter Communications Holding Company's operations;

- the proposed transferee agrees in writing to be bound by the operating agreement; and

- except for certain permitted transfers under this agreement, the transfer has been approved by the manager, which consent may be given or withheld, conditioned or delayed as the manager may determine in its sole discretion.

RESTRICTIONS ON PARTNERS OF FALCON HOLDING GROUP, L.P. TO TRANSFER MEMBERSHIP UNITS.

Class D common membership units held by Falcon Holding Group, L.P. are transferable to its partners subject to the restrictions described above.

However, if any partner of Falcon Holding Group fails to agree to be bound by the operating agreement and to represent that it is an accredited investor or if Charter Communications Holding Company reasonably determines that the transfer to such transferee would require registration under the Securities Act of 1933, as amended, then Charter Communications Holding Company must purchase for cash those Class D common membership units that are proposed to be transferred.

Other transfer conditions include:

- After this offering, each member may transfer its membership units to Charter Communications, Inc. in exchange for common stock of Charter Communications, Inc., pursuant to the Falcon exchange agreement, the Bresnan exchange agreement and the Charter Investment, Inc. exchange agreement.

- Except for certain permitted transfers under the agreement, no member may transfer all or a portion of its membership interest unless it first gives written notice of the transfer to Charter Communications Holding Company and the Class A common members. The notice must name the proposed transferee, specify the portion of the membership interest to be transferred and the price and terms of the proposed transferee's bona fide written offer.

Within 20 days following receipt of the notice, Charter Communications Holding Company shall send a written notice to the Class A common members stating the portion of the offered membership interest it wishes to purchase. Unless Charter Communications Holding Company elects to purchase all of the offered interest, Class A members wishing to purchase a portion of the offered interest shall give written notice of its election to Charter Communications Holding Company within 10 days of the mailing of Charter Communications Holding Company's notice. If Charter Communications Holding Company and the Class A members have not agreed to purchase all of the offered interest, all of the interest may be transferred within 90 days to the proposed transferee.

SPECIAL REDEMPTION RIGHTS GRANTED FORMER OWNERS OF RIFKIN.

The operating agreement provides for certain redemption rights affecting the holders of Class A preferred membership units. In particular, if requested in writing by the manager, upon a Rifkin seller's exercise of its put right with respect to its Class A preferred membership units, Charter Investment, Inc. or its affiliate must purchase additional membership units in Charter Communications Holding Company so that Charter Communications Holding Company has the money to pay the Rifkin seller for its redeemed membership units.

The redemption price for the Class A preferred membership units shall be the sum of:

(1) the net values of all of the properties and cash contributed to Charter Communications Holding Company by the Rifkin seller and

(2) an 8% per annum preferred rate applied to the amount in subparagraph 1 beginning on September 14, 1999, and ending when any membership unit is redeemed by Charter Communications Holding Company.

The redemption of Class A preferred membership units shall occur as of the last day of the calendar quarter following the date of a Rifkin seller's exercise of its put right.

At any time after the earlier to occur of (1) the third anniversary of September 14, 1999 or (2) 30 days after the date of this offering, Charter Communications Holding Company has the right to redeem the Class A preferred membership units at a redemption price equal to the sum of subparagraphs 1 and 2 in the previous subsection.

SPECIAL RIGHTS GRANTED FORMER OWNERS OF BRESNAN

The operating agreement is expected to provide rights to the Bresnan sellers. In particular, the operating agreement is expected to provide that Charter Communications, Inc. must:

- provide the Bresnan sellers that are affiliates of Blackstone Group L.P. consultative rights reasonably acceptable to the manager so that, as long as they hold Class C common membership units, such Bresnan sellers may preserve their status as and the benefits they get from being a venture capital operating company, and

- attempt, in good faith, to keep in place the notes and credit facilities and the security and collateral relating to these obligations, other than the Bresnan keepwell agreement which may be amended as set forth in the Bresnan purchase agreement, of Bresnan Communications Company Limited Partnership and its subsidiaries as long as the Bresnan sellers hold Class C common membership units.

AMENDMENTS TO THE OPERATING AGREEMENT

Any amendment to the operating agreement generally may be adopted only upon the approval of a majority of the Class B common membership units; provided, however, that the agreement may not be amended in a manner that adversely affects the rights of any class without the consent of holders holding a majority of the membership units of that class.

REGISTRATION RIGHTS

HOLDERS OF CLASS B COMMON STOCK. Pursuant to a registration rights agreement that Charter Communications, Inc. will enter into with Mr. Allen, entities under his control, Mr. Kent, Mr. Babcock and Mr. Wood, these holders have the right to cause us to register the shares of Class A common stock issued to them upon conversion of their shares of Class B common stock.

This registration rights agreement provides that each eligible holder is entitled to unlimited "piggyback" registration rights permitting them to include their shares of Class A common stock in registration statements filed by us. These holders may also exercise their demand rights causing us, subject to specified limitations, to register their Class A shares, provided that the amount of shares subject to each demand has a market value at least equal to $50 million or, if the market value is less than $50 million, all of the Class A shares of the holders participating in the offering are included in such registration. We are obligated to pay the costs associated with all such registrations.

Holders may elect to have their shares registered pursuant to a shelf registration statement provided that at the time of the election, Charter Communications, Inc. is eligible to file a registration statement on Form S-3 and the amount of shares to be registered has a market value equal to at least $100,000,000 on the date of the election.

Mr. Allen also has the right to cause Charter Communications, Inc. to file a shelf registration statement in connection with the resale of shares of Class A common stock then held by or issuable to specified sellers under the Rifkin, Falcon and Bresnan acquisitions that have the right to cause Mr. Allen to purchase equity interests issued to them as a result of these acquisitions.

Immediately following the offering, all shares of Class A common stock issuable to the registration rights holders in exchange for Charter Communications Holding Company membership units and upon conversion of outstanding Class B common stock and conversion of Class B common stock issuable to the registration rights holders upon exchange of Charter Communications Holding Company membership units will be subject to the registration rights described above.

RIFKIN SELLERS. In connection with the Rifkin acquisition, Charter Communications, Inc. will register the resale of the Class A common stock issued in exchange for the Charter Communications Holding Company LLC Class A preferred membership units by specified Rifkin sellers on a shelf registration statement on Form S-1. These Rifkin sellers executed lockup agreements restricting the transfer of any securities exchangeable for or convertible into shares of Class A common stock for 180 days after the date of this prospectus. We anticipate that the shelf registration will remain in effect for a period of at least 18 months following the expiration of the lock-up period.

FALCON SELLERS. Pursuant to the registration rights agreement Charter Communications, Inc. will enter into with specified sellers in the Falcon acquisition, these sellers are entitled to registration rights with respect to the shares of Class A common stock issuable upon exchange of Charter Communications Holding Company membership units to be issued to them as part of the consideration for the Falcon acquisition.

These Falcon sellers or their permitted transferees will have "piggyback" registration rights and, beginning 180 days after the offering, up to four "demand" registration rights with respect to the Class A common stock issued upon exchange of the Charter Communications Holding Company membership units. The demand registration rights must be exercised with respect to tranches of Class A common stock worth at least $40 million at the time of notice of demand or at least $60 million at the initial public offering price. A majority of the holders of Class A common stock making a demand may also require us to satisfy our registration obligations by filing a shelf registration statement. The selling holders of Class A common stock may also exercise their piggyback rights with respect to the offering, to the extent this offering occurs prior to or concurrently with or following the closing of the Falcon acquisition.

We intend to register for resale the shares of our Class A common stock issuable in exchange for common membership units issued to Falcon sellers pursuant to a shelf registration statement on Form S-1.

BRESNAN SELLERS. Pursuant to the registration rights agreement Charter Communications, Inc. will enter into with specified sellers under the Bresnan acquisition, these sellers are entitled to registration rights with respect to the shares of Class A common stock issuable upon exchange of the Charter Communications Holding Company membership units to be issued in the Bresnan acquisition.

We intend to register the shares of our Class A common stock issuable to the Bresnan sellers in exchange for these units for resale pursuant to a shelf registration statement on Form S-1. We currently are seeking the agreement by the Bresnan sellers not to transfer the shares prior to 180 days after the completion of this offering.

The Bresnan sellers collectively will have unlimited "piggyback" registration rights and, beginning 180 days after this offering, up to four "demand" registration rights with respect to the Class A common stock issued in exchange for the membership units in Charter Communications Holding Company. The demand registration rights must be exercised with respect to tranches of Class A common stock worth at least $40 million at the time of notice of demand or at least $60 million at the initial public offering price. We intend to enter into an agreement or agreements with the Bresnan sellers pursuant to which they will be prohibited, except through the exercise of any put rights, from selling shares of Class A common stock prior to 180 days after the completion of this offering.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for our common stock is ChaseMellon Shareholder Services, L.L.C.

SHARES ELIGIBLE FOR FUTURE SALE

Prior to the offering, there has been no public market for the shares of Class A common stock. Upon the completion of the offering, Charter Communications, Inc. will have 170,000,000 shares of Class A common stock issued and outstanding, assuming the underwriters do not exercise their option to purchase an additional 25,500,000 shares of Class A common stock. In addition, the following shares of Class A common stock will be issuable in the future:

- 324,905,052 shares of Class A common stock will be issuable upon conversion of Class B common stock issuable upon exchange of Charter Communications Holding Company membership units held by Vulcan Cable III Inc. and Charter Investment, Inc. These membership units are exchangeable for shares of Class B common stock at any time following the closing of the offering on a one-for-one basis. Shares of Class B common stock are convertible into shares of Class A common stock at any time following the closing of the offering on a one-for-one basis;

- 60,844,511 shares of Class A common stock will be issuable upon the exchange of Charter Communications Holding Company membership units issued to specified sellers in our recent and pending acquisitions, assuming the relevant sellers elect to receive the maximum number of Charter Communications Holding Company membership units that they are entitled to receive;

- 16,159,808 shares of Class A common stock will be issuable upon the exchange of Charter Communications Holding Company membership units that are received upon the exercise of options granted under the Charter Communications Holding Company 1999 option plan and to Charter Communications, Inc.'s chief executive officer. Upon issuance, these membership units will be immediately exchanged for shares of Class A common stock, without any further action by the optionholder. Options granted to the chief executive officer are exercisable for membership units which are then immediately exchangeable for shares of Class A common stock. The weighted average exercise price of all outstanding options for membership units is $20.02; and

- 50,000 shares of Class A common stock will be issuable upon conversion of outstanding shares of Class B common stock on a one-for-one basis.

Of the total number of our shares of Class A common stock issued or issuable as described above, 170,000,000 shares will be eligible for immediate public resale following the later of their issuance and the completion of this offering, except for any such shares held by our "affiliates". Charter Communications, Inc., all of its directors and executive officers, Charter Communications Holding Company, Charter Investment, Inc. and Vulcan Cable III Inc. have agreed not to dispose of or hedge any of their Class A common stock or securities convertible into or exchangeable for Class A common stock during the period from the date of this prospectus continuing through the date 180 days after the date of this prospectus, except with the prior written consent of Goldman, Sachs & Co. and except that Charter Communications, Inc. and except that Charter Communications Holding Company will be entitled to offer and sell convertible debt, convertible preferred or other equity securities to finance a portion of the Bresnan acquisition purchase price.

The sellers in the Rifkin acquisition who have received Charter Communications Holding Company preferred membership units have agreed to similar restrictions, and we are seeking the agreement of the relevant Bresnan sellers to similar restrictions. The Falcon sellers who are receiving Charter Communications Holding Company membership units will not be subject to such restrictions except for Mr. Marc Nathanson, who will execute a lock-up agreement in his capacity as a director nominee of Charter Communications, Inc. The membership units issued to the Falcon sellers will be exchangeable for shares of Class A common stock. However, such shares will not be registered and such sellers will have no right to register the stock for a period of 180 days following the closing of the offering.

In addition, all of the shares of Class A common stock issued or issuable as described above, except for shares issued in the offering other than to our "affiliates", may only be sold in compliance with Rule 144 under the Securities Act of 1933, unless registered under the Securities Act of 1933 pursuant to demand or piggyback registration rights. Substantially all of the shares of Class A common stock issuable upon exchange of Charter Communications Holding Company membership units and all shares of Class A common stock issuable upon conversion of shares of our Class B common stock will have demand and piggyback registration rights attached to them, including those issuable to Mr. Allen through Charter Investment, Inc. and Vulcan Cable III Inc.

The sale of a substantial number of shares of Class A common stock, or the perception that such sales could occur, could adversely affect prevailing market prices for the Class A common stock. In addition, any such sale or perception could make it more difficult for us to sell equity securities or equity-related securities in the future at a time and price that we deem appropriate.

We anticipate that a registration statement on Form S-8 covering the Class A common stock that may be issued pursuant to the exercise of options under the Charter Communications Holding Company 1999 option plan will be filed promptly after completion of the offering. The shares of Class A common stock covered by the Form S-8 registration statement generally may be resold in the public market without restriction or limitation, except in the case of our affiliates who generally may only resell such shares in accordance with the provisions of Rule 144 of the Securities Act of 1933, other than the holding period requirement.

CERTAIN UNITED STATES TAX CONSIDERATIONS FOR NON-UNITED STATES HOLDERS

GENERAL

The following is a general discussion of the material United States federal income and estate tax consequences of the ownership and disposition of our Class A common stock by a non-U.S. Holder. As used in this prospectus, the term "non-U.S. holder" is any person or entity that, for United States federal income tax purposes, is either a nonresident alien individual, a foreign corporation, a foreign partnership or a foreign trust, in each case not subject to United States federal income tax on a net basis in respect of income or gain with respect to our common stock.

This discussion does not address all aspects of United States federal income and estate taxes that may be relevant to a particular non-U.S. holder in light of the holder's particular circumstances. This discussion is not intended to be applicable in all respects to all categories of non-U.S. holders, some of whom may be subject to special treatment under United States federal income tax laws, including "controlled foreign corporations," "passive foreign investment companies," and "foreign personal holding companies". Moreover, this discussion does not address United States state or local or foreign tax consequences. This discussion is based on provisions of the Internal Revenue Code of 1986, as amended, existing and proposed regulations promulgated under, and administrative and judicial interpretations of, the Internal Revenue Code in effect on the date of this prospectus. All of these authorities may change, possibly with retroactive effect or different interpretations. The following summary is included in this prospectus for general information. Accordingly, prospective investors are urged to consult their tax advisors regarding the United States federal, state, local and non-United States income and other tax consequences of acquiring, holding and disposing of shares of our common stock.

An individual may be deemed to be a resident alien, as opposed to a nonresident alien, by virtue of being present in the United States for at least 31 days in the calendar year and for an aggregate of at least 183 days during a three-year period ending in the current calendar year. In determining whether an individual is present in the United States for at least 183 days, all of the days present in the current year, one-third of the days present in the immediately preceding year and one-sixth of the days present in the second preceding year are counted. Resident aliens are subject to United States federal income and estate tax in the same manner as United States citizens and residents.

DIVIDENDS

We do not anticipate paying cash dividends on our capital stock in the foreseeable future. See "Dividend Policy". In the event, however, that dividends are paid on shares of our Class A common stock, dividends paid to a non-U.S. holder of our Class A common stock generally will be subject to United States withholding tax at a 30% rate, unless an applicable income tax treaty provides for a lower withholding rate. Non-U.S. holders should consult their tax advisors regarding their entitlement to benefits under a relevant income tax treaty.

Currently, the applicable United States Treasury regulations presume, absent actual knowledge to the contrary, that dividends paid to an address in a foreign country are paid to a resident of such country for purposes of the 30% withholding tax discussed above. However, recently finalized United States Treasury regulations provide that in the case of dividends paid after December 31, 2000, United States backup withholding tax at a 31% rate will be imposed on dividends paid to non-U.S. holders if the certification or documentary evidence procedures and requirements set forth in such regulations are not satisfied directly or through an intermediary. Further, in order to claim the benefit of an applicable income tax treaty rate for dividends paid after December 31, 2000, a non-U.S. holder must comply with certification requirements set forth in the recently finalized United States Treasury regulations. The final United States Treasury regulations also provide special rules for dividend payments made to foreign intermediaries, United States or foreign wholly owned entities that are disregarded for United States federal income tax purposes and entities that are treated as fiscally transparent in the United States, the applicable income tax treaty jurisdiction, or both. Prospective investors should consult with their own tax advisors concerning the effect, if any, of these tax regulations and the recent legislation on an investment in the Class A common stock.

A non-U.S. holder of Class A common stock that is eligible for a reduced rate of United States withholding tax pursuant to an income tax treaty may obtain a refund of any excess amounts withheld by filing an appropriate claim for a refund with the Internal Revenue Service.

Dividends paid to a non-U.S. holder are taxed generally on a net income basis at regular graduated rates where such dividends are either:

(1) effectively connected with the conduct of a trade or business of such holder in the United States or

(2) attributable to a permanent establishment of such holder in the United States.

The 30% withholding tax is not applicable to the payment of dividends if the non-U.S. Holder files Form 4224 or any successor form with the payor, or, in the case of dividends paid after December 31, 2000, such holder provides its United States taxpayer identification number to the payor. In the case of a non-U.S. holder that is a corporation, such income may also be subject to an additional "branch profits tax" at a 30% rate or such lower rate as may be specified by an applicable income tax treaty.

GAIN ON DISPOSITION OF CLASS A COMMON STOCK

A non-U.S. holder generally will not have to comply with United States federal income or withholding tax requirements in respect of gain recognized on a disposition of Class A common stock unless:

(1) the gain is effectively connected with the conduct of a trade or business of the non-U.S. holder within the United States or of a partnership, trust or estate in which the non-U.S. holder is a partner or beneficiary within the United States,

(2) the gain is attributable to a permanent establishment of the non-U.S. holder within the United States,

(3) the non-U.S. holder is an individual who holds the Class A common stock as a capital asset within the meaning of Section 1221 of the Internal Revenue Code, is present in the United States for 183 or more days in the taxable year of the disposition and meets certain other tax law requirements,

(4) the non-U.S. holder is a United States expatriate required to pay tax pursuant to the provisions of United States tax law, or

(5) we are or have been a "United States real property holding corporation" for federal income tax purposes at any time during the shorter of the five-year period preceding such disposition or the period that the non-U.S. holder holds the common stock.

Generally, a corporation is a United States real property holding corporation if the fair market value of its United States real property interests equals or exceeds 50% of the sum of the fair market value of its worldwide real property interests plus its other assets used or held for use in a trade or business.

We believe that we are not, have not been and do not anticipate becoming, a United States real property holding corporation for United States federal income tax purposes. However, even if we were to become a United States real property holding corporation, any gain realized by a non-U.S. holder still would not be subject to United States federal income tax if our shares are regularly traded on an established securities market and the non-U.S. holder did not own, directly or indirectly, at any time during the five-year period ending on the date of sale or other disposition, more than 5% of our Class A common stock. If, however, our stock is not so treated, on a sale or disposition by a non-U.S. holder of our Class A common stock, the transferee of such stock will be required to withhold 10% of the proceeds unless we certify that either we are not and have not been a United States real property holding company or another exemption from withholding applies.

A non-U.S. holder who is an individual and meets the requirements of clause (1), (2) or (4) above will be required to pay tax on the net gain derived from a sale of Class A common stock at regular graduated United States federal income tax rates. Further, a non-U.S. holder who is an individual and who meets the requirements of clause (3) above generally will be subject to a flat 30% tax on the gain derived from a sale. Thus, individual non-U.S. holders who have spent or expect to spend a short period of time in the United States should consult their tax advisors prior to the sale of Class A common stock to determine the United States federal income tax consequences of the sale. A non-U.S. holder who is a corporation and who meets the requirements of clause (1) or (2) above generally will be required to pay tax on its net gain at regular graduated United States federal income tax rates. Such non-U.S. holder may also have to pay a branch profits tax.

FEDERAL ESTATE TAX

For United States federal estate tax purposes, an individual's gross estate will include the Class A common stock owned, or treated as owned, by an individual. Generally, this will be the case regardless of whether such individual was a United

States citizen or a United States resident. This general rule of inclusion may be limited by an applicable estate tax or other treaty.

INFORMATION REPORTING AND BACKUP WITHHOLDING TAX

Under United States Treasury regulations, we must report annually to the Internal Revenue Service and to each non-U.S. holder the amount of dividends paid to such holder and the tax withheld with respect to such dividends. These information reporting requirements apply regardless of whether withholding is required. Copies of the information returns reporting such dividends and withholding may also be made available to the tax authorities in the country in which the non-U.S. holder is a resident under the provisions of an applicable income tax treaty or agreement.

Currently, the 31% United States backup withholding tax generally will not apply:

(1) to dividends which are paid to non-U.S. holders and are taxed at the regular 30% withholding tax rate as discussed above, or

(2) before January 1, 2001, to dividends paid to a non-U.S. holder at an address outside of the United States unless the payor has actual knowledge that the payee is a U.S. holder.

Backup withholding and information reporting generally will apply to dividends paid to addresses inside the United States on shares of Class A common stock to beneficial owners that are not "exempt recipients" and that fail to provide identifying information in the manner required.

The recently finalized United States Treasury regulations provide that in the case of dividends paid after December 31, 2000, a non-U.S. holder generally would be subject to backup withholding tax at the rate of 31% unless

(1) certification procedures, or

(2) documentary evidence procedures, in the case of payments made outside the United States with respect to an offshore account

are satisfied. These regulations generally presume a non-U.S. holder is subject to backup withholding at the rate of 31% and information reporting requirements unless we receive certification of the holder's non-United States status. Depending on the circumstances, this certification will need to be provided either:

(1) directly by the non-U.S. holder,

(2) in the case of a non-U.S. holder that is treated as a partnership or other fiscally transparent entity, by the partners, shareholders or other beneficiaries of such entity, or

(3) by qualified financial institutions or other qualified entities on behalf of the non-U.S. holder.

Information reporting and backup withholding at the rate of 31% generally will not apply to the payment of the proceeds of the disposition of Class A common stock by a holder to or through the United States office of a broker or through a non-United States branch of a United States broker unless the holder either certifies its status as a non-U.S. holder under penalties of perjury or otherwise establishes an exemption. The payment of the proceeds of the disposition by a non-U.S. holder of Class A common stock to or through a non-United States office of a non-United States broker will not be subject to backup withholding or information reporting unless the non-United States broker has a connection to the United States as specified by United States federal tax law.

In the case of the payment of proceeds from the disposition of Class A common stock effected by a foreign office of a broker that is a United States person or a "United States related person," existing regulations require information reporting on the payment unless:

(1)(A) the broker receives a statement from the owner, signed under penalty of perjury, certifying its non-United States status or (B) the broker has documentary evidence in its files as to the non-U.S. holder's foreign status and the broker has no actual knowledge to the contrary, and other United States federal tax law conditions are met or

(2) the beneficial owner otherwise establishes an exemption.

For this purpose, a "U.S. related person" is either:

(1) a "controlled foreign corporation" for United States federal income tax purposes or

(2) a foreign person 50% or more of whose gross income from all sources for the three-year period ending with the close of its taxable year preceding the payment is derived from activities that are effectively connected with the conduct of a United States trade or business.

After December 31, 2000, the regulations under the Internal Revenue Code will impose information reporting and backup withholding on payments of the gross proceeds from the sale or redemption of Class A common stock that is effected through foreign offices of brokers having any of a broader class of specified connections with the United States. Such information reporting and backup withholding may be avoided, however, if the applicable Internal Revenue Service certification requirements are complied with. Prospective investors should consult with their own tax advisors regarding the regulations under the Internal Revenue Code and in particular with respect to whether the use of a particular broker would subject the investor to these rules.

Any amounts withheld under the backup withholding rules from a payment to a non-U.S. holder will be either refunded or credited against the holder's United States federal tax liability, provided sufficient information is furnished to the Internal Revenue Service.

LEGAL MATTERS

The validity of the shares of Class A common stock offered in this prospectus will be passed upon for Charter Communications, Inc. by Paul, Hastings, Janofsky & Walker LLP, New York, New York. Certain legal matters in connection with the Class A common stock offered in this prospectus will be passed upon for the underwriters by Debevoise & Plimpton, New York, New York.

EXPERTS

The financial statements of Charter Communications, Inc., Charter Communications Holding Company, LLC and subsidiaries, CCA Group, CharterComm Holdings, L.P. and subsidiaries, the Greater Media Cablevision Systems, the Sonic Communications Cable Television Systems and Long Beach Acquisition Corp., included in this prospectus, to the extent and for the periods indicated in their reports, have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their reports with respect thereto, and are included in this prospectus in reliance upon the authority of said firm as experts in giving said reports.

The combined financial statements of TCI Falcon Systems as of September 30, 1998 and December 31, 1997 and for the nine-month period ended September 30, 1998, and for each of the years in the two-year period ended December 31, 1997, the combined financial statements of Bresnan Communications Group Systems as of December 31, 1997 and 1998, and for each of the years in the three-year period ended December 31, 1998, the consolidated financial statements of Marcus Cable Holdings, LLC as of December 31, 1998 and 1997, and for each of the years in the three-year period ended December 31, 1998, and the combined financial statements of Helicon Partners I, L.P. and affiliates as of December 31, 1997 and 1998 and for each of the years in the three-year period ended December 31, 1998, have been included herein in reliance upon the reports of KPMG LLP, independent certified public accountants, appearing elsewhere herein, and upon the authority of said firm as experts in accounting and auditing.

The consolidated financial statements of Renaissance Media Group LLC, the combined financial statements of the Picayune, MS, LaFourche, LA, St. Tammany, LA, St. Landry, LA, Pointe Coupee, LA, and Jackson, TN cable systems, the financial statements of Indiana Cable Associates, LTD., the financial statements of R/N South Florida Cable Management Limited Partnership, the combined financial statements of Fanch Cable Systems (comprised of components of TW Fanch-one Co. and TW Fanch-two Co.) and the consolidated financial statements of Falcon Communications, L.P., included in this prospectus, have been audited by Ernst & Young LLP, independent auditors, as set forth in their reports thereon appearing elsewhere in this prospectus, and are included herein in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

The audited combined financial statements of InterMedia Cable Systems (comprised of components of InterMedia Partners and InterMedia Capital Partners IV, L.P.), the audited financial statements of Rifkin Cable Income Partners L.P., the audited consolidated financial statements of Rifkin Acquisition Partners, L.L.L.P., the audited consolidated financial statements of Avalon Cable of Michigan Holdings, Inc. and subsidiaries, the audited consolidated financial statements of Cable Michigan Inc. and subsidiaries, the audited consolidated financial statements of Avalon Cable LLC and subsidiaries, the audited financial statements of Amrac Clear View, a Limited Partnership, the audited combined financial statements of The Combined Operations of Pegasus Cable Television of Connecticut, Inc. and the Massachusetts Operations of Pegasus Cable Television, Inc., included in this prospectus, have been audited by PricewaterhouseCoopers LLP, independent accountants. The entities and periods covered by these audits are indicated in their reports. The financial statements have been so included in reliance on the reports of PricewaterhouseCoopers LLP, given on the authority of said firm as experts in auditing and accounting.

The financial statements of Amrac Clear View, a Limited Partnership as of December 31, 1996 and 1997 and for each of the three years in the period ended December 31, 1997, included in this prospectus, have been so included in reliance on the report of Greenfield, Altman, Brown, Berger & Katz, P.C., independent accountants, given on the authority of said firm as experts in auditing and accounting.

UNDERWRITING

Charter Communications, Inc., Charter Communications Holding Company and the underwriters for the U.S. offering named below have entered into an underwriting agreement with respect to the Class A common stock being offered in the United States and Canada. Subject to certain conditions, each U.S. underwriter has severally agreed to purchase the number of shares indicated in the following table. The underwriters are obligated to purchase all of these shares if any shares are purchased. Goldman, Sachs & Co., Bear, Stearns & Co. Inc., Morgan Stanley & Co. Incorporated, Donaldson, Lufkin & Jenrette Securities Corporation, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Salomon Smith Barney Inc., A. G. Edwards & Sons, Inc. and M. R. Beal & Company are the representatives of the U.S. underwriters.

U.S. Underwriters	Number of Shares
Goldman, Sachs & Co.	
Bear, Stearns & Co. Inc	
Morgan Stanley & Co. Incorporated	
Donaldson, Lufkin & Jenrette Securities Corporation	
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
Salomon Smith Barney Inc	
A.G. Edwards & Sons, Inc	
M.R. Beal & Company	
Total	144,500,000

If the U.S. underwriters sell more shares than the total number set forth in the table above, the U.S. underwriters have an option to buy up to an additional 21,675,000 shares from Charter Communications, Inc. to cover such sales. They may exercise that option for 30 days. If any shares are purchased pursuant to this option, the U.S. underwriters will severally purchase shares in approximately the same proportion as set forth in the table above.

The following table shows the per share and total underwriting discounts to be paid to the U.S. underwriters by Charter Communications, Inc. Such amounts are shown assuming both no exercise and full exercise of the U.S. underwriters' option to purchase additional shares.

	Paid by Charter Communications, Inc.	
	No Exercise	Full Exercise
Per share	$	$
Total	$	$

Shares sold by the underwriters to the public will initially be offered at the initial public offering price set forth on the cover page of this prospectus. Any shares sold by the underwriters to securities dealers may be sold at a discount of up to $ per share from the initial public offering price. Any such securities dealers may resell any shares purchased from the underwriters to certain other brokers or dealers at a discount of up to $ per share from the initial public offering price. If all of the shares are not sold at the initial public offering price, the representatives may change the offering price and the other selling terms.

Charter Communications, Inc. and Charter Communications Holding Company have entered into an underwriting agreement with the underwriters for the international offering of 25,500,000 shares of Class A common stock outside the United States and Canada. The terms and conditions of both offerings are the same and the sale of shares in both offerings are conditioned on each other. Goldman Sachs International, Bear, Stearns International Limited, Morgan Stanley & Co. International Limited, Donaldson, Lufkin & Jenrette International, Merrill Lynch International and Salomon Brothers International Limited are representatives of the international underwriters. Charter Communications, Inc. has granted the international underwriters an option similar to that granted the U.S. underwriters to purchase up to an aggregate of an additional 3,825,000 shares.

The underwriters for both of the offerings have entered into an agreement in which they have agreed to restrictions on where and to whom they and any dealer purchasing from them may offer shares as a part of the distribution of the shares. The underwriters have also agreed that they may sell shares among each of the underwriting groups.

Charter Communications, Inc., all of its directors and executive officers, Charter Communications Holding Company, Charter Investment, Inc. and Vulcan Cable III Inc. have agreed with the underwriters not to dispose of or hedge any of their Class A common stock or securities convertible into or exchangeable for Class A common stock during the period from the date of this prospectus continuing through the date 180 days after the date of this prospectus, except with the prior written consent of Goldman, Sachs & Co. and except that Charter Communications, Inc. and Charter Communications Holding Company will be entitled to offer and sell convertible debt, convertible preferred or other equity securities to finance a portion of the Bresnan acquisition purchase price. The Rifkin sellers who received Charter Communications Holding Company membership units have agreed to similar restrictions. See "Shares Eligible for Future Sale" for a discussion of certain transfer restrictions.

Prior to the offering, there has been no public market for the shares. The initial public offering price will be negotiated among Charter Communications, Inc. and the representatives. Among the factors to be considered in determining the initial public offering price of the shares, in addition to prevailing market conditions, will be our historical performance, estimates of our business potential and our earnings prospects, an assessment of our management and the consideration of the above factors in relation to market valuation of companies in related businesses.

Charter Communications, Inc. has applied to have the Class A common stock included for quotation on the Nasdaq National Market under the symbol "CHTR".

In connection with the offering, the underwriters may purchase and sell shares of Class A common stock in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in the offering. Stabilizing transactions consist of certain bids or purchases made for the purpose of preventing or retarding a decline in the market price of the Class A common stock while the offering is in progress.

The underwriters may impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased shares sold by or for the account of such underwriter in stabilizing or short covering transactions.

These activities by the underwriters may stabilize, maintain or otherwise affect the market price of the Class A common stock. As a result, the price of the Class A common stock may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued by the underwriters at any time. These transactions may be effected on the Nasdaq National Market, in the over-the-counter market or otherwise.

The underwriters do not expect sales to discretionary accounts to exceed five percent of the total number of shares offered.

We estimate that our share of the total expenses of the offering, excluding underwriting discounts, will be approximately $40 million and will be paid by Charter Communications Holding Company.

Charter Communications, Inc. and Charter Communications Holding Company have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act of 1933.

At our request, the underwriters have reserved for sale at the initial public offering price up to 4% of the shares offered by Charter Communications, Inc. to be sold to its directors, officers, employees, employees of the entities operating the cable systems to be acquired in the pending acquisitions, and associates and sellers in the pending Helicon acquisition, as described in the following paragraph. The number of shares available for sale to the general public will be reduced to the extent such shares are purchased. Any of these reserved shares not so purchased will be offered by the underwriters on the same basis as the shares offered hereby.

At our request, the underwriters will reserve up to $12 million of Class A common stock at the initial public offering price for sale to specified sellers of the Helicon cable systems. This would represent 666,667 shares of Class A common stock, calculated at the mid-point of the range set forth on the cover page of this prospectus.

Certain of the underwriters and their affiliates have in the past provided, and may in the future from time to time provide, investment banking and general financing and banking services to Charter Communications Holding Company and its affiliates for which they have in the past received, and may in the future receive, customary fees.

Goldman Sachs Credit Partners L.P., an affiliate of Goldman, Sachs & Co., has agreed to provide us with a bridge loan facility providing for borrowings of up to $750 million to finance required repayments of Falcon debentures and notes that we may have to repurchase as a result of the Falcon acquisition. Goldman, Sachs & Co. has provided a fairness opinion to us in connection with the Broadband Partners joint venture. Goldman Sachs & Co. acted as financial adviser to Charter Investment, Inc. (formerly Charter Communications, Inc.) in connection with its acquisition by Paul G. Allen in December 1998.

Goldman, Sachs & Co. and Donaldson Lufkin & Jenrette Securities Corporation acted as co-lead managers and as initial purchasers in the March 1999 Rule 144A placement of Charter Holdings' senior notes. Bear, Stearns & Co. Inc. and Salomon Smith Barney Inc. were initial purchasers in this placement. Goldman, Sachs & Co. and Bear, Stearns & Co. Inc. acted as co-dealer managers in connection with three tender offers for debt securities of Charter Holdings' subsidiaries which were made in the first quarter of 1999.

Donaldson, Lufkin & Jenrette Securities Corporation, Citibank, N.A., an affiliate of Salomon Smith Barney Inc., and Goldman, Sachs & Co. are lenders and managing agents under Charter Operating's $4.1 billion senior credit facilities. Goldman, Sachs & Co., Bear, Stearns & Co. Inc., Morgan Stanley & Co. Incorporated and Merrill Lynch, Pierce, Fenner & Smith Incorporated have agreed to be lenders and managing agents under the proposed $1.2 billion senior credit facilities to be arranged in connection with the Fanch acquisition. Citibank, N.A., an affiliate of Salomon Smith Barney Inc., has agreed to be a lender and documentation agent under the proposed Fanch credit facilities and is also a lender under the $1.5 billion restated and amended Falcon credit facilities.

The husband of Nancy B. Peretsman, a director nominee of Charter Communications, Inc., is a managing director of Morgan Stanley & Co. Incorporated.

This prospectus may be used by the underwriters and other dealers in connection with offers and sales of the shares, including sales of shares initially sold by the underwriters in the offering being made outside of the United States, to persons located in the United States.

INDEX TO FINANCIAL STATEMENTS AND SCHEDULES

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Charter Communications, Inc.:

We have audited the accompanying balance sheet of Charter Communications, Inc. as of July 22, 1999. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the balance sheet referred to above presents fairly, in all material respects, the financial position of Charter Communications, Inc. as of July 22, 1999, in conformity with generally accepted accounting principles.

/s/ ARTHUR ANDERSEN LLP

St. Louis, Missouri,

July 22, 1999 (except with respect
to the matter discussed in Note 2, as
to which the date is October 18, 1999)

CHARTER COMMUNICATIONS, INC.

BALANCE SHEET

	JULY 22, 1999
ASSETS	
CASH	$100
STOCKHOLDER'S EQUITY	
COMMON STOCK -- $.001 par value, 100 shares authorized, issued and outstanding	$ --
ADDITIONAL PAID-IN CAPITAL	100
Total stockholder's equity	$100

The accompanying notes are an integral part of the balance sheet.

CHARTER COMMUNICATIONS, INC.

NOTES TO BALANCE SHEET
JULY 22, 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

ORGANIZATION AND BASIS OF PRESENTATION

On July 22, 1999, Charter Investment, Inc. (Charter Investment), a company controlled by Paul G. Allen, formed a wholly owned subsidiary, Charter Communications, Inc. (CCI or the "Company"), a Delaware corporation with an initial investment of $100. The Company has no operations or cash flows other than the initial investment made by Charter Investment. Accordingly, statements of operations and cash flows are not presented.

2. SUBSEQUENT EVENT:

In July 1999, the Company filed a registration statement on Form S-1 with the SEC, as amended on September 3, 1999, and further amended on September 28, 1999 and October 18, 1999, for the issuance of Class A common stock to the public (IPO). CCI will be a holding company whose sole asset will be a controlling equity interest in Charter Communications Holding Company, LLC (Charter Communications Holding Company), a direct and indirect owner of cable systems.

Upon completion of the IPO, CCI intends to purchase membership units of Charter Communications Holding Company representing a 100% voting interest and an approximate 34% economic interest. As sole manager of Charter Communications Holding Company, CCI will control the business affairs of Charter Communications Holding Company. CCI's consolidated financial statements will include the accounts of Charter Communications Holding Company upon completion of the IPO. The assets and liabilities of Charter Communications Holding Company will be reflected in the consolidated financial statements of CCI at their historical carrying values and a minority interest will be recorded on the consolidated balance sheet representing that portion of the net equity of Charter Communications Holding Company not owned by CCI.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Charter Communications Holding Company, LLC:

We have audited the accompanying consolidated balance sheet of Charter Communications Holding Company, LLC and subsidiaries as of December 31, 1998, and the related consolidated statements of operations and cash flows for the period from December 24, 1998, through December 31, 1998. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Charter Communications Holding Company, LLC and subsidiaries as of December 31, 1998, and the results of their operations and their cash flows for the period from December 24, 1998, through December 31, 1998, in conformity with generally accepted accounting principles.

/s/ ARTHUR ANDERSEN LLP

St. Louis, Missouri,
February 5, 1999 (except with respect to the
matters discussed in Notes 1 and 13,
as to which the date is April 19, 1999)

CHARTER COMMUNICATIONS HOLDING COMPANY, LLC AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET
(DOLLARS IN THOUSANDS)

	DECEMBER 31, 1998
ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents	$ 9,573
Accounts receivable, net of allowance for doubtful accounts of $1,728	15,108
Prepaid expenses and other	2,519
Total current assets	27,200
INVESTMENT IN CABLE TELEVISION PROPERTIES:	
Property, plant and equipment	716,242
Franchises, net of accumulated amortization of $5,253	3,590,054
	4,306,296
OTHER ASSETS	2,031
	$4,335,527
LIABILITIES AND MEMBERS' EQUITY	
CURRENT LIABILITIES:	
Current maturities of long-term debt	$ 10,450
Accounts payable and accrued expenses	127,586
Payables to manager of cable television systems -- related party	4,334
Total current liabilities	142,370
LONG-TERM DEBT	1,991,756
DEFERRED MANAGEMENT FEES -- RELATED PARTY	15,561
OTHER LONG-TERM LIABILITIES	38,461
MEMBERS' EQUITY	2,147,379
	$4,335,527

The accompanying notes are an integral part of this consolidated statement.

CHARTER COMMUNICATIONS HOLDING COMPANY, LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF OPERATIONS
(DOLLARS IN THOUSANDS)

	PERIOD FROM DECEMBER 24, 1998, THROUGH DECEMBER 31, 1998
REVENUES	$13,713
OPERATING EXPENSES:	
Operating costs	6,168
General and administrative	966
Depreciation and amortization	8,318
Stock option compensation expense	845
Corporate expense charges -- related party	473
	16,770
Loss from operations	(3,057)
OTHER INCOME (EXPENSE):	
Interest income	133
Interest expense	(2,353)
	(2,220)
Net loss	$(5,277)

The accompanying notes are an integral part of this consolidated statement.

CHARTER COMMUNICATIONS HOLDING COMPANY, LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
(DOLLARS IN THOUSANDS)

	PERIOD FROM DECEMBER 24, 1998, THROUGH DECEMBER 31, 1998
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net loss	$ (5,277)
Adjustments to reconcile net loss to net cash provided by operating activities --	
Depreciation and amortization	8,318
Stock option compensation expense	845
Changes in assets and liabilities --	
Receivables, net	(8,753)
Prepaid expenses and other	(211)
Accounts payable and accrued expenses	10,227
Payables to manager of cable television systems	473
Other operating activities	2,022
Net cash provided by operating activities	7,644
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of property, plant and equipment	(13,672)
Net cash used in investing activities	(13,672)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Borrowings of long-term debt	14,200
Net cash provided by financing activities	14,200
NET INCREASE IN CASH AND CASH EQUIVALENTS	8,172
CASH AND CASH EQUIVALENTS, beginning of period	1,401
CASH AND CASH EQUIVALENTS, end of period	$ 9,573
CASH PAID FOR INTEREST	$ 5,538
NONCASH TRANSACTION -- Transfer of cable television operating subsidiaries from the parent company (see Note 1)	$2,151,811

The accompanying notes are an integral part of this consolidated statement.

CHARTER COMMUNICATIONS HOLDING COMPANY, LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(DOLLARS IN THOUSANDS)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND BASIS OF PRESENTATION

Charter Communications Holding Company, LLC (CCHC), a Delaware limited liability company, was formed in 1999 as a wholly owned subsidiary of Charter Investment, Inc. (Charter), formerly Charter Communications, Inc. Charter, through its wholly owned cable television operating subsidiary, Charter Communications Properties, LLC (CCP), commenced operations with the acquisition of a cable television system on September 30, 1995.

Effective December 23, 1998, through a series of transactions, Paul G. Allen acquired approximately 94% of Charter for an aggregate purchase price of $211 million, excluding $214 million in debt assumed (the "Paul Allen Transaction"). In conjunction with the Paul Allen Transaction, Charter acquired 100% of the interests it did not already own in CharterComm Holdings, LLC (CharterComm Holdings) and CCA Group (comprised of CCA Holdings Corp., CCT Holdings Corp. and Charter Communications Long Beach, Inc.), all cable television operating companies, for $2.0 billion, excluding $1.8 billion in debt assumed from unrelated third parties for fair value. Charter previously managed and owned minority interests in these companies. These acquisitions were accounted for using the purchase method of accounting, and accordingly, results of operations of CharterComm Holdings and CCA Group are included in the financial statements from the date of acquisition. In February 1999, Charter transferred all of its cable television operating subsidiaries to a wholly owned subsidiary of Charter Communications Holdings, LLC (Charter Holdings), Charter Communications Operating, LLC (Charter Operating). Charter Holdings is a wholly owned subsidiary of CCHC. This transfer was accounted for as a reorganization of entities under common control similar to a pooling of interests.

As a result of the change in ownership of CCP, CharterComm Holdings and CCA Group, CCHC has applied push-down accounting in the preparation of the consolidated financial statements. Accordingly, CCHC increased its members' equity by $2.2 billion to reflect the amounts paid by Paul G. Allen and Charter. The purchase price was allocated to assets acquired and liabilities assumed based on their relative fair values, including amounts assigned to franchises of $3.6 billion. The allocation of the purchase price is based, in part, on preliminary information which is subject to adjustment upon obtaining complete valuation information of intangible assets. The valuation information is expected to be finalized in the third quarter of 1999. Management believes that finalization of the purchase price will not have a material impact on the results of operations or financial position of CCHC.

On April 23, 1998, Paul G. Allen and a company controlled by Paul G. Allen, (the "Paul G. Allen Companies") purchased substantially all of the outstanding partnership interests in Marcus Cable Company L.L.C. (Marcus Cable) for $1.4 billion, excluding $1.8 billion in assumed liabilities. The owner of the remaining partnership interest retained voting control of Marcus Cable. In February 1999, Marcus Cable Holdings, LLC (Marcus Holdings) was formed and Mr. Allen's interests in Marcus Cable were transferred to Marcus Holdings on March 15, 1999. On March 31, 1999, Paul G. Allen purchased the remaining partnership interests in Marcus Cable, including voting control. On April 7, 1999, Marcus Holdings was merged into Charter Holdings and Marcus Cable was transferred to Charter Holdings. For financial reporting purposes, the merger was accounted for as an acquisition of Marcus Cable effective March 31, 1999, the date Paul G. Allen obtained voting control of Marcus Cable. Accordingly, the results of operations of Marcus Cable have not been included in the financial statements for the period ended December 31, 1998.

The consolidated financial statements of CCHC include the accounts of Charter Operating and CCP and the accounts of CharterComm Holdings and CCA Group and their subsidiaries since December 23, 1998 (date acquired by Charter) and are collectively referred to as the "Company" herein. All subsidiaries are wholly owned. All material intercompany transactions and balances have been eliminated. The Company derives its primary source of revenues by providing various levels of cable television programming and services to residential and business customers. As of December 31, 1998, the Company provided cable television services to customers in 20 states in the U.S.

The consolidated financial statements of CCHC for periods prior to December 24, 1998, are not presented herein since, as a result of the Paul Allen Transaction and the application of push down accounting, the financial information as of December 31, 1998, and for the period from December 24, 1998, through December 31, 1998, is presented on a different cost basis than the financial information as of December 31, 1997, and for the periods prior to December 24, 1998. Such information is not comparable.

CASH EQUIVALENTS

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 1998, cash equivalents consist primarily of repurchase agreements. These investments are carried at cost that approximates market value.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is recorded at cost, including all direct and certain indirect costs associated with the construction of cable television transmission and distribution facilities, and the cost of new customer installations. The costs of disconnecting a customer are charged to expense in the period incurred. Expenditures for repairs and maintenance are charged to expense as incurred, and equipment replacement and betterments are capitalized.

Depreciation is provided on the straight-line basis over the estimated useful lives of the related assets as follows:

Cable distribution systems.................................	3-15 years
Buildings and leasehold improvements.......................	5-15 years
Vehicles and equipment.....................................	3-5 years

FRANCHISES

Costs incurred in obtaining and renewing cable franchises are deferred and amortized over the lives of the franchises. Costs relating to unsuccessful franchise applications are charged to expense when it is determined that the efforts to obtain the franchise will not be successful. Franchise rights acquired through the purchase of cable television systems represent management's estimate of fair value and are generally amortized using the straight-line method over a period of 15 years. The period of 15 years is management's best estimate of the useful lives of the franchises and assumes substantially all of those franchises that expire during the period will be renewed by the Company.

IMPAIRMENT OF ASSETS

If facts and circumstances suggest that a long-lived asset may be impaired, the carrying value is reviewed. If a review indicates that the carrying value of such asset is not recoverable based on projected undiscounted cash flows related to the asset over its remaining life, the carrying value of such asset is reduced to its estimated fair value.

REVENUES

Cable television revenues from basic and premium services are recognized when the related services are provided.

Installation revenues are recognized to the extent of direct selling costs incurred. The remainder, if any, is deferred and amortized to income over the estimated average period that customers are expected to remain connected to the cable television system. As of December 31, 1998, no installation revenue has been deferred, as direct selling costs have exceeded installation revenue.

Fees collected from programmers to guarantee carriage are deferred and amortized to income over the life of the contracts. Local governmental authorities impose franchise fees on the Company ranging up to a federally mandated maximum of 5.0% of gross revenues. On a monthly basis, such fees are collected from the Company's customers and are periodically remitted to local franchises. Franchise fees collected and paid are reported as revenues.

INTEREST RATE HEDGE AGREEMENTS

The Company manages fluctuations in interest rates by using interest rate hedge agreements, as required by certain debt agreements. Interest rate swaps, caps and collars are accounted for as hedges of debt obligations, and accordingly, the net settlement amounts are recorded as adjustments to interest expense in the period incurred. Premiums paid for interest rate caps are deferred, included in other assets, and are amortized over the original term of the interest rate agreement as an adjustment to interest expense.

The Company's interest rate swap agreements require the Company to pay a fixed rate and receive a floating rate thereby creating fixed rate debt. Interest rate caps and collars are entered into by the Company to reduce the impact of rising interest rates on floating rate debt.

The Company's participation in interest rate hedging transactions involves instruments that have a close correlation with its debt, thereby managing its risk. Interest rate hedge agreements have been designed for hedging purposes and are not held or issued for speculative purposes.

INCOME TAXES

Income taxes are the responsibility of the individual members or partners and are not provided for in the accompanying consolidated financial statements. In addition, certain subsidiaries are corporations subject to income taxes but have no operations and, therefore, no material income tax liabilities or assets.

SEGMENTS

In 1998, the Company adopted SFAS No. 131, "Disclosure about Segments of an Enterprise and Related Information." Segments have been identified based upon management responsibility. The Company operates in one segment, cable services.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported

amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. PRO FORMA FINANCIAL INFORMATION (UNAUDITED):

In addition to the acquisitions by Charter of CharterComm Holdings and CCA Group, the Company acquired cable television systems for an aggregate purchase price, net of cash acquired, of $291,800 and $342,100 in 1998 and 1997, respectively, all prior to December 24, 1998. The Company also refinanced substantially all of its long-term debt in March 1999 (see Note 12).

Unaudited pro forma operating results as though the acquisitions and refinancing discussed above, including the Paul Allen Transaction, had occurred on January 1, 1997, with adjustments to give effect to amortization of franchises, interest expense and certain other adjustments are as follows:

	YEAR ENDED DECEMBER 31	
	1998	1997
Revenues	$ 601,953	$ 550,259
Loss from operations	(90,346)	(129,009)
Net loss	(294,598)	(329,323)

The unaudited pro forma financial information has been presented for comparative purposes and does not purport to be indicative of the results of operations or financial position of the Company had these transactions been completed as of the assumed date or which may be obtained in the future.

3. MEMBERS' EQUITY:

For the period from December 24, 1998, through December 31, 1998, members' equity consisted of the following:

Balance, December 24, 1998	$2,151,811
Net loss	(5,277)
Stock option compensation	845
Balance, December 31, 1998	$2,147,379

4. PROPERTY, PLANT AND EQUIPMENT:

Property, plant and equipment consists of the following at December 31, 1998:

Cable distribution systems	$ 661,749
Land, buildings and leasehold improvements	26,670
Vehicles and equipment	30,590
	719,009
Less -- Accumulated depreciation	(2,767)
	$ 716,242

For the period from December 24, 1998, through December 31, 1998, depreciation expense was $2,767.

5. ACCOUNTS PAYABLE AND ACCRUED EXPENSES:

Accounts payable and accrued expenses consist of the following at December 31, 1998:

Accrued interest	$ 30,809
Franchise fees	12,534
Programming costs	11,856
Capital expenditures	15,560
Accrued income taxes	15,205
Accounts payable	7,439
Other accrued liabilities	34,183
	$127,586

6. LONG-TERM DEBT:

Long-term debt consists of the following at December 31, 1998:

Credit Agreements (including CCP, CCA Group and CharterComm Holdings)	$1,726,500
Senior Secured Discount Debentures	109,152
11 1/4% Senior Notes	125,000
Current maturities	(10,450)
Unamortized net premium	41,554
	$1,991,756

CCP CREDIT AGREEMENT

CCP maintains a credit agreement (the "CCP Credit Agreement"), which provides for two term loan facilities, one with the principal amount of $60,000 that matures on June 30, 2006, and the other with the principal amount of $80,000 that matures on June 30, 2007. The CCP Credit Agreement also provides for a $90,000 revolving credit facility with a maturity date of June 30, 2006. Amounts under the CCP Credit Agreement bear interest at the LIBOR Rate or Base Rate, as defined, plus a margin up to 2.88%. The variable interest rates ranged from 7.44% to 8.19% at December 31, 1998.

CC-I, CC-II COMBINED CREDIT AGREEMENT

Charter Communications, LLC and Charter Communications II, LLC, subsidiaries of CharterComm Holdings, maintains a combined credit agreement (the "Combined Credit Agreement"), which provides for two term loan facilities, one with the principal amount of $200,000 that matures on June 30, 2007, and the other with the principal amount of $150,000 that matures on December 31, 2007. The Combined Credit Agreement also provides for a $290,000 revolving credit facility, with a maturity date of June 30, 2007. Amounts under the Combined Credit Agreement bear interest at the LIBOR Rate or Base Rate, as defined, plus a margin up to 2.0%. The variable interest rates ranged from 6.69% to 7.31% at December 31, 1998. A quarterly commitment fee of between 0.25% and 0.375% per annum is payable on the unborrowed balance of the revolving credit facility.

CHARTERCOMM HOLDINGS -- SENIOR SECURED DISCOUNT DEBENTURES

CharterComm Holdings issued $146,820 of Senior Secured Discount Debentures (the "Debentures") for proceeds of $75,000. The Debentures are effectively subordinated to the claims and creditors of CharterComm Holdings' subsidiaries, including the lenders under the Combined Credit Agreement. The Debentures are redeemable at the Company's option at amounts decreasing from 107% to 100% of principal, plus accrued and unpaid interest to the redemption date, beginning on March 15, 2001. The issuer is required to make an offer to purchase all of the Debentures, at a purchase price equal to 101% of the principal amount, together with accrued and unpaid interest, upon a Change in Control, as defined in the Debentures Indenture. No interest is payable on the Debentures prior to March 15, 2001. Thereafter, interest on the Debentures is payable semiannually in arrears beginning September 15, 2001, until maturity on March 15, 2007.

CHARTERCOMM HOLDINGS -- 11 1/4% SENIOR NOTES

CharterComm Holdings issued $125,000 aggregate principal amount of 11 1/4% Senior Notes (the "11 1/4% Notes"). The Notes are effectively subordinated to the claims of creditors of CharterComm Holdings' subsidiaries, including the lenders under the Combined Credit Agreements. The 11 1/4% Notes are redeemable at the Company's option at amounts decreasing from 106% to 100% of principal, plus accrued and unpaid interest to the date of redemption, beginning on March 15, 2001. The issuer is required to make an offer to purchase all of the 11 1/4% Notes, at a purchase price equal to 101% of the principal amount, together with accrued and unpaid interest, upon a Change in Control, as defined in the 11 1/4% Notes indenture. Interest is payable semiannually on March 15 and September 15 until maturity on March 15, 2006.

As of December 24, 1998, the Debentures and 11 1/4% Notes were recorded at their estimated fair values resulting in an increase in the carrying values of the debt and an unamortized net premium as of December 31, 1998. The premium will be amortized to interest expense over the estimated remaining lives of the debt using the interest method. As of December 31, 1998, the effective interest rates on the Debentures and 11 1/4% Notes were 10.7% and 9.6%, respectively.

CCE-I CREDIT AGREEMENT

Charter Communications Entertainment I LLC, a subsidiary of CCA Group, maintains a credit agreement (the "CCE-I Credit Agreement"), which provides for a $280,000 term loan that matures on September 30, 2006, and $85,000 fund loan that matures on March 31, 2007, and a $175,000 revolving credit facility with a maturity date of September 30, 2006. Amounts under the CCE-I Credit Agreement bear interest at either the LIBOR Rate or Base Rate, as defined, plus a margin up to 2.75%. The variable interest rates ranged from 6.88% to 8.06% at December 31, 1998. A quarterly commitment fee of between 0.375% and 0.5% per annum is payable on the unborrowed balance of the revolving credit facility.

CCE-II COMBINED CREDIT AGREEMENT

Charter Communications Entertainment II, LLC and Long Beach LLC, subsidiaries of CCA Group, maintain a credit agreement (the "CCE-II Combined Credit Agreement"), which provides for two term loan facilities, one with the principal amount of $100,000 that matures on March 31, 2005, and the other with the principal amount of $90,000 that matures on March 31, 2006. The CCE-II Combined Credit Agreement also provides for a $185,000 revolving credit facility, with a maturity date of March 31, 2005. Amounts under the CCE-II Combined Credit Agreement bear interest at either the LIBOR Rate or Base Rate, as defined, plus a margin up to 2.5%. The variable rates ranged from 6.56% to 7.59% at December 31, 1998. A quarterly commitment fee of between 0.25% and 0.375% per annum is payable on the unborrowed balance of the revolving credit facility.

CCE CREDIT AGREEMENT

Charter Communications Entertainment, LLC, a subsidiary of CCA Group, maintains a credit agreement (the "CCE Credit Agreement") which provides for a term loan facility with the principal amount of $130,000 that matures on September 30, 2007. Amounts under the CCE Credit Agreement bear interest at the LIBOR Rate or Base Rate, as defined, plus a margin up to 3.25%. The variable interest rate at December 31, 1998, was 8.62%.

CCE-II HOLDINGS CREDIT AGREEMENT

CCE-II Holdings, LLC, a subsidiary of CCA Group, entered into a credit agreement (the "CCE-II Holdings Credit Agreement"), which provides for a term loan facility with the principal amount of $95,000 that matures on September 30, 2006. Amounts under the CCE-II Holdings Credit Agreement bear interest at either the LIBOR Rate or Base Rate, as defined, plus a margin up to 3.25%. The variable rate at December 31, 1998, was 8.56%.

Based upon outstanding indebtedness at December 31, 1998, and the amortization of term and fund loans, and scheduled reductions in available borrowings of the revolving credit facilities, aggregate future principal payments on the total borrowings under all debt agreements at December 31, 1998, are as follows:

YEAR	AMOUNT
1999	$ 10,450
2000	21,495
2001	42,700
2002	113,588
2003	157,250
Thereafter	1,652,837
	$1,998,320

7. FAIR VALUE OF FINANCIAL INSTRUMENTS:

A summary of debt and the related interest rate hedge agreements at December 31, 1998, is as follows:

DEBT	CARRYING VALUE	NOTIONAL AMOUNT	FAIR VALUE
Credit Agreements (including CCP, CCA Group and CharterComm Holdings)	$1,726,500	$ --	$1,726,500
Senior Secured Discount Debentures	138,102	--	138,102
11 1/4% Senior Notes	137,604	--	137,604
INTEREST RATE HEDGE AGREEMENTS			
Swaps	(23,216)	1,105,000	(23,216)
Caps	--	15,000	--
Collars	(4,174)	310,000	(4,174)

As the long-term debt under the credit agreements bears interest at current market rates, their carrying amount approximates market value at December 31, 1998. The fair values of the 11 1/4% Notes and the Debentures are based on quoted market prices.

The weighted average interest pay rate for the Company's interest rate swap agreements was 7.66% at December 31, 1998. The weighted average interest rate for the Company's interest rate cap agreements was 8.55% at December 31, 1998. The weighted average interest rates for the Company's interest rate collar agreements were 8.61% and 7.31% for the cap and floor components, respectively, at December 31, 1998.

The notional amounts of interest rate hedge agreements do not represent amounts exchanged by the parties and, thus, are not a measure of the Company's exposure through its use of interest rate hedge agreements. The amounts exchanged are determined by reference to the notional amount and the other terms of the contracts.

The fair value of interest rate hedge agreements generally reflects the estimated amounts that the Company would receive or pay (excluding accrued interest) to terminate the contracts on the reporting date, thereby taking into account the current unrealized gains or losses of open contracts. Dealer quotations are available for the Company's interest rate hedge agreements.

Management believes that the sellers of the interest rate hedge agreements will be able to meet their obligations under the agreements. In addition, some of the interest rate hedge agreements are with certain of the participating banks under the Company's credit facilities, thereby reducing the exposure to credit loss. The Company has policies regarding the financial stability and credit standing of major counterparties. Nonperformance by the counterparties is not anticipated nor would it have a material adverse effect on the Company's consolidated financial position or results of operations.

8. RELATED-PARTY TRANSACTIONS:

Charter provides management services to the Company including centralized customer billing services, data processing and related support, benefits administration and coordination of insurance coverage and self-insurance programs for medical, dental and workers' compensation claims. Certain costs for services are billed and charged directly to the Company's operating subsidiaries and are included in operating costs. These billings are determined based on the number of basic customers. Such costs totaled $128 for the period from December 24, 1998, through December 31, 1998. All other costs incurred by Charter on behalf of the Company are recorded as expenses in the accompanying consolidated financial statements and are included in corporate expense charges -- related party. Management believes that costs incurred by Charter on the Company's behalf and included in the accompanying financial statements are not materially different than costs the Company would have incurred as a stand alone entity.

Charter utilizes a combination of excess insurance coverage and self-insurance programs for its medical, dental and workers' compensation claims. Charges are made to the Company as determined by independent actuaries at the present value of the actuarially computed present and future liabilities for such benefits. Medical coverage provides for $2,435 aggregate stop loss protection and a loss limitation of $100 per person per year. Workers' compensation coverage provides for $800 aggregate stop loss protection and a loss limitation of $150 per person per year.

The Company is charged a management fee based on percentages of revenues or a flat fee plus additional fees based on percentages of operating cash flows, as stipulated in the management agreements between Charter and the operating subsidiaries. To the extent management fees charged to the Company are greater (less) than the corporate expenses incurred by Charter, the Company will record distributions to (capital contributions from) Charter. For the period from December 24, 1998, through December 31, 1998, the management fee charged to the Company approximated the corporate expenses incurred by Charter on behalf of the Company. As of December 31, 1998, management fees currently payable of $473 are included in payables to manager of cable television systems-related party. Beginning in 1999, the management fee will be based on 3.5% of revenues as permitted by the new debt agreements of the Company (see Note 13).

Charter, Paul G. Allen and certain affiliates of Mr. Allen own equity interests or warrants to purchase equity interests in various entities which provide services or programming to the Company, including High Speed Access Corp. (High Speed Access), WorldGate Communications, Inc. (WorldGate), Wink Communications, Inc. (Wink), ZDTV, USA Networks, Inc. (USA Networks) and Oxygen Media Inc. (Oxygen Media). In addition, certain officers or directors of the Company also serve as directors of High Speed Access and USA Networks. The Company and its affiliates do not hold controlling interests in any of these companies.

Certain of the Company's cable television subscribers receive cable modem-based internet access through High Speed Access and TV-based internet access through WorldGate. For the period from December 24, 1998, through December 31, 1998, revenues attributable to these services were less than 1% of total revenues.

The Company receives or will receive programming and certain interactive features embedded into the programming for broadcast via its cable television systems from Wink, ZDTV, USA Networks and Oxygen Media. The Company pays a fee for the programming service generally based on the number of subscribers receiving the service. Such fees for the period from December 24, 1998, through December 31, 1998, were less than 1% of total operating costs. In addition, the Company receives commissions from USA Networks for home shopping sales generated by its customers. Such revenues for the period from December 24, 1998, through December 31, 1998, were less than 1% of total revenues.

9. COMMITMENTS AND CONTINGENCIES:

LEASES

The Company leases certain facilities and equipment under noncancelable operating leases. Leases and rental costs charged to expense for the period from December 24, 1998, through December 31, 1998, were $70. Future minimum lease payments are as follows:

1999	$2,843
2000	2,034
2001	1,601
2002	626
2003	366
Thereafter	1,698

The Company also rents utility poles in its operations. Generally, pole rentals are cancelable on short notice, but the Company anticipates that such rentals will recur. Rent expense incurred for pole rental attachments for the period from December 24, 1998, through December 31, 1998, was $137.

LITIGATION

The Company is a party to lawsuits that arose in the ordinary course of conducting its business. In the opinion of management, after consulting with legal counsel, the outcome of these lawsuits will not have a material adverse effect on the Company's consolidated financial position or results of operations.

REGULATION IN THE CABLE TELEVISION INDUSTRY

The cable television industry is subject to extensive regulation at the federal, local and, in some instances, state levels. The Cable Communications Policy Act of 1984 (the "1984 Cable Act"), the Cable Television Consumer Protection and Competition Act of 1992 (the "1992 Cable Act" and together with the 1984 Cable Act, the "Cable Acts"), and the Telecommunications Act of 1996 (the "1996 Telecom Act"), establish a national policy to guide the development and regulation of cable television systems. The Federal Communications Commission (FCC) has principal responsibility for implementing the policies of the Cable Acts. Many aspects of such regulation are currently the subject of judicial proceedings and administrative or legislative proposals. Legislation and regulations continue to change, and the Company cannot predict the impact of future developments on the cable television industry.

The 1992 Cable Act and the FCC's rules implementing that act generally have increased the administrative and operational expenses of cable television systems and have resulted in additional regulatory oversight by the FCC and local or state franchise authorities. The Cable Acts and the corresponding FCC regulations have established rate regulations.

The 1992 Cable Act permits certified local franchising authorities to order refunds of basic service tier rates paid in the previous twelve-month period determined to be in excess of the maximum permitted rates. As of December 31, 1998, the amount refunded by the Company has been insignificant. The Company may be required to refund additional amounts in the future.

The Company believes that it has complied in all material respects with the provisions of the 1992 Cable Act, including the rate setting provisions promulgated by the FCC. However, in jurisdictions that have chosen not to certify, refunds covering the previous twelve-month period may be ordered upon certification if the Company is unable to justify its basic rates. The Company is unable to estimate at this time the amount of refunds, if any, that may be payable by the Company in the event certain of its rates are successfully challenged by franchising authorities or found to be unreasonable by the FCC. The Company does not believe that the amount of any such refunds would have a material adverse effect on the consolidated financial position or results of operations of the Company.

The 1996 Telecom Act, among other things, immediately deregulated the rates for certain small cable operators and in certain limited circumstances rates on the basic service tier, and as of March 31, 1999, deregulates rates on the cable programming service tier (CPST). The FCC is currently developing permanent regulations to implement the rate deregulation provisions of the 1996 Telecom Act. The Company cannot predict the ultimate effect of the 1996 Telecom Act on the Company's consolidated financial position or results of operations.

The FCC may further restrict the ability of cable television operators to implement rate increases or the United States Congress may enact legislation that could delay or suspend the scheduled March 1999 termination of CPST rate regulation. This continued rate regulation, if adopted, could limit the rates charged by the Company.

A number of states subject cable television systems to the jurisdiction of centralized state governmental agencies, some of which impose regulation of a character similar to that of a public utility. State governmental agencies are required to follow FCC rules when prescribing rate regulation, and thus, state regulation of cable television rates is not allowed to be more restrictive than the federal or local regulation. The Company is subject to state regulation in Connecticut.

10. EMPLOYEE BENEFIT PLANS:

The Company's employees may participate in 401(k) plans (the "401(k) Plans"). Employees that qualify for participation can contribute up to 15% of their salary, on a before tax basis, subject to a maximum contribution limit as determined by the Internal Revenue Service. The Company made contributions to the 401(k) Plans totaling $20 for the period from December 24, 1998, through December 31, 1998.

11. ACCOUNTING STANDARD NOT YET IMPLEMENTED:

In June 1998, the Financial Accounting Standards Board adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 establishes accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded in the balance sheet as either an asset or liability measured at its fair value and that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows a derivative's gains and losses to offset related results on the hedged item in the income statement, and requires that a company must formally document, designate and assess the effectiveness of transactions that receive hedge accounting. SFAS No. 133 is effective for fiscal years beginning after June 15, 1999. The Company has not yet quantified the impacts of adopting SFAS No. 133 on its consolidated financial statements nor has it determined the timing or method of its adoption of SFAS No. 133. However, SFAS No. 133 could increase volatility in earnings (loss).

12. PARENT COMPANY ONLY FINANCIAL STATEMENTS

As a result of the limitations on and prohibitions of distributions, substantially all of the net assets of the consolidated subsidiaries are restricted for distribution to CCHC, the parent company. CCHC (parent company only) financial statements are presented below.

CHARTER COMMUNICATIONS HOLDING COMPANY, LLC (PARENT COMPANY ONLY)

BALANCE SHEET
(DOLLARS IN THOUSANDS)

	DECEMBER 31, 1998
ASSETS	
INVESTMENT IN CHARTER HOLDINGS	$2,147,379
MEMBERS' EQUITY	
MEMBERS' EQUITY	$2,147,379

CHARTER COMMUNICATIONS HOLDING COMPANY, LLC (PARENT COMPANY ONLY)

STATEMENT OF OPERATIONS
(DOLLARS IN THOUSANDS)

	PERIOD FROM DECEMBER 24, 1998, THROUGH DECEMBER 31, 1998
EQUITY IN LOSS OF CHARTER HOLDINGS	$ (5,277)
Net loss	$ (5,277)

CHARTER COMMUNICATIONS HOLDING COMPANY, LLC (PARENT COMPANY ONLY)

STATEMENT OF MEMBERS' EQUITY
(DOLLARS IN THOUSANDS)

Balance, December 24, 1998	$2,151,811
Net loss	(5,277)
Stock option compensation	845
Balance, December 31, 1998	$2,147,379

The investment in Charter Holdings is accounted for on the equity method. No statement of cash flows has been presented as CCHC (parent company only) had no cash flow activity.

13. SUBSEQUENT EVENTS:

Through April 19, 1999, the Company has entered into definitive agreements to purchase eight cable television companies, including a swap of cable television systems, for approximately $4.6 billion. The swap of cable television systems will be recorded at the fair value of the systems exchanged. The acquisitions are expected to close no later than March 31, 2000. The acquisitions will be accounted for using the purchase method of accounting, and accordingly, results of operations of the acquired businesses will be included in the financial statements from the dates of acquisitions.

In March 1999, concurrent with the issuance of $600.0 million 8.250% Senior Notes due 2007, $1.5 billion 8.625% Senior Notes due 2009 and $1.475 billion 9.920% Senior Discount Notes due 2011 (collectively, the "CCH Notes"), the Company extinguished substantially all long-term debt, excluding borrowings of the Company under its credit agreements, and refinanced substantially all existing credit agreements at various subsidiaries with a new credit agreement (the "CCO Credit Agreement") entered into by Charter Operating. The Company expects to record an extraordinary loss of approximately $8 million in conjunction with the extinguishment of substantially all long-term debt and the refinancing of its credit agreements.

The CCO Credit Agreement provides for two term facilities, one with a principal amount of $1.0 billion that matures September 2008 (Term A), and the other with the principal amount of $1.85 billion that matures on March 2009 (Term B). The CCO Credit Agreement also provides for a $1.25 billion revolving credit facility with a maturity date of September 2008. Amounts under the CCO Credit Agreement bear interest at the Base Rate or the Eurodollar rate, as defined, plus a margin up to 2.75%. A quarterly commitment fee of between 0.25% and 0.375% per annum is payable on the unborrowed balance of Term A and the revolving credit facility. On March 17, 1999, the Company borrowed $1.75 billion under Term B and invested the excess cash of $1.0 billion in short-term investments.

Charter Communications Holdings Capital Corporation is a co-issuer of the CCH Notes and is a wholly owned finance subsidiary of Charter Holdings with no independent assets or operations.

In accordance with an employment agreement between Charter and the President and Chief Executive Officer of Charter and a related option agreement between CCHC and the President and Chief Executive Officer of Charter, 7,044,127 options to purchase 3% of the net equity value of CCHC were issued to the President and Chief Executive Officer of Charter. The options vest over a four year period from the date of grant and expire ten years from the date of grant.

In February 1999, the Company adopted an option plan providing for the grant of options to purchase up to an 10% of the aggregate equity value of the subsidiaries of CCHC as of February 1999. The option plan provides for grants of options to employees, and consultants of CCHC and its affiliates and consultants who provide services to CCHC. Options granted vest over five years from the date of grant. However, if there has not been a public offering of the equity interests of CCHC or an affiliate, vesting will occur only upon termination of employment for any reason, other than for cause or disability. Options not exercised accumulate and are exercisable, in whole or in part, in any subsequent period, but not later than ten years from the date of grant.

Following the completion of an initial public offering by Charter Communications, Inc. membership units received upon exercise of the options will be automatically exchanged for shares of Class A common stock of CCI on a one-for-one basis. Options outstanding as of March 31, 1999, are as follows:

	OPTIONS OUTSTANDING		OPTIONS EXERCISABLE
EXERCISE PRICE	NUMBER OF OPTIONS	REMAINING CONTRACT LIFE (IN YEARS)	NUMBER OF OPTIONS
$20.00	16,095,008	9.8	1,761,032

The Company follows Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" to account for the option plans. Stock option compensation expense of $845 has been recorded in the financial statements since the exercise price is less than the estimated fair value of the underlying membership interests on the date of grant. Estimated fair value was determined by the Company using the valuation inherent in the Paul Allen Transaction and valuations of public companies in the cable television industry adjusted for factors specific to the Company. Compensation expense is being accrued over the vesting period of each grant that varies from four to five years. As of March 31, 1999, deferred compensation remaining to be recognized in future periods totalled $143 million. Had compensation expense for the option plans been determined based on the fair value at the grant dates under the provisions of SFAS No. 123, the Company's net loss would have been $5.5 million for the period from December 24, 1998, through December 31, 1998. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: no dividend yield, expected volatility of 44.00%, risk free rate of 5.00%, and expected option lives of 10 years.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Charter Communications Holding Company, LLC:

We have audited the accompanying consolidated balance sheet of Charter Communications Holding Company, LLC and subsidiaries as of December 31, 1997, and the related consolidated statements of operations, shareholder's investment and cash flows for the period from January 1, 1998, through December 23, 1998, and for the years ended December 31, 1997 and 1996. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Charter Communications Holding Company, LLC and subsidiaries as of December 31, 1997, and the results of their operations and their cash flows for the period from January 1, 1998, through December 23, 1998, and for the years ended December 31, 1997 and 1996, in conformity with generally accepted accounting principles.

/s/ ARTHUR ANDERSEN LLP

St. Louis, Missouri,
February 5, 1999

CHARTER COMMUNICATIONS HOLDING COMPANY, LLC AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET
(DOLLARS IN THOUSANDS)

	DECEMBER 31, 1997
ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents	$ 626
Accounts receivable, net of allowance for doubtful accounts of $52	579
Prepaid expenses and other	32
Total current assets	1,237
INVESTMENT IN CABLE TELEVISION PROPERTIES:	
Property, plant and equipment	25,530
Franchises, net of accumulated amortization of $3,829	28,195
	53,725
OTHER ASSETS	849
	$55,811
LIABILITIES AND SHAREHOLDER'S INVESTMENT	
CURRENT LIABILITIES:	
Accounts payable and accrued expenses	$ 3,082
Payables to manager of cable television systems -- related party	114
Total current liabilities	3,196
LONG-TERM DEBT	41,500
NOTE PAYABLE TO RELATED PARTY, including accrued interest	13,090
SHAREHOLDER'S INVESTMENT:	
Common stock, $.01 par value, 100 shares authorized, one issued and outstanding	--
Paid-in capital	5,900
Accumulated deficit	(7,875)
Total shareholder's investment	(1,975)
	$55,811

The accompanying notes are an integral part of these consolidated statements.

CHARTER COMMUNICATIONS HOLDING COMPANY, LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(DOLLARS IN THOUSANDS)

	PERIOD FROM JANUARY 1, 1998, THROUGH DECEMBER 23, 1998	YEAR ENDED DECEMBER 31 1997	1996
REVENUES	$ 49,731	$18,867	$14,881
OPERATING EXPENSES:			
Operating costs	18,751	9,157	5,888
General and administrative	7,201	2,610	2,235
Depreciation and amortization	16,864	6,103	4,593
Corporate expense allocation -- related party	6,176	566	446
	48,992	18,436	13,162
Income from operations	739	431	1,719
OTHER INCOME (EXPENSE):			
Interest income	44	41	20
Interest expense	(17,277)	(5,120)	(4,415)
Other, net	(728)	25	(47)
	(17,961)	(5,054)	(4,442)
Net loss	$(17,222)	$(4,623)	$(2,723)

The accompanying notes are an integral part of these consolidated statements.

CHARTER COMMUNICATIONS HOLDING COMPANY, LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDER'S INVESTMENT
(DOLLARS IN THOUSANDS)

	COMMON STOCK	PAID-IN CAPITAL	ACCUMULATED DEFICIT	TOTAL
BALANCE, December 31, 1995	$--	$ 1,500	$ (529)	$ 971
Capital contributions	--	4,400	--	4,400
Net loss	--	--	(2,723)	(2,723)
BALANCE, December 31, 1996	--	5,900	(3,252)	2,648
Net loss	--	--	(4,623)	(4,623)
BALANCE, December 31, 1997	--	5,900	(7,875)	(1,975)
Capital contributions	--	10,800	--	10,800
Net loss	--	--	(17,222)	(17,222)
BALANCE, December 23, 1998	$--	$16,700	$(25,097)	$ (8,397)

The accompanying notes are an integral part of these consolidated statements.

CHARTER COMMUNICATIONS HOLDING COMPANY, LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(DOLLARS IN THOUSANDS)

	PERIOD FROM JANUARY 1, 1998, THROUGH DECEMBER 23, 1998	YEAR ENDED DECEMBER 31 1997	YEAR ENDED DECEMBER 31 1996
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	$ (17,222)	$(4,623)	$ (2,723)
Adjustments to reconcile net loss to net cash provided by operating activities --			
Depreciation and amortization	16,864	6,103	4,593
Loss on sale of cable television system	--	1,363	--
Amortization of debt issuance costs, debt discount and interest rate cap agreements	267	123	--
(Gain) loss on disposal of property, plant and equipment	(14)	130	--
Changes in assets and liabilities, net of effects from acquisitions --			
Receivables, net	10	(227)	6
Prepaid expenses and other	(125)	18	312
Accounts payable and accrued expenses	16,927	894	3,615
Payables to manager of cable television systems	5,288	(153)	160
Other operating activities	569	--	--
Net cash provided by operating activities	22,564	3,628	5,963
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property, plant and equipment	(15,364)	(7,880)	(5,894)
Payments for acquisitions, net of cash acquired	(167,484)	--	(34,069)
Proceeds from sale of cable television system	--	12,528	--
Other investing activities	(486)	--	64
Net cash provided by (used in) investing activities	(183,334)	4,648	(39,899)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Borrowings of long-term debt	217,500	5,100	31,375
Repayments of long-term debt	(60,200)	(13,375)	(1,000)
Capital contributions	7,000	--	4,400
Payment of debt issuance costs	(3,487)	(12)	(638)
Net cash provided by (used in) financing activities	160,813	(8,287)	34,137
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	43	(11)	201
CASH AND CASH EQUIVALENTS, beginning of period	626	637	436
CASH AND CASH EQUIVALENTS, end of period	$ 669	$ 626	$ 637
CASH PAID FOR INTEREST	$ 7,679	$ 3,303	$ 2,798

The accompanying notes are an integral part of these consolidated statements.

CHARTER COMMUNICATIONS HOLDING COMPANY, LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(DOLLARS IN THOUSANDS)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

ORGANIZATION AND BASIS OF PRESENTATION

Charter Communications Holding Company, LLC (CCHC), a Delaware limited liability company, was formed in 1999 as a wholly owned subsidiary of Charter Investment, Inc. (Charter), formerly Charter Communications, Inc. Charter, through its wholly owned cable television operating subsidiary, Charter Communications Properties, LLC (CCP), commenced operations with the acquisition of a cable television system on September 30, 1995.

Effective December 23, 1998, through a series of transactions, Paul G. Allen acquired approximately 94% of Charter for an aggregate purchase price of $211 million, excluding $214 million in debt assumed (the "Paul Allen Transaction"). In conjunction with the Paul Allen Transaction, Charter acquired 100% of the interest it did not already own in CharterComm Holdings, LLC (CharterComm Holdings) and CCA Group (comprised of CCA Holdings Corp., CCT Holdings Corp. and Charter Communications Long Beach Inc.), all cable television operating companies, for $2.0 billion, excluding $1.8 billion in debt assumed from unrelated third parties for fair value. Charter previously managed and owned minority interests in these companies. These acquisitions were accounted for using the purchase method of accounting, and accordingly results of operations of CarterComm Holdings and CCA Group are included in the financial statements of Charter Holdings from the date of acquisition. In February 1999, Charter transferred all of its cable television operating subsidiaries to a wholly owned subsidiary of Charter Communications Holdings, LLC (Charter Holdings), Charter Communications Operating, LLC (Charter Operating). Charter Holdings is a wholly owned subsidiary of CCHC. The transfer was accounted for as a reorganization of entities under common control similar to a pooling of interests.

The accompanying financial statements include the accounts of CCP, Charter's wholly owned cable operating subsidiary, representing the financial statements of CCHC and subsidiaries (the Company) for all periods presented. The accounts of CharterComm Holdings and CCA Group are not included since these companies were not owned and controlled by Charter prior to December 23, 1998.

As a result of the change in ownership of CCP, CharterComm Holdings and CCA Group, the Company has applied push-down accounting in the preparation of the consolidated financial statements effective December 23, 1998. Accordingly, the financial statements of the Company for periods ended on or before December 23, 1998, are presented on a different cost basis than the financial statements for the periods after December 23, 1998 (not presented herein), and are not comparable.

CASH EQUIVALENTS

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 1997, cash equivalents consist primarily of repurchase agreements. These investments are carried at cost that approximates market value.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is recorded at cost, including all direct and certain indirect costs associated with the construction of cable television transmission and distribution facilities, and the cost of new customer installations. The costs of disconnecting a customer are charged to expense in the period incurred. Expenditures for repairs and maintenance are charged to expense as incurred, and equipment replacement and betterments are capitalized.

Depreciation is provided on the straight-line basis over the estimated useful lives of the related assets as follows:

Cable distribution systems	3-15 years
Buildings and leasehold improvements	5-15 years
Vehicles and equipment	3-5 years

In 1997, the Company shortened the useful lives from 10 years to 5 years of certain plant and equipment included in cable distribution systems associated with costs of new customer installations. As a result, additional depreciation of $550 was recorded during 1997. The estimated useful lives were shortened to be more reflective of average customer lives.

FRANCHISES

Costs incurred in obtaining and renewing cable franchises are deferred and amortized over the lives of the franchises. Costs relating to unsuccessful franchise applications are charged to expense when it is determined that the efforts to obtain the franchise will not be successful. Franchise rights acquired through the purchase of cable television systems represent management's estimate of fair value and are generally amortized using the straight-line method over a period of 15 years. The period of 15 years is management's best estimate of the useful lives of the franchises and assumes substantially all of those franchises that expire during the period will be renewed by the Company.

IMPAIRMENT OF ASSETS

If facts and circumstances suggest that a long-lived asset may be impaired, the carrying value is reviewed. If a review indicates that the carrying value of such asset is not recoverable based on projected undiscounted cash flows related to the asset over its remaining life, the carrying value of such asset is reduced to its estimated fair value.

REVENUES

Cable television revenues from basic and premium services are recognized when the related services are provided.

Installation revenues are recognized to the extent of direct selling costs incurred. The remainder, if any, is deferred and amortized to income over the estimated average period that customers are expected to remain connected to the cable television system. As of December 31, 1997, no installation revenue has been deferred, as direct selling costs have exceeded installation revenue.

Fees collected from programmers to guarantee carriage are deferred and amortized to income over the life of the contracts. Local governmental authorities impose franchise fees on the Company ranging up to a federally mandated maximum of 5.0% of gross revenues. On a monthly basis, such fees are collected from the Company's customers and are periodically remitted to local franchises. Franchise fees collected and paid are reported as revenues.

INTEREST RATE HEDGE AGREEMENTS

The Company manages fluctuations in interest rates by using interest rate hedge agreements, as required by certain debt agreements. Interest rate swaps, caps and collars are accounted for as hedges of debt obligations, and accordingly, the net settlement amounts are recorded as adjustments to interest expense in the period incurred. Premiums paid for interest rate caps are deferred, included in other assets, and are amortized over the original term of the interest rate agreement as an adjustment to interest expense.

The Company's interest rate swap agreements require the Company to pay a fixed rate and receive a floating rate thereby creating fixed rate debt. Interest rate caps and collars are entered into by the Company to reduce the impact of rising interest rates on floating rate debt.

The Company's participation in interest rate hedging transactions involves instruments that have a close correlation with its debt, thereby managing its risk. Interest rate hedge agreements have been designed for hedging purposes and are not held or issued for speculative purposes.

INCOME TAXES

The Company files a consolidated income tax return with Charter. Income taxes are allocated to the Company in accordance with the tax-sharing agreement between the Company and Charter.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. ACQUISITIONS:

In 1998, the Company acquired cable television systems for an aggregate purchase price, net of cash acquired, of $228,400, comprising $167,500 in cash and $60,900 in a note payable to Seller. The excess of cost of properties acquired over the amounts assigned to net tangible assets at the date of acquisition was $207,600 and is included in franchises.

In 1996, the Company acquired cable television systems for an aggregate purchase price, net of cash acquired, of $34,100. The excess of the cost of properties acquired over 2>the amounts assigned to net tangible assets at the date of acquisition was $24,300 and is included in franchises.

The above acquisitions were accounted for using the purchase method of accounting, and accordingly, results of operations of the acquired assets have been included in the financial statements from the dates of acquisition. The purchase prices were allocated to tangible and intangible assets based on estimated fair values at the acquisition dates.

Unaudited pro forma operating results as though the acquisition discussed above, excluding the Paul Allen Transaction, had occurred on January 1, 1997, with adjustments to give effect to amortization of franchises, interest expense and certain other adjustments are as follows:

	PERIOD FROM JANUARY 1, 1998, THROUGH DECEMBER 23, 1998	YEAR ENDED 1997
	(UNAUDITED)	
Revenues	$ 67,007	$ 63,909
Loss from operations	(7,097)	(7,382)
Net loss	(24,058)	(26,099)

The unaudited pro forma information has been presented for comparative purposes and does not purport to be indicative of the results of operations had these transactions been completed as of the assumed date or which may be obtained in the future.

3. SALE OF FT. HOOD SYSTEM:

In February 1997, the Company sold the net assets of the Ft. Hood system, which served customers in Texas, for an aggregate sales price of approximately $12,500. The sale of the Ft. Hood system resulted in a loss of $1,363, which is included in operating costs in the accompanying statement of operations for the year ended December 31, 1997.

4. PROPERTY, PLANT AND EQUIPMENT:

Property, plant and equipment consists of the following at December 31, 1997:

Cable distribution systems	$29,061
Land, buildings and leasehold improvements	447
Vehicles and equipment	1,744
	31,252
Less- Accumulated depreciation	(5,722)
	$25,530

For the period from January 1, 1998, through December 23, 1998, and for the years ended December 31, 1997 and 1996, depreciation expense was $6,249, $3,898 and $2,371, respectively.

5. ACCOUNTS PAYABLE AND ACCRUED EXPENSES:

Accounts payable and accrued expenses consist of the following at December 31, 1997:

Accrued interest	$ 292
Capital expenditures	562
Franchise fees	426
Programming costs	398
Accounts payable	298
Other	1,106
	$3,082

6. LONG-TERM DEBT:

The Company maintained a revolving credit agreement (the "Old Credit Agreement") with a consortium of banks for borrowings up to $47,500, of which $41,500 was outstanding at December 31, 1997. In 1997, the Credit Agreement was amended to reflect the impact of the sale of a cable television system. The debt bears interest, at the Company's option, at rates based on the prime rate of the Bank of Montreal (the agent bank), or LIBOR, plus the applicable margin based upon the Company's leverage ratio at the time of the borrowings. The variable interest rates ranged from 7.44% to 7.63% at December 31, 1997.

In May 1998, the Company entered into a credit agreement (the "CCP Credit Agreement"), which provides for two term loan facilities, one with the principal amount of $60,000 that matures on June 30, 2006, and the other with the principal amount of $80,000 that matures on June 30, 2007. The CCP Credit Agreement also provides for a $90,000 revolving credit facility with a maturity date of June 30, 2006. Amounts under the CCP Credit Agreement bear interest at the LIBOR Rate or Base Rate, as defined, plus a margin of up to 2.88%.

Commencing March 31, 1999, and at the end of each quarter thereafter, available borrowings under the revolving credit facility shall be reduced on an annual basis by 3.5% in 1999, 7.0% in 2000, 9.0% in 2001, 10.5% in 2002 and 16.5% in 2003. Commencing March 31, 2000, and at the end of each quarter thereafter, available borrowings under the term loan shall be reduced on an annual basis by 6.0% in 2000, 8.0% in 2001, 11.0% in 2002 and 16.5% in 2003. Commencing March 31, 2000, and at the end of each quarter thereafter, available borrowings under the other term loan shall be reduced on an annual basis by 1.0% in 2000, 1.0% in 2001, 1.0% in 2002 and 1.0% in 2003.

The credit agreement requires the Company and/or its subsidiaries to comply with various financial and other covenants, including the maintenance of certain operating and financial ratios. This agreement also contains substantial limitations on, or prohibitions of, distributions, additional indebtedness, liens, asset sales and certain other items.

7. NOTE PAYABLE TO RELATED PARTY:

As of December 31, 1997, the Company holds a promissory note payable to CCT Holdings Corp., a company managed by Charter and acquired by Charter effective December 23, 1998. The promissory note bears interest at the rates paid by CCT Holdings Corp. on a note payable to a third party. Principal and interest are due on September 29, 2005.

8. FAIR VALUE OF FINANCIAL INSTRUMENTS:

A summary of debt and the related interest rate hedge agreements at December 31, 1997, is as follows:

	CARRYING VALUE	NOTIONAL AMOUNT	FAIR VALUE
Debt			
CCP Credit Agreement	$41,500	$ --	$41,500
Interest Rate Hedge Agreements			
Caps	--	15,000	--
Collars	--	20,000	(74)

As the long-term debt under the credit agreements bears interest at current market rates, its carrying amount approximates market value at December 31, 1997.

The notional amounts of interest rate hedge agreements do not represent amounts exchanged by the parties and, thus, are not a measure of the Company's exposure through its use of interest rate hedge agreements. The amounts exchanged are determined by reference to the notional amount and the other terms of the contracts.

The fair value of interest rate hedge agreements generally reflects the estimated amounts that the Company would receive or pay (excluding accrued interest) to terminate the contracts on the reporting date, thereby taking into account the current unrealized gains or losses of open contracts. Dealer quotations are available for the Company's interest rate hedge agreements.

Management believes that the sellers of the interest rate hedge agreements will be able to meet their obligations under the agreements. The Company has policies regarding the financial stability and credit standing of major counterparties. Nonperformance by the counterparties is not anticipated nor would it have a material adverse effect on the Company's financial position or results of operations.

9. INCOME TAXES:

At December 31, 1997, the Company had net operating loss carryforwards of $9,594, which if not used to reduce taxable income in future periods, expire in the years 2010 through 2012. As of December 31, 1997, the Company's deferred income tax assets were offset by valuation allowances and deferred income tax liabilities resulting primarily from differences in accounting for depreciation and amortization.

10. RELATED-PARTY TRANSACTIONS:

Charter provides management services to the Company including centralized customer billing services, data processing and related support, benefits administration and coordination of insurance coverage and self-insurance programs for medical, dental and workers' compensation claims. Certain costs for services are billed and charged directly to the Company's operating subsidiaries and are included in operating costs. These billings are determined based on the number of basic customers. Such costs totaled $437, $220 and $131, respectively for the period from January 1, 1998, through December 23, 1998, and the years ended December 31, 1997 and 1996. All other costs incurred by Charter on behalf of the Company are expensed in the accompanying financial statements and are included in corporate expense allocations -- related party. The cost of these services is allocated based on the number of basic customers. Management considers these allocations to be reasonable for the operations of the Company.

Charter utilizes a combination of excess insurance coverage and self-insurance programs for its medical, dental and workers' compensation claims. Charges are made to the Company as determined by independent actuaries, at the present value of the actuarially computed present and future liabilities for such benefits. Medical coverage provides for $2,435 aggregate stop loss protection and a loss limitation of $100 per person per year. Workers' compensation coverage provides for $800 aggregate stop loss protection and a loss limitation of $150 per person per year.

The Company is charged a management fee based on percentages of revenues as stipulated in the management agreement between Charter and the Company. For the period from January 1, 1998, through December 23, 1998, and the years ended December 31, 1997 and 1996, the management fee charged to the Company approximated the corporate expenses incurred by Charter on behalf of the Company. Management fees currently payable of $114 are included in payables to manager of cable television systems -- related party as of December 31, 1997.

11. COMMITMENTS AND CONTINGENCIES:

LEASES

The Company leases certain facilities and equipment under noncancelable operating leases. Leases and rental costs charged to expense for the period from January 1, 1998, through December 23, 1998, and for the years ended December 31, 1997 and 1996, were $278, $130 and $91, respectively.

The Company also rents utility poles in its operations. Generally, pole rentals are cancelable on short notice, but the Company anticipates that such rentals will recur. Rent expense incurred for pole rental attachments for the period from January 1, 1998, through December 23, 1998, and for the years ended December 31, 1997 and 1996, was $421, $271 and $174, respectively.

LITIGATION

The Company is a party to lawsuits that arose in the ordinary course of conducting its business. In the opinion of management, after consulting with legal counsel, the outcome of these lawsuits will not have a material adverse effect on the Company's financial position or results of operations.

REGULATION IN THE CABLE TELEVISION INDUSTRY

The cable television industry is subject to extensive regulation at the federal, local and, in some instances, state levels. The Cable Communications Policy Act of 1984 (the "1984 Cable Act"), the Cable Television Consumer Protection and Competition Act of 1992 (the "1992 Cable Act" and together with the 1984 Cable Act, the "Cable Acts"), and the Telecommunications Act of 1996 (the "1996 Telecom Act"), establish a national policy to guide the development and regulation of cable television systems. The Federal Communications Commission (FCC) has principal responsibility for implementing the policies of the Cable Acts. Many aspects of such regulation are currently the subject of judicial proceedings and administrative or legislative proposals. Legislation and regulations continue to change, and the Company cannot predict the impact of future developments on the cable television industry.

The 1992 Cable Act and the FCC's rules implementing that act generally have increased the administrative and operational expenses of cable television systems and have resulted in additional regulatory oversight by the FCC and local or state franchise authorities. The Cable Acts and the corresponding FCC regulations have established rate regulations.

The 1992 Cable Act permits certified local franchising authorities to order refunds of basic service tier rates paid in the previous twelve-month period determined to be in excess of the maximum permitted rates. As of December 31, 1998, the amount refunded by the Company has been insignificant. The Company may be required to refund additional amounts in the future.

The Company believes that it has complied in all material respects with the provisions of the 1992 Cable Act, including the rate setting provisions promulgated by the FCC. However, in jurisdictions that have chosen not to certify, refunds covering the previous twelve-month period may be ordered upon certification if the Company is unable to justify its basic rates. The Company is unable to estimate at this time the amount of refunds, if any, that may be payable by the Company in the event certain of its rates are successfully challenged by franchising authorities or found to be unreasonable by the FCC. The Company does not believe that the amount of any such refunds would have a material adverse effect on the financial position or results of operations of the Company.

The 1996 Telecom Act, among other things, immediately deregulated the rates for certain small cable operators and in certain limited circumstances rates on the basic service tier, and as of March 31, 1999, deregulates rates on the cable programming service tier (CPST). The FCC is currently developing permanent regulations to implement the rate deregulation provisions of the 1996 Telecom Act. The Company cannot predict the ultimate effect of the 1996 Telecom Act on the Company's financial position or results of operations.

The FCC may further restrict the ability of cable television operators to implement rate increases or the United States Congress may enact legislation that could delay or suspend the scheduled March 1999 termination of CPST rate regulation. This continued rate regulation, if adopted, could limit the rates charged by the Company.

A number of states subject cable television systems to the jurisdiction of centralized state governmental agencies, some of which impose regulation of a character similar to that of a public utility. State governmental agencies are required to follow FCC rules when prescribing rate regulation, and thus, state regulation of cable television rates is not allowed to be more restrictive than the federal or local regulation. The Company is subject to state regulation in Connecticut.

12. EMPLOYEE BENEFIT PLAN:

401(k) PLAN

The Company's employees may participate in the Charter Communications, Inc. 401(k) Plan (the "401(k) Plan"). Employees that qualify for participation can contribute up to 15% of their salary, on a before tax basis, subject to a maximum contribution limit as determined by the Internal Revenue Service. The Company contributes an amount equal to 50% of the first 5% of contributions by each employee. The Company contributed $74, $29 and $22 for the period from January 1, 1998, through December 23, 1998, and for the years ended December 31, 1997 and 1996, respectively.

APPRECIATION RIGHTS PLAN

Certain employees of Charter participate in the 1995 Charter Communications, Inc. Appreciation Rights Plan (the "Plan"). The Plan permits Charter to grant 1,500,000 units to certain key employees, of which 1,251,500 were outstanding at December 31, 1997. Units received by an employee vest at a rate of 20% per year, unless otherwise provided in the participant's Appreciation Rights Unit Agreement. The appreciation rights entitle the participants to receive payment, upon termination or change in control of Charter, of the excess of the unit value over the base value (defined as the appreciation value) for each vested unit. The unit value is based on Charter's adjusted equity, as defined in the Plan. Deferred compensation expense recorded by Charter is based on the appreciation value since the grant date and is being amortized over the vesting period.

As a result of the acquisition of Charter by Paul G. Allen, the Plan was terminated, all outstanding units became 100% vested and all amounts were paid by Charter in 1999. The cost of this plan was allocated to the Company based on the number of basic customers. Management considers this allocation to be reasonable for the operations of the Company. For the period January 1, 1998, through December 23, 1998, the Company expensed $3,800, included in corporate expense allocation, for the cost of this plan.

13. PARENT COMPANY ONLY FINANCIAL STATEMENTS

As a result of the limitations on and prohibitions of distributions, substantially all of the net assets of the consolidated subsidiaries are restricted for distribution to CCHC, the parent company. CCHC (parent company only) financial statements are presented below.

CHARTER COMMUNICATIONS HOLDING COMPANY, LLC (PARENT COMPANY ONLY)

BALANCE SHEET
(DOLLARS IN THOUSANDS)

	DECEMBER 31, 1997
LIABILITIES	
INVESTMENT IN CHARTER HOLDINGS	$(1,975)
SHAREHOLDER'S INVESTMENT	
Common Stock	$ --
Paid-in-capital	5,900
Accumulated deficit	(7,875)
	$(1,975)

CHARTER COMMUNICATIONS HOLDING COMPANY, LLC (PARENT COMPANY ONLY)

STATEMENT OF OPERATIONS
(DOLLARS IN THOUSANDS)

	PERIOD FROM JANUARY 1, 1998 THROUGH DECEMBER 23, 1998	YEAR ENDED DECEMBER 31 1997	1996
EQUITY IN LOSS OF CHARTER HOLDINGS	$(17,222)	$(4,623)	$(2,723)
Net loss	$(17,222)	$(4,623)	$(2,723)

CHARTER COMMUNICATIONS HOLDING COMPANY, LLC (PARENT COMPANY ONLY)

STATEMENT OF SHAREHOLDER'S INVESTMENT
(DOLLARS IN THOUSANDS)

	COMMON STOCK	PAID-IN CAPITAL	ACCUMULATED DEFICIT	TOTAL
BALANCE, December 31, 1995	$--	$ 1,500	$ (529)	$ 971
Capital Contribution	--	4,400	--	4,400
Net loss	--	--	(2,723)	(2,723)
BALANCE, December 31, 1996	--	5,900	(3,252)	2,648
Net loss	--	--	(4,623)	(4,623)
BALANCE, December 31, 1997	--	5,900	(7,875)	(1,975)
Capital Contribution	--	10,800	--	10,800
Net loss	--	--	(17,222)	(17,222)
BALANCE, December 23, 1998	$--	$16,700	$(25,097)	$ (8,397)

The investment in Charter Holdings is accounted for on the equity method. No statement of cash flows has been presented as CCHC (parent company only) had no cash flow activity.

14. ACCOUNTING STANDARD NOT YET IMPLEMENTED:

In June 1998, the Financial Accounting Standards Board adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 establishes accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded in the balance sheet as either an asset or liability measured at its fair value and that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows a derivative's gains and losses to offset related results on the hedged item in the income statement, and requires that a company must formally document, designate and assess the effectiveness of transactions that receive hedge accounting. SFAS No. 133 is effective for fiscal years beginning after June 15, 1999. The Company has not yet quantified the impacts of adopting SFAS No. 133 on its consolidated financial statements nor has it determined the timing or method of its adoption of SFAS No. 133. However, SFAS No. 133 could increase volatility in earnings (loss).

INDEPENDENT AUDITORS' REPORT

The Members
Marcus Cable Holdings, LLC:

We have audited the accompanying consolidated balance sheets of Marcus Cable Holdings, LLC and subsidiaries as of December 31, 1998 and 1997 and the related consolidated statements of operations, members' equity/partners' capital and cash flows for each of the years in the three-year period ended December 31, 1998. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Marcus Cable Holdings, LLC and subsidiaries as of December 31, 1998 and 1997, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 1998, in conformity with generally accepted accounting principles.

/s/ KPMG LLP

Dallas, Texas
February 19, 1999
(except for the fourth and seventh paragraphs of Note 1
which are as of August 25, 1999 and April 7, 1999, respectively)

MARCUS CABLE HOLDINGS, LLC AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS)

	DECEMBER 31, 1998	DECEMBER 31, 1997
ASSETS		
Current assets:		
Cash and cash equivalents	$ 813	$ 1,607
Accounts receivable, net of allowance of $1,800 in 1998 and $1,904 in 1997	16,055	23,935
Prepaid expenses and other	6,094	2,105
Total current assets	22,962	27,647
Investment in cable television systems:		
Property, plant and equipment	741,021	706,626
Franchises	783,742	945,125
Noncompetition agreements	4,425	6,770
Other assets	52,928	64,300
	$1,605,078	$1,750,468
LIABILITIES AND MEMBERS' EQUITY/PARTNERS' CAPITAL		
Current liabilities:		
Current maturities of long-term debt	$ 77,500	$ 67,499
Accrued liabilities	66,985	68,754
Total current liabilities	144,485	136,253
Long-term debt	1,354,919	1,531,927
Other long-term liabilities	1,390	2,261
Members' equity/partners' capital	104,284	80,027
	$1,605,078	$1,750,468

See accompanying notes to consolidated financial statements.

MARCUS CABLE HOLDINGS, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(IN THOUSANDS)

	YEAR ENDED DECEMBER 31,		
	1998	1997	1996
Revenues:			
Cable services	$ 499,265	$ 473,701	$ 432,172
Management fees -- related party	555	5,614	2,335
Total revenues	499,820	479,315	434,507
Operating expenses:			
Selling, service and system management	193,725	176,515	157,197
General and administrative	77,913	72,351	73,017
Transaction and severance costs	135,379	--	--
Management fees -- related party	3,341	--	--
Depreciation and amortization	215,789	188,471	166,429
Total operating expenses	626,147	437,337	396,643
Operating income (loss)	(126,327)	41,978	37,864
Other (income) expense:			
Interest expense	159,985	151,207	144,376
Gain on sale of assets	(201,278)	--	(6,442)
Total other (income) expense	(41,293)	151,207	137,934
Loss before extraordinary item	(85,034)	(109,229)	(100,070)
Extraordinary item -- loss on early retirement of debt	(9,059)	--	--
Net loss	$ (94,093)	$(109,229)	$(100,070)

See accompanying notes to consolidated financial statements.

MARCUS CABLE HOLDINGS, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY/PARTNERS' CAPITAL
(IN THOUSANDS)

	GENERAL PARTNERS	CLASS B LIMITED PARTNERS	MARCUS CABLE PROPERTIES, L.L.C.	VULCAN CABLE, INC.	TOTAL
Balance at December 31, 1995	$(21,396)	$ 310,722	--	--	$ 289,326
Net loss	(200)	(99,870)	--	--	(100,070)
Balance at December 31, 1996	(21,596)	210,852	--	--	189,256
Net loss	(218)	(109,011)	--	--	(109,229)
Balance at December 31, 1997	(21,814)	101,841	--	--	80,027
Net loss -- January 1, 1998 to April 22, 1998	(224)	(111,838)	--	--	(112,062)
Capital contributions	--	--	--	118,350	118,350
Reorganization of limited partnership to limited liability company	22,038	9,997	(22,038)	(9,997)	--
Net income -- April 23, 1998 to December 31, 1998	--	--	683	17,286	17,969
Balance at December 31, 1998	$ --	$ --	$(21,355)	$125,639	$ 104,284

See accompanying notes to consolidated financial statements.

MARCUS CABLE HOLDINGS, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

	YEAR ENDED DECEMBER 31,		
	1998	1997	1996
Cash flows from operating activities:			
Net loss	$ (94,093)	$(109,229)	$(100,070)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Extraordinary item -- loss on early retirement of debt	9,059	--	--
Gain on sale of assets	(201,278)	--	(6,442)
Depreciation and amortization	215,789	188,471	166,429
Non cash interest expense	82,416	72,657	63,278
Changes in assets and liabilities, net of working capital adjustments for acquisitions:			
Accounts receivable, net	7,880	(6,439)	(70)
Prepaid expenses and other	(4,017)	95	(574)
Other assets	413	(385)	(502)
Accrued liabilities	(1,769)	9,132	(3,063)
Net cash provided by operating activities:	14,400	154,302	118,986
Cash flows from investing activities:			
Acquisition of cable systems	(57,500)	(53,812)	(10,272)
Proceeds from sale of assets, net of cash acquired and selling costs	401,432	--	20,638
Additions to property, plant and equipment	(224,723)	(197,275)	(110,639)
Other	(689)	--	--
Net cash provided by (used in) investing activities:	118,520	(251,087)	(100,273)
Cash flows from financing activities:			
Borrowings under Senior Credit Facility	217,750	226,000	65,000
Repayments under Senior Credit Facility	(359,500)	(131,250)	(95,000)
Repayments of notes and debentures	(109,344)	--	--
Payment of debt issuance costs	(99)	(1,725)	--
Cash contributed by member	118,350	--	--
Payments on other long-term liabilities	(871)	(667)	(88)
Net cash provided by (used in) financing activities	(133,714)	92,358	(30,088)
Net decrease in cash and cash equivalents	(794)	(4,427)	(11,375)
Cash and cash equivalents at the beginning of the period	1,607	6,034	17,409
Cash and cash equivalents at the end of the period	$ 813	$ 1,607	$ 6,034
Supplemental disclosure of cash flow information:			
Interest paid	$ 81,765	$ 81,155	$ 83,473

See accompanying notes to consolidated financial statements.

MARCUS CABLE HOLDINGS, LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(DOLLARS IN THOUSANDS)

(1) ORGANIZATION AND BASIS OF PRESENTATION

Marcus Cable Holdings, LLC ("MCHLLC"), a Delaware limited liability company, was formed in February 1999 as parent of Marcus Cable Company, L.L.C. ("MCCLLC"), formerly Marcus Cable Company, L.P. ("MCCLP"). MCCLP was formed as a Delaware limited partnership and was converted to a Delaware limited liability company on June 9, 1998 (See Note 3). MCHLLC and its subsidiaries (collectively, the "Company") derive their primary source of revenues by providing various levels of cable television programming and services to residential and business customers. The Company's operations are conducted through Marcus Cable Operating Company, L.L.C. ("MCOC"), a wholly-owned subsidiary of the Company. The Company operates its cable television systems primarily in Texas, Wisconsin, Indiana, California and Alabama.

The accompanying consolidated financial statements include the accounts of MCHLLC, which is the predecessor of MCCLLC, and its subsidiary limited liability companies and corporations. All significant intercompany accounts and transactions have been eliminated in consolidation.

On April 23, 1998, Vulcan Cable, Inc. and Paul G. Allen (collectively referred to as "Vulcan") acquired all of the outstanding limited partnership interests and substantially all of the general partner interest in MCCLP for cash payments of $1,392,000 ("the Vulcan Acquisition"). Under the terms of the purchase agreement, the owner of the remaining 0.6% general partner interest in the Company (the "Minority Interest"), which represents 100% of the voting control of the Company, could cause Vulcan to purchase the 0.6% general partner interest under certain conditions, or Vulcan could cause the Minority Interest to sell its interest to Vulcan under certain conditions, at a fair value of not less than $8,000.

The accompanying consolidated financial statements do not reflect the application of purchase accounting for the Vulcan Acquisition because the Securities and Exchange Commission staff challenged such accounting treatment since, as of December 31, 1998, Vulcan had not acquired voting control of the Company. On March 31, 1999, Vulcan acquired voting control of the Company by its acquisition of the Minority Interest for cash consideration.

In connection with the Vulcan Acquisition, the Company incurred transaction costs of approximately $119,345, comprised primarily of $90,200 of compensation paid to employees of the Company by Vulcan in settlement of specially designated Class B units in MCCLP ("EUnit") granted in past periods by the general partner of MCCLP, $24,000 of transaction fees paid to certain equity partners for investment banking services and $5,200 of expenses for professional fees. These transaction costs have been included in the accompanying consolidated statement of operations for the year ended December 31, 1998.

Effective December 23, 1998, through a series of transactions, Paul G. Allen acquired approximately 94% of Charter Communications, Inc. ("Charter"). Beginning in October 1998, Charter managed the operations of the Company.

In March 1999, Charter transferred all of its cable television operating subsidiaries to a subsidiary, Charter Communications Holdings, LLC (Charter Holdings) in connection with the issuance of Senior Notes and Senior Discount Notes totaling $3.6 billion. These operating subsidiaries were then transferred to Charter Communications Operating, LLC ("Charter Operating"). On April 7, 1999, the cable operations of the Company were transferred to Charter Operating subsequent to the purchase by Paul G. Allen of the Minority Interest.

As a result of the Vulcan Acquisition, the Company recognized severance and stay-on bonus compensation of $16,034, which is included in Transaction and Severance Costs in the accompanying statement of operations for the year ended December 31, 1998. As of December 31, 1998, 35 employees and officers of the Company had been terminated and $13,634 had been paid under severance and bonus arrangements. By March 31, 1999, an additional 50 employees will be terminated. The remaining balance of $2,400 is to be paid by April 30, 1999 and an additional $400 in stay-on bonuses will be recorded as compensation in 1999 as the related services are provided.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) CASH EQUIVALENTS

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 1998 and 1997, cash equivalents consist of certificates of deposit and money market funds. These investments are carried at cost which approximates market value.

(b) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is recorded at cost, including all direct and certain indirect costs associated with the construction of cable television transmission and distribution facilities, and the cost of new customer installation. The costs of disconnecting a customer are charged to expense in the period incurred. Expenditures for maintenance and repairs are charged to expense as incurred and equipment replacements and betterments are capitalized.

Depreciation is provided by the straight-line method over the estimated useful lives of the related assets as follows:

Cable distribution systems......................	3-10 years
Buildings and leasehold improvements...........	5-15 years
Vehicles and equipment..........................	3-5 years

(c) FRANCHISES

Costs incurred in obtaining and renewing cable franchises are deferred and amortized over the estimated lives of the franchises. Costs relating to unsuccessful franchise applications are charged to expense when it is determined that the efforts to obtain the franchise will not be successful. Franchise rights acquired through the purchase of cable television systems represent management's estimate of fair value and are amortized using the straight-line method over a period of 15 years. The period of 15 years is management's best estimate of the useful lives of the franchises and assumes substantially all of those franchises that expire during the period will be renewed by the Company. Accumulated amortization was $317,335 and $264,600 at December 31, 1998 and 1997, respectively.

(d) NONCOMPETITION AGREEMENTS

Noncompetition agreements are amortized using the straight-line method over the term of the respective agreements. Accumulated amortization was $20,267 and $19,144 at December 31, 1998 and 1997, respectively.

(e) OTHER ASSETS

Debt issuance costs are amortized to interest expense over the term of the related debt. Going concern value of acquired cable systems is amortized using the straight-line method over a period up to 10 years.

(f) IMPAIRMENT OF ASSETS

If facts and circumstances suggest that a long-lived asset may be impaired, the carrying value is reviewed. If a review indicates that the carrying value of such asset is not recoverable based on projected undiscounted cash flows related to the asset over its remaining life, the carrying value of such asset is reduced to its estimated fair value.

(g) REVENUES

Cable television revenues from basic and premium services are recognized when the related services are provided.

Installation revenues are recognized to the extent of direct selling costs incurred. The remainder, if any, is deferred and amortized to income over the estimated average period that customers are expected to remain connected to the cable television system. As of December 31, 1998 and 1997, no installation revenue has been deferred, as direct selling costs exceeded installation revenue.

Management fee revenues are recognized concurrently with the recognition of revenues by the managed cable television system, or as a specified monthly amount as stipulated in the management agreement. Incentive management fee revenue is recognized upon performance of specified actions as stipulated in the management agreement.

(h) INCOME TAXES

Income taxes are the responsibility of the individual members and are not provided for in the accompanying financial statements. The Company's subsidiary corporations are subject to federal income tax but have had no operations and therefore, no taxable income since inception.

(i) INTEREST RATE HEDGE AGREEMENTS

The Company manages fluctuations in interest rates by using interest rate hedge agreements, as required by certain of its debt agreements. Interest rate swaps and caps are accounted for as hedges of debt obligations, and accordingly, the net settlement amounts are recorded as adjustments to interest expense in the period incurred.

The Company's interest rate swap agreements require the Company to pay a fixed rate and receive a floating rate thereby creating thereby creating fixed rate debt. Interest rate caps are entered into by the Company to reduce the impact of rising interest rates on floating rate debt.

The Company's participation in interest rate hedging transactions involves instruments that have a close correlation with its debt, thereby managing its risk. Interest rate hedge agreements have been designed for hedging purposes and are not held or issued for speculative purposes.

(j) USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

MARCUS CABLE HOLDINGS, LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

(k) ACCOUNTING STANDARD NOT IMPLEMENTED

In June 1998, the Financial Accounting Standards Boards adopted Statement of Financial Accounting Standards ("SFAS") No. 133, Accounting for Derivative Financial Instruments and Hedging Activities. SFAS No. 133 establishes accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded in the balance sheet as either an asset or liability measured at its fair value and that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows a derivative's gains and losses to offset related results on the hedged item in the income statement, and requires that a company must formally document, designate and assess the effectiveness of transactions that receive hedge accounting. SFAS No. 133, as amended by SFAS No. 137, is effective for fiscal years beginning after June 15, 2000. The Company has not yet quantified the impacts of adopting SFAS No. 133 on its consolidated financial statements nor has it determined the timing or method of its adoption of SFAS No. 133. However, SFAS No. 133 could increase volatility of earnings (loss).

(3) CAPITAL STRUCTURE

PARTNERS' CAPITAL

(a) CLASSES OF PARTNERSHIP INTERESTS

The MCCLP partnership agreement (the "Partnership Agreement") provided for Class B Units and Convertible Preference Units. Class B Units consisted of General Partner Units ("GP Units") and Limited Partner Units ("LP Units"). To the extent that GP Units had the right to vote, GP Units voted as Class B Units together with Class B LP Units. Voting rights of Class B LP Units were limited to items specified under the Partnership Agreement. Prior to the dissolution of the Partnership on June 9, 1998, there were 18,848.19 GP Units and 294,937.67 Class B LP Units outstanding.

The Partnership Agreement also provided for the issuance of a class of Convertible Preference Units. These units were entitled to a general distribution preference over the Class B LP Units and were convertible into Class B LP Units. The Convertible Preference Units could vote together with Class B Units as a single class, and the voting percentage of each Convertible Preference Unit, at a given time, was based on the number of Class B LP Units into which such Convertible Preference Unit is then convertible. MCCLP had issued 7,500 Convertible Preference Units with a distribution preference and conversion price of two thousand dollars per unit.

The Partnership Agreement permitted the General Partner, at its sole discretion, to issue up to 31,517 Employee Units (classified as Class B Units) to key individuals providing services to the Company. Employee Units were not entitled to distributions until such time as all units have received certain distributions as calculated under provisions of the Partnership Agreement ("subordinated thresholds"). At December 31, 1997 28,033.20 Employee Units were outstanding with a subordinated threshold ranging from $1,600 to $1,750 per unit (per unit amounts in whole numbers). In connection with the Vulcan Acquisition, the amount paid to EUnit holders of $90,200 was recognized as Transaction and Severance Costs in the year ended December 31, 1998.

(b) ALLOCATION OF INCOME AND LOSS TO PARTNERS

MCCLP incurred losses from inception. Losses were allocated as follows:

(1) First, among the partners whose capital accounts exceed their unreturned capital contributions in proportion to such excesses until each such partner's capital account equals its unreturned capital contribution; and

(2) Next, to the holders of Class B Units in accordance with their unreturned capital contribution percentages.

The General Partner was allocated a minimum of 0.2% to 1% of income or loss at all times, depending on the level of capital contributions made by the partners.

MEMBERS' EQUITY

Upon completion of the Vulcan Acquisition, Vulcan collectively owned 99.4% of MCCLP through direct ownership of all LP Units and through 80% ownership of Marcus Cable Properties, Inc. ("MCPI"), the general partner of Marcus Cable Properties, L.P. ("MCPLP"), the general partner of MCCLP. The Minority Interest owned the voting common stock, or the remaining 20% of MCPI. In July 1998, Vulcan contributed $20,000 in cash to the Company relating to certain employee severance arrangements.

On June 9, 1998, MCCLP was converted into a Delaware limited liability company with two members: Vulcan Cable, Inc., with 96.2% ownership, and Marcus Cable Properties, L.L.C. ("MCPLLC") (formerly MCPLP), with 3.8% ownership. Vulcan Cable, Inc. owns approximately 25.6% and MCPI owns approximately 74.4% of MCPLLC, with Vulcan's interest in MCPI unchanged. As there was no change in ownership interests, the historical partners' capital balances at June 9, 1998 were transferred to and became the initial equity of MCCLLC, and thus the accompanying statement of members' equity has been presented as if the conversion of MCCLP into MCCLLC occurred on April 23, 1998, the date of the Vulcan Acquisition (see Note 1).

As of December 31, 1998, MCCLLC has 100 issued and outstanding membership units. Income and losses of MCCLLC are allocated to the members in accordance with their ownership interests. Members are not personally liable for obligations of MCCLLC.

(4) ACQUISITIONS AND DISPOSITIONS

In 1998, the Company acquired cable television systems in the Birmingham, Alabama area for a purchase price of $57,500. The excess of the cost of properties acquired over the amounts assigned to net tangible assets and noncompetition agreements as of the date of acquisition was approximately $44,603 and is included in franchises.

Additionally, in 1998, the Company completed the sale of certain cable television systems for an aggregate net sales price of $401,432, resulting in a total gain of $201,278.

In 1997, the Company acquired cable television systems in the Dallas-Ft. Worth, Texas area for a purchase price of $35,263. The excess of the cost of properties acquired over the amounts assigned to net tangible assets as of the date of acquisition was $15,098 and is included in franchises.

Additionally, in July 1997, the Company completed an exchange of cable television systems in Indiana and Wisconsin. According to the terms of the trade agreement, in addition to the contribution of its systems, the Company paid $18,549.

In 1996, the Company acquired cable television systems in three separate transactions for an aggregate purchase price of $10,272. The excess of the cost of properties acquired over the amounts assigned to net tangible assets as of the date of acquisition was $4,861 and is included in franchises.

Additionally, in 1996, the Company completed the sale of cable television systems in Washington, D.C. for a sale price of $20,638. The sale resulted in a gain of $6,442.

The above acquisitions were accounted for using the purchase method of accounting and, accordingly, results of operations of the acquired assets have been included in the accompanying consolidated financial statements from the dates of acquisition. The purchase prices were allocated to tangible and intangible assets based on estimated fair market values at the dates of acquisition. The cable system trade discussed above was accounted for as a nonmonetary exchange and, accordingly, the additional cash contribution was allocated to tangible and intangible assets based on recorded amounts of the nonmonetary assets relinquished.

Unaudited pro forma operating results as though 1998 and 1997 acquisitions and divestitures discussed above had occurred on January 1, 1997, with adjustments to give effect to amortization of franchises, interest expense and certain other adjustments are as follows for the years ended December 31, 1998 and 1997:

	1998	1997
	(UNAUDITED)	
Revenues	$ 457,929	$ 421,665
Operating income (loss)	(148,472)	9,064
Net loss	(150,841)	(142,143)

(5) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of the following at December 31:

	1998	1997
Cable distribution systems	996,804	$ 878,721
Vehicles and other	40,243	37,943
Land and buildings	18,861	17,271
	1,055,908	933,935
Accumulated depreciation	(314,887)	(227,309)
	$ 741,021	$ 706,626

Depreciation expense for the years ended December 31, 1998, 1997 and 1996 was $129,663, $96,220, and $72,281, respectively.

(6) OTHER ASSETS

Other assets consist of the following at December 31, 1998 and 1997:

	1998	1997
Debt issuance costs	$41,079	$45,225
Going concern value	37,274	37,274
Other	677	1,090
	79,030	83,589
Accumulated amortization	(26,102)	(19,289)
	$52,928	$64,300

(7) ACCRUED LIABILITIES

Accrued liabilities consist of the following at December 31, 1998 and 1997:

	1998	1997
Accrued operating liabilities	$26,334	$27,923
Accrued programming costs	9,539	9,704
Accrued franchise fees	8,907	10,131
Accrued property taxes	4,586	5,125
Accrued interest	3,752	7,949
Other accrued liabilities	13,867	7,922
	$66,985	$68,754

(8) LONG-TERM DEBT

The Company has outstanding the following borrowings on long-term debt arrangements at December 31, 1998 and 1997:

	1998	1997
Senior Credit Facility	$ 808,000	$ 949,750
13 1/2% Senior Subordinated Discount Notes	383,236	336,304
14 1/4% Senior Discount Notes	241,183	213,372
11 7/8% Senior Debentures	--	100,000
	1,432,419	1,599,426
Less current maturities	77,500	67,499
	$1,354,919	$1,531,927

The Company, through MCOC, maintains a senior credit facility ("Senior Credit Facility"), which provides for two term loan facilities, one with a principal amount of $490,000 that matures on December 31, 2002 ("Tranche A") and the other with a principal amount of $300,000 million that matures on April 30, 2004 ("Tranche B"). The Senior Credit Facility provides for scheduled amortization of the two term loan facilities which began in September 1997. The Senior Credit Facility also provides for a $360,000 revolving credit facility ("Revolving Credit Facility"), with a maturity date of December 31, 2002. Amounts outstanding under the Senior Credit Facility bear interest at either the: i) Eurodollar rate, ii) prime rate, or iii) CD base rate or Federal Funds rate, plus a margin of up to 2.25%, which is subject to certain quarterly adjustments based on the ratio of MCOC's total debt to annualized operating cash flow, as defined. The variable interest rates ranged from 6.23% to 7.75% and 5.97% to 8.00% at December 23, 1998, and December 31, 1997, respectively. A quarterly commitment fee ranging from 0.250% to 0.375% per annum is payable on the unused commitment under the Senior Credit Facility.

On October 16, 1998, the Company entered into an agreement to amend its Senior Credit Facility. The amendment provides for, among other items, a reduction in the permitted leverage and cash flow ratios, a reduction in the interest rate charge under the Senior Credit Facility and a change in the restriction related to the use of cash proceeds from asset sales to allow such proceeds to be used to redeem the 11 7/8% Senior Debentures.

In 1995, the Company issued $299,228 of 14 1/4% Senior Discount Notes due December 15, 2005 (the "14 1/4% Notes") for net proceeds of $150,003. The 14 1/4% Notes are unsecured and rank pari passu to the 11 7/8% Debentures (defined below). The 14 1/4% Notes are redeemable at the option of MCHLLC at amounts decreasing from 107% to 100% of par beginning on June 15, 2000. No interest is payable until December 15, 2000. Thereafter interest is payable semi-annually until maturity. The discount on the 14 1/4% Notes is being accreted using the effective interest method. The unamortized discount was $85,856 at December 31, 1997.

In 1994, the Company, through MCOC, issued $413,461 face amount of 13 1/2% Senior Subordinated Discount Notes due August 1, 2004 (the "13 1/2% Notes") for net proceeds of $215,000. The 13 1/2% Notes are unsecured, are guaranteed by MCHLLC and are redeemable, at the option of MCOC, at amounts decreasing from 105% to 100% of par beginning on August 1, 1999. No interest is payable on the 13 1/2% Notes until February 1, 2000. Thereafter, interest is payable semi-annually until maturity. The discount on the 13 1/2% Notes is being accreted using the effective interest method. The unamortized discount was $77,157 at December 31, 1997.

In 1993, the Company issued $100,000 principal amount of 11 7/8% Senior Debentures due October 1, 2005 (the "11 7/8% Debentures"). The 11 7/8% Debentures were unsecured and were redeemable at the option of the Company on or after October 1, 1998 at amounts decreasing from 105.9% to 100% of par at October 1, 2002, plus accrued interest, to the date of redemption. Interest on the 11 7/8% Debentures was payable semi-annually each April 1 and October 1 until maturity.

On July 1, 1998, $4,500 face amount of the 14 1/4% Notes and $500 face amount of the 11 7/8% Notes were tendered for gross tender payments of $3,472 and $520 respectively. The payments resulted in a gain on the retirement of the debt of $753. On December 11, 1998, the 11 7/8% Notes were redeemed for a gross payment of $107,668, including accrued interest. The redemption resulted in a loss on the retirement of the debt of $9,059.

The 14 1/4% Notes, 13 1/2% Notes, 11 7/8% Debentures and Senior Credit Facility are all unsecured and require the Company and/or its subsidiaries to comply with various financial and other covenants, including the maintenance of certain operating and financial ratios. These debt instruments also contain substantial limitations on, or prohibitions of, distributions, additional indebtedness, liens, asset sales and certain other items.

(9) FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying and fair values of the Company's significant financial instruments as of December 31, 1998 and 1997 are as follows:

	1998		1997	
	CARRYING VALUE	FAIR VALUE	CARRYING VALUE	FAIR VALUE
Senior Credit Facility	$808,000	$808,000	$949,750	$949,750
13 1/2% Notes	383,236	418,629	336,304	381,418
14 1/4% Notes	241,183	279,992	213,372	258,084
11 7/8% Debentures	--	--	100,000	108,500

The carrying amount of the Senior Credit Facility approximates fair value as the outstanding borrowings bear interest at market rates. The fair values of the 14 1/4% Notes, 13 1/2% Notes, and 11 7/8% Debentures, are based on quoted market prices. The Company had interest rate swap agreements covering a notional amount of $500,000 at December 31, 1998 and 1997. The fair value of such swap agreements was ($5,761) at December 31, 1998.

The weighted average interest pay rate for the interest rate swap agreements was 5.7% at December 31, 1998, and 1997. Certain of these agreements allow for optional extension by the counterparty or for automatic extension in the event that one month LIBOR exceeds a stipulated rate on any monthly reset date. Approximately $100,000 notional amount included in the $500,000 notional amount described above is also modified by an interest rate cap agreement which resets monthly.

The notional amounts of the interest rate hedge agreements do not represent amounts exchanged by the parties and, thus, are not a measure of the Company's exposure through its use of interest rate hedge agreements. The amounts exchanged are determined by reference to the notional amount and the other terms of the contracts.

The fair values of the interest rate hedge agreements generally reflect the estimated amounts that the Company would receive or (pay) (excluding accrued interest) to terminate the contracts on the reporting date, thereby taking into account the current unrealized gains or losses of open contracts. Dealer quotations are available for the Company's interest rate hedge agreements.

Management believes that the sellers of the interest rate hedge agreements will be able to meet their obligations under the agreements. In addition, some of the interest rate hedge agreements are with certain of the participating banks under the Company's Senior Credit Facility thereby reducing the exposure to credit loss. The Company has policies regarding the financial stability and credit standing of the major counterparties. Nonperformance by the counterparties is not anticipated nor would it have a material adverse effect on the Company's consolidated financial position or results of operations.

(10) RELATED PARTY TRANSACTIONS

The Company and Charter entered into a management agreement on October 6, 1998 whereby Charter began to manage the day-to-day operations of the Company. In consideration for the management consulting services provided by Charter, Marcus pays Charter an annual fee equal to 3% of the gross revenues of the cable system operations, plus expenses. From October 6, 1998 to December 31, 1998, management fees under this agreement were $3,341.

Prior to the consummation of the Vulcan Acquisition, affiliates of Goldman Sachs owned limited partnership interests in MCCLP. Maryland Cable Partners, L.P. ("Maryland Cable"), which was controlled by an affiliate of Goldman Sachs, owned the Maryland Cable systems. MCOC managed the Maryland Cable systems under the Maryland Cable Agreement. Pursuant to such agreement, MCOC earned a management fee equal to 4.7% of the revenues of Maryland Cable.

Effective January 31, 1997, Maryland Cable was sold to a third party. Pursuant to the Maryland Cable Agreement, MCOC recognized incentive management fees of $5,069 during the twelve months ended December 31, 1997 in conjunction with the sale. Although MCOC is no longer involved in the active management of the Maryland Cable systems, MCOC has entered into an agreement with Maryland Cable to oversee the activities, if any, of Maryland Cable through the liquidation of the partnership. Pursuant to such agreement, MCOC earns a nominal monthly fee. During the year ended December 31, 1998, MCOC earned total management fees of $555. Including the incentive management fees noted above, during the years ended December 31, 1997 and 1996, MCOC earned total management fees of $5,614 and $2,335, respectively.

(11) EMPLOYEE BENEFIT PLAN

The Company sponsors a 401(k) plan for its employees whereby employees that qualify for participation under the plan can contribute up to 15% of their salary, on a before tax basis, subject to a maximum contribution limit as determined by the Internal Revenue Service. The Company matches participant contributions up to a maximum of 2% of a participant's salary. For the years ended December 31, 1998, 1997 and 1996, the Company made contributions to the plan of $765, $761 and $480, respectively.

(12) COMMITMENTS AND CONTINGENCIES

LEASES

The Company leases certain facilities and equipment under noncancelable operating leases. Lease and rental costs charged to expense for the years ended December 31, 1998, 1997 and 1996 were $3,394, $3,230, and $2,767, respectively. The Company also rents utility poles in its operations. Generally, pole rentals are cancelable on short notice, but the Company anticipates that such rentals will recur. Rent expense for pole attachments for the years ended December 31, 1998, 1997 and 1996 were $4,081, $4,314, and $4,008, respectively.

REGULATION IN THE CABLE TELEVISION INDUSTRY

The cable television industry is subject to extensive regulation at the federal, local and, in some instances, state levels. The Cable Communications Policy Act of 1984 (the "1984 Cable Act"), the Cable Television Consumer Protection and Competition Act of 1992 (the "1992 Cable Act" and together with the 1984 Cable Act, the "Cable Acts"), and the Telecommunications Act of 1996 (the "1996 Telecom Act"), establish a national policy to guide the development and regulation of cable television systems. The Federal Communications Commission (FCC) has principal responsibility for implementing the policies of the Cable Acts. Many aspects of such regulation are currently the subject of judicial proceedings and administrative or legislative proposals. Legislation and regulations continue to change, and the Company cannot predict the impact of future developments on the cable television industry.

The 1992 Cable Act and the FCC's rules implementing that act generally have increased the administrative and operational expenses of cable television systems and have resulted in additional regulatory oversight by the FCC and local or state franchise authorities. The Cable Acts and the corresponding FCC regulations have established rate regulations.

The 1992 Cable Act permits certified local franchising authorities to order refunds of basic service tier rates paid in the previous twelve-month period determined to be in excess of the maximum permitted rates. As of December 23, 1998, the amount returned by the Company has been insignificant. The Company may be required to refund additional amounts in the future.

The Company believes that it has complied in all material respects with the provisions of the 1992 Cable Act, including the rate setting provisions promulgated by the FCC. However, in jurisdictions that have chosen not to certify, refunds covering the previous twelve-month period may be ordered upon certification if the Company is unable to justify its basic rates. The Company is unable to estimate at this time the amount of refunds, if any, that may be payable by the Company in the event certain of its rates are successfully challenged by franchising authorities or found to be unreasonable by the FCC. The Company does not believe that the amount of any such refunds would have a material adverse effect on the financial position or results of operations of the Company.

The 1996 Telecom Act, among other things, immediately deregulated the rates for certain small cable operators and in certain limited circumstances rates on the basic service tier, and as of March 31, 1999, deregulates rates on the cable programming service tier (CPST). The FCC is currently developing permanent regulations to implement the rate deregulation provisions of the 1996 Telecom Act. The Company cannot predict the ultimate effect of the 1996 Telecom Act on the Company's financial position or results of operations.

The FCC may further restrict the ability of cable television operators to implement rate increases or the United States Congress may enact legislation that could delay or suspend the scheduled March 1999 termination of CPST rate regulation. This continued rate regulation, if adopted, could limit the rates charged by the Company.

A number of states subject cable television systems to the jurisdiction of centralized state governmental agencies, some of which impose regulation of a character similar to that of a public utility. State governmental agencies are required to follow FCC rules when prescribing rate regulation, and thus, state regulation of cable television rates is not allowed to be more restrictive than the federal or local regulation.

LITIGATION

In Alabama, Indiana, Texas and Wisconsin, customers have filed punitive class action lawsuits on behalf of all person residing in those respective states who are or were potential customers of the Company's cable television service, and who have been charged a processing fee for delinquent payment of their cable bill. The actions challenge the legality of the processing fee and seek declaratory judgment, injunctive relief and unspecified damages. In Alabama and Wisconsin, the Company has entered into joint speculation and case management orders with attorneys for plaintiffs. A Motion to Dismiss is pending in Indiana. The Company intends to vigorously defend the actions. At this stage of the actions, the Company is not able to project the expenses of defending the actions or the potential outcome of the actions, including the impact on the consolidated financial position or results of operations.

The Company is also party to lawsuits which are generally incidental to its business. In the opinion of management, after consulting with legal counsel, the outcome of these lawsuits will not have a material adverse effect on the Company's consolidated financial position or results of operations.

(13) SUBSEQUENT EVENT (UNAUDITED)

In March 1999, concurrent with the issuance of Senior Notes and Senior Discount Notes, the combined company (Charter and the Company, see note 1) extinguished all long-term debt, excluding borrowings of Charter and the Company under their respective credit agreements, and refinanced all existing credit agreements at various subsidiaries of the Company and Charter with a new credit agreement entered into by a wholly owned subsidiary of the combined company.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To CCA Group:

We have audited the accompanying combined balance sheet of CCA Holdings Corp., CCT Holdings Corp. and Charter Communications Long Beach, Inc. (collectively CCA Group) and subsidiaries as of December 31, 1997, and the related combined statements of operations, shareholders' deficit and cash flows for the period from January 1, 1998, through December 23, 1998, and for the years ended December 31, 1997 and 1996. These combined financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined financial position of CCA Group and subsidiaries as of December 31, 1997, and the combined results of their operations and their cash flows for the period from January 1, 1998, through December 23, 1998, and for the years ended December 31, 1997 and 1996, in conformity with generally accepted accounting principles.

/s/ ARTHUR ANDERSEN LLP

St. Louis, Missouri,
February 5, 1999

CCA GROUP

COMBINED BALANCE SHEET -- DECEMBER 31, 1997
(DOLLARS IN THOUSANDS)

ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents	$ 4,501
Accounts receivable, net of allowance for doubtful accounts of $926	9,407
Prepaid expenses and other	1,988
Deferred income tax asset	5,915
Total current assets	21,811
RECEIVABLE FROM RELATED PARTY, including accrued interest	13,090
INVESTMENT IN CABLE TELEVISION PROPERTIES:	
Property, plant and equipment	352,860
Franchises, net of accumulated amortization of $132,871	806,451
	1,159,311
OTHER ASSETS	13,731
	$1,207,943
LIABILITIES AND SHAREHOLDERS' DEFICIT	
CURRENT LIABILITIES:	
Current maturities of long-term debt	$ 25,625
Accounts payable and accrued expenses	48,554
Payables to manager of cable television systems -- related party	1,975
Total current liabilities	76,154
DEFERRED REVENUE	1,882
DEFERRED INCOME TAXES	117,278
LONG-TERM DEBT, less current maturities	758,795
DEFERRED MANAGEMENT FEES	4,291
NOTES PAYABLE, including accrued interest	348,202
SHAREHOLDERS' DEFICIT:	
Common stock	1
Additional paid-in capital	128,499
Accumulated deficit	(227,159)
Total shareholders' deficit	(98,659)
	$1,207,943

The accompanying notes are an integral part of these combined statements.

CCA GROUP

COMBINED STATEMENTS OF OPERATIONS
(DOLLARS IN THOUSANDS)

	PERIOD FROM JANUARY 1, 1998, THROUGH DECEMBER 23, 1998	YEAR ENDED DECEMBER 31 1997	YEAR ENDED DECEMBER 31 1996
REVENUES	$ 324,432	$289,697	$233,392
EXPENSES:			
Operating costs	135,705	122,917	102,977
General and administrative	28,440	26,400	18,687
Depreciation and amortization	136,689	116,080	96,547
Management fees -- related parties	17,392	11,414	8,634
	318,226	276,811	226,845
Income from operations	6,206	12,886	6,547
OTHER INCOME (EXPENSE):			
Interest income	4,962	2,043	1,883
Interest expense	(113,824)	(108,122)	(88,999)
Other, net	(294)	171	(2,504)
	(109,156)	(105,908)	(89,620)
Net loss	$(102,950)	$(93,022)	$(83,073)

The accompanying notes are an integral part of these combined statements.

CCA GROUP

COMBINED STATEMENTS OF SHAREHOLDERS' DEFICIT
(DOLLARS IN THOUSANDS)

	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	ACCUMULATED DEFICIT	TOTAL
BALANCE, December 31, 1995	$ 1	$ 99,999	$ (51,064)	$ 48,936
Net loss	--	--	(83,073)	(83,073)
BALANCE, December 31, 1996	1	99,999	(134,137)	(34,137)
Capital contributions	--	28,500	--	28,500
Net loss	--	--	(93,022)	(93,022)
BALANCE, December 31, 1997	1	128,499	(227,159)	(98,659)
Capital contributions	--	5,684	--	5,684
Net loss	--	--	(102,950)	(102,950)
BALANCE, December 23, 1998	$ 1	$134,183	$(330,109)	$(195,925)

The accompanying notes are an integral part of these combined statements.

CCA GROUP

COMBINED STATEMENTS OF CASH FLOWS
(DOLLARS IN THOUSANDS)

	PERIOD FROM JANUARY 1, 1998, THROUGH DECEMBER 23, 1998	YEAR ENDED DECEMBER 31 1997	YEAR ENDED DECEMBER 31 1996
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	$(102,950)	$(93,022)	$ (83,073)
Adjustments to reconcile net loss to net cash provided by operating activities --			
Depreciation and amortization	136,689	116,080	96,547
Amortization of debt issuance costs and non cash interest cost	44,701	49,107	39,927
(Gain) loss on sale of property, plant and equipment	511	(156)	1,257
Changes in assets and liabilities, net of effects from acquisitions --			
Accounts receivable, net	4,779	222	(1,393)
Prepaid expenses and other	243	(175)	216
Accounts payable and accrued expenses	3,849	8,797	3,855
Payables to manager of cable television systems, including deferred management fees	3,485	784	448
Deferred revenue	1,336	559	(236)
Other operating activities	5,583	(3,207)	1,372
Net cash provided by operating activities	98,226	78,989	58,920
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property, plant and equipment	(95,060)	(82,551)	(56,073)
Payments for acquisitions, net of cash acquired	--	(147,187)	(122,017)
Other investing activities	(2,898)	(1,296)	54
Net cash used in investing activities	(97,958)	(231,034)	(178,036)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Borrowings of long-term debt	300,400	162,000	127,000
Repayments of long-term debt	(64,120)	(39,580)	(13,100)
Payments of debt issuance costs	(8,442)	(3,360)	(3,126)
Repayments under notes payable	(230,994)	--	--
Capital contributions	--	28,500	--
Net cash provided by (used in) financing activities	(3,156)	147,560	110,774
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,888)	(4,485)	(8,342)
CASH AND CASH EQUIVALENTS, beginning of period	4,501	8,986	17,328
CASH AND CASH EQUIVALENTS, end of period	$ 1,613	$ 4,501	$ 8,986
CASH PAID FOR INTEREST	$ 179,781	$ 49,687	$ 51,434

The accompanying notes are an integral part of these combined statements.

CCA GROUP

NOTES TO COMBINED FINANCIAL STATEMENTS
(DOLLARS IN THOUSANDS, EXCEPT SHARE AMOUNTS)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

ORGANIZATION AND BASIS OF PRESENTATION

CCA Group consists of CCA Holdings Corp. (CCA Holdings), CCT Holdings Corp. (CCT Holdings) and Charter Communications Long Beach, Inc. (CC-LB), all Delaware corporations (collectively referred to as "CCA Group" or the "Company") and their subsidiaries. The combined financial statements of each of these companies have been combined by virtue of their common ownership and management. All material intercompany transactions and balances have been eliminated.

CCA Holdings commenced operations in January 1995 in connection with consummation of the Crown Transaction (as defined below). The accompanying financial statements include the accounts of CCA Holdings; its wholly-owned subsidiary, CCA Acquisition Corp. (CAC); CAC's wholly-owned subsidiary, Cencom Cable Entertainment, Inc. (CCE); and Charter Communications Entertainment I, L.P. (CCE-I), which is controlled by CAC through its general partnership interest. Through December 23, 1998, CCA Holdings was approximately 85% owned by Kelso Investment Associates V, L.P., an investment fund, together with an affiliate (collectively referred to as "Kelso" herein) and certain other individuals and approximately 15% by Charter Communications, Inc. (Charter), manager of CCE-I's cable television systems.

CCT Holdings was formed on January 6, 1995. CCT Holdings commenced operations in September 1995 in connection with consummation of the Gaylord Transaction (as defined below). The accompanying financial statements include the accounts of CCT Holdings and Charter Communications Entertainment II, L.P. (CCE-II), which is controlled by CCT Holdings through its general partnership interest. Through December 23, 1998, CCT Holdings was owned approximately 85% by Kelso and certain other individuals and approximately 15% by Charter, manager of CCE-II's cable television systems.

In January 1995, CAC completed the acquisition of certain cable television systems from Crown Media, Inc. (Crown), a subsidiary of Hallmark Cards, Incorporated (Hallmark) (the "Crown Transaction"). On September 29, 1995, CAC and CCT Holdings entered into an Asset Exchange Agreement whereby CAC exchanged a 1% undivided interest in all of its assets for a 1.22% undivided interest in certain assets to be acquired by CCT Holdings from an affiliate of Gaylord Entertainment Company, Inc. (Gaylord). Effective September 30, 1995, CCT Holdings acquired certain cable television systems from Gaylord (the "Gaylord Transaction"). Upon execution of the Asset Purchase Agreement, CAC and CCT Holdings entered into a series of agreements to contribute the assets acquired under the Crown Transaction to CCE-I and certain assets acquired in the Gaylord acquisition to CCE-II. Collectively, CCA Holdings and CCT Holdings own 100% of CCE-I and CCE-II.

CC-LB was acquired by Kelso and Charter in May 1997. The accompanying financial statements include the accounts of CC-LB and its wholly owned subsidiary, Long Beach Acquisition Corp. (LBAC) from the date of acquisition. Through December 23, 1998, CC-LB was owned approximately 85% by Kelso and certain other individuals and approximately 15% by Charter, manager of LBAC's cable television systems.

Effective December 23, 1998, Paul G. Allen acquired 94% of Charter through a series of transactions. In conjunction with Mr. Allen's acquisition, Charter acquired 100% of the outstanding stock of CCA Holdings, CCT Holdings and CC-LB on December 23, 1998.

CCA GROUP

NOTES TO COMBINED FINANCIAL STATEMENTS -- (CONTINUED)

In 1998, CCE-I provided cable television service to customers in Connecticut, Illinois, Massachusetts, Missouri and New Hampshire, CCE-II provided cable television service to customers in California and LBAC provided cable television service to customers in Long Beach, California, and certain surrounding areas.

CASH EQUIVALENTS

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 1997, cash equivalents consist primarily of repurchase agreements. These investments are carried at cost that approximates market value.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is recorded at cost, including all direct and certain indirect costs associated with the construction of cable television transmission and distribution facilities, and the cost of new customer installation. The costs of disconnecting a residence are charged to expense in the period incurred. Expenditures for repairs and maintenance are charged to expense as incurred, and equipment replacement costs and betterments are capitalized.

Depreciation is provided on the straight-line basis over the estimated useful lives of the related assets as follows:

Cable distribution systems..................................	3-15 years
Buildings and leasehold improvements........................	5-15 years
Vehicles and equipment......................................	3-5 years

In 1997, the Company shortened the estimated useful lives of certain property, plant and equipment for depreciation purposes. As a result, additional depreciation of $8,123 was recorded during 1997.

FRANCHISES

Costs incurred in obtaining and renewing cable franchises are deferred and amortized over the lives of the franchises. Costs relating to unsuccessful franchise applications are charged to expense when it is determined that the efforts to obtain the franchise will not be successful. Franchise rights acquired through the purchase of cable television systems represent management's estimate of fair value and are amortized using the straight-line method over 15 years.

OTHER ASSETS

Debt issuance costs are amortized to interest expense over the term of the related debt. The interest rate cap costs are being amortized over the terms of the agreement, which approximates three years.

INCOME TAXES

Income taxes are recorded in accordance with SFAS No. 109, "Accounting for Income Taxes."

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported

CCA GROUP

NOTES TO COMBINED FINANCIAL STATEMENTS -- (CONTINUED)

amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. ACQUISITIONS:

In 1997, CC-LB acquired the stock of LBAC for an aggregate purchase price, net of cash acquired, of $147,200. In connection with the completion of this acquisition, LBAC recorded $55,900 of deferred income tax liabilities resulting from differences between the financial reporting and tax basis of certain assets acquired. The excess of the cost of properties acquired over the amounts assigned to net tangible assets at the date of acquisition was $190,200 and is included in franchises.

In 1996, the Company acquired cable television systems in three separate transactions for an aggregate purchase price, net of cash acquired, of $122,000. The excess of the cost of properties acquired over the amounts assigned to net tangible assets at the dates of acquisition was $100,200 and is included in franchises.

The above acquisitions were accounted for using the purchase method of accounting, and accordingly, results of operations of the acquired assets have been included in the financial statements from the dates of the acquisitions.

Unaudited pro forma operating results for the 1997 acquisitions as though the acquisitions had been made on January 1, 1997, with pro forma adjustments to give effect to amortization of franchises, interest expense and certain other adjustments as follows:

	YEAR ENDED DECEMBER 31, 1997 (UNAUDITED)
Revenues	$303,797
Income from operations	14,108
Net loss	(94,853)

The unaudited pro forma information has been presented for comparative purposes and does not purport to be indicative of the results of operations had these transactions been completed as of the assumed date or which may be obtained in the future.

3. RECEIVABLE FROM RELATED PARTY:

In connection with the transfer of certain assets acquired in the Gaylord Transaction to Charter Communications Properties, Inc. (CCP), Charter Communications Properties Holding Corp. (CCP Holdings), the parent of CCP and a wholly owned subsidiary of Charter, entered into a $9,447 promissory note with CCT Holdings. The promissory note bears interest at the rates paid by CCT Holdings on the Gaylord Seller Note. Principal and interest are due on September 29, 2005. Interest income has been accrued based on an average rate of interest over the life of the Gaylord Seller Note, which approximates 15.4% and totaled $1,899 for the period from January 1, 1998, through December 23, 1998, and $1,806 and $1,547 for the years ended December 31, 1997 and 1996, respectively. As of December 31, 1997, interest receivable totaled $3,643.

CCA GROUP

NOTES TO COMBINED FINANCIAL STATEMENTS -- (CONTINUED)

4. PROPERTY, PLANT AND EQUIPMENT:

Property, plant and equipment consists of the following at December 31, 1997:

Cable distribution systems	$ 426,241
Land, buildings and leasehold improvements	15,443
Vehicles and equipment	24,375
	466,059
Less -- Accumulated depreciation	(113,199)
	$ 352,860

Depreciation expense for the period from January 1, 1998, through December 23, 1998, and for the years ended December 31, 1997 and 1996, was $72,914, $59,599 and $39,575, respectively.

5. OTHER ASSETS:

Other assets consists of the following at December 31, 1997:

Debt issuance costs	$13,416
Note receivable	2,100
Other	1,342
	16,858
Less -- Accumulated amortization	(3,127)
	$13,731

6. ACCOUNTS PAYABLE AND ACCRUED EXPENSES:

Accounts payable and accrued expenses consist of the following at December 31, 1997:

Accrued interest	$ 8,389
Franchise fees	6,434
Programming expenses	5,855
Accounts payable	4,734
Public education and governmental costs	4,059
Salaries and related benefits	3,977
Capital expenditures	3,629
Other	11,477
	$48,554

CCA GROUP

NOTES TO COMBINED FINANCIAL STATEMENTS -- (CONTINUED)

7. LONG-TERM DEBT:

Long-term debt consists of the following at December 31, 1997:

CCE-I:	
Term loans	$274,120
Fund loans	85,000
Revolving credit facility	103,800
	462,920
CCE-II:	
Term loans	105,000
Revolving credit facility	123,500
	228,500
LBAC:	
Term loans	85,000
Revolving credit facility	8,000
	93,000
Total debt	784,420
Less -- Current maturities	(25,625)
Total long-term debt	$758,795

CCE-I CREDIT AGREEMENT

CCE-I maintains a credit agreement (the "CCE-I Credit Agreement"), which provides for a $280,000 term loan that matures on September 30, 2006, an $85,000 fund loan that matures on March 31, 2007, and a $175,000 revolving credit facility with a maturity date of September 30, 2006. Amounts under the CCE-I Credit Agreement bear interest at either the LIBOR Rate or Base Rate, as defined, plus a margin of up to 2.75%. The variable interest rate ranged from 6.88% to 8.06% at December 23, 1998, and from 7.63% to 8.50% and 7.63% to 8.38% at December 31, 1997 and 1996, respectively.

Commencing June 30, 2002, and at the end of each calendar quarter thereafter, available borrowings under the revolving credit facility and the term loan shall be reduced on an annual basis by 12.0% in 2002 and 15.0% in 2003. Commencing June 30, 2002, and at the end of each calendar quarter thereafter, the available borrowings for the fund loan shall be reduced on an annual basis by 0.75% in 2002 and 1.0% in 2003. A quarterly commitment fee of between 0.375% and 0.5% per annum is payable on the unborrowed balance of the revolving credit facility.

COMBINED CREDIT AGREEMENT

CCE-II and LBAC maintain a credit agreement (the "Combined Credit Agreement") which provides for two term loan facilities, one with the principal amount of $100,000 that matures on March 31, 2005, and the other with the principal amount of $90,000 that matures on March 31, 2006. The Combined Credit Agreement also provides for a $185,000 revolving credit facility, with a maturity date of March 31, 2005. Amounts under the Combined Credit Agreement bear interest at either the LIBOR Rate or Base Rate, as defined, plus a margin of up to 2.5%. The variable interest rate ranged from 6.56% to 7.59% at December 23, 1998, and from 7.50% to 8.38% at December 31, 1997, respectively.

CCA GROUP

NOTES TO COMBINED FINANCIAL STATEMENTS -- (CONTINUED)

Commencing March 31, 2001, and at the end of each quarter thereafter, available borrowings under the revolving credit facility and one term loan shall be reduced on an annual basis by 5.0% in 2001, 15.0% in 2002 and 18.0% in 2003. Commencing in December 31, 1999, and at the end of each quarter thereafter, available borrowings under the other term loan shall be reduced on annual basis by 0.5% in 1999, 0.8% in 2000, 1.0% in 2001, 1.0% in 2002 and 1.0% in 2003. A quarterly commitment fee of between 0.25% and 0.375% per annum, based upon the intercompany indebtedness of the Company, is payable on the unborrowed balance of the revolving credit facility.

CCE CREDIT AGREEMENT

In October 1998, Charter Communications Entertainment, L.P. (CCE L.P.), a 98% direct and indirect owner of CCE-I and CCE-II and indirectly owned subsidiary of the Company, entered into a credit agreement (the "CCE L.P. Credit Agreement") which provides for a term loan facility with the principal amount of $130,000 that matures on September 30, 2007. Amounts under the CCE L.P. Credit Agreement bear interest at the LIBOR Rate or Base Rate, as defined, plus a margin of up to 3.25%. The variable interest rate at December 23, 1998, was 8.62%.

Commencing June 30, 2002, and the end of each calendar quarter thereafter, the available borrowings for the term loan shall be reduced on an annual basis by 0.75% in 2002 and 1.0% in 2003.

CCE-II HOLDINGS CREDIT AGREEMENT

CCE-II Holdings, LLC (CCE-II Holdings), a wholly owned subsidiary of CCE L.P. and the parent of CCE-II, entered into a credit agreement (the "CCE-II Holdings Credit Agreement") in November 1998, which provides for a term loan facility with the principal amount of $95,000 that matures on September 30, 2006. Amounts under the CCE-II Holdings Credit Agreement bear interest at either the LIBOR Rate or Base Rate, as defined, plus a margin of up to 3.25%. The variable rate at December 23, 1998, was 8.56%.

Commencing June 30, 2002, and at the end of each quarter thereafter, available borrowings under the revolving credit facility and one term loan shall be reduced on an annual basis by 0.5% in 2002 and 1.0% in 2003.

The credit agreements require the Company to comply with various financial and nonfinancial covenants, including the maintenance of annualized operating cash flow to fixed charge ratio, as defined, not to exceed 1.0 to 1.0. These debt instruments also contain substantial limitations on, or prohibitions of, distributions, additional indebtedness, liens asset sales and certain other items.

8. NOTES PAYABLE:

Notes payable consists of the following at December 31, 1997:

HC Crown Note	$ 82,000
Accrued interest on HC Crown Note	36,919
Gaylord Seller Note	165,688
Accrued interest on Gaylord Seller Note	63,595
Total	$348,202

In connection with the Crown Transaction, the Company entered into an $82,000 senior subordinated loan agreement with a subsidiary of Hallmark, HC Crown Corp., and pursuant to such loan agreement issued a senior subordinated note (the "HC Crown Note"). The HC Crown Note was an unsecured obligation. The HC Crown Note was limited in aggregate principal amount to $82,000 and has a stated maturity date of December 31, 1999 (the "Stated Maturity Date"). Interest has been accrued at 13% per annum, compounded semiannually, payable upon maturity. In October 1998, the Crown Note and accrued interest was paid in full.

In connection with the Gaylord Transaction, CCT Holdings entered into a $165,700 subordinated loan agreement with Gaylord (the "Gaylord Seller Note"). Interest expense has been accrued based on an average rate of interest over the life of the Gaylord Seller Note, which approximated 15.4%.

In connection with the Gaylord Transaction, CCT Holdings, CCE L.P. and Gaylord entered into a contingent payment agreement (the "Contingent Agreement"). The Contingent Agreement indicates CCE L.P. will pay Gaylord 15% of any amount distributed to CCT Holdings in excess of the total of the Gaylord Seller Note, Crown Seller Note and $450,000. In conjunction with the Paul G. Allen acquisition of Charter and the Company, Gaylord was paid an additional $132,000 pursuant to the Contingent Agreement and the Gaylord Seller Note was paid in full.

9. FAIR VALUE OF FINANCIAL INSTRUMENTS:

A summary of debt and the related interest rate hedge agreements at December 31, 1997, is as follows:

	1997		
	CARRYING VALUE	NOTIONAL AMOUNT	FAIR VALUE
DEBT			
Debt under credit agreements	$784,420	$ --	$784,420
HC Crown Note (including accrued interest)	118,919	--	118,587
Gaylord Seller Note (including accrued interest)	229,283	--	214,074
INTEREST RATE HEDGE AGREEMENTS			
Swaps	--	405,000	(1,214)
Caps	--	120,000	--
Collars	--	190,000	(437)

As the long-term debt under the credit agreements bear interest at current market rates, their carrying amount approximates fair market value at December 31, 1997. Fair value of the HC Crown Note is based upon trading activity at December 31, 1997. Fair value of the Gaylord Seller Note is based on current redemption value.

The weighted average interest pay rate for the Company's interest rate swap agreements was 7.82% at December 31, 1997. The weighted average interest rate for the Company's interest rate cap agreements was 8.49% at December 31, 1997. The weighted average interest rates for the Company's interest rate collar agreements were 9.04% and 7.57% for the cap and floor components, respectively, at December 31, 1997.

The notional amounts of interest rate hedge agreements do not represent amounts exchanged by the parties and, thus, are not a measure of the Company's exposure through its use of interest rate hedge agreements. The amounts exchanged are determined by reference to the notional amount and the other terms of the contracts.

The fair value of interest rate hedge agreements generally reflects the estimated amounts that the Company would receive or pay (excluding accrued interest) to terminate the contracts on the reporting date, thereby taking into account the current unrealized gains or losses of open contracts. Dealer quotations are available for the Company's interest rate hedge agreements.

Management believes that the sellers of the interest rate hedge agreements will be able to meet their obligations under the agreements. In addition, some of the interest rate hedge agreements are with certain of the participating banks under the Company's Senior Credit Facility thereby reducing the exposure to credit loss. The Company has policies regarding the financial stability and credit standing of major counterparties. Nonperformance by the counterparties is not anticipated nor would it have a material adverse effect on the results of operations or the financial position of the Company.

10. COMMON STOCK:

The Company's common stock consist of the following at December 31, 1997:

CCA Holdings:	
Common stock -- Class A, voting, $.01 par value, 100,000 shares authorized; 75,515 shares issued and outstanding	$ 1
Common stock -- Class B, voting, $.01 par value, 20,000 shares authorized; 4,300 shares issued and outstanding	--
Common stock -- Class C, nonvoting, $.01 par value, 5,000 shares authorized; 185 shares issued and outstanding	--
	1
CCT Holdings:	
Common stock -- Class A, voting, $.01 par value, 20,000 shares authorized; 16,726 shares issued and outstanding	--
Common stock -- Class B, voting, $.01 par value, 4,000 shares authorized; 3,000 shares issued and outstanding	--
Common stock -- Class C, nonvoting, $.01 par value, 1,000 shares authorized; 275 shares issued and outstanding	--
CC-LB:	
Common stock -- Class A, voting, $.01 par value, 31,000 shares authorized, 27,850 shares issued and outstanding	--
Common stock -- Class B, voting, $.01 par value, 2,000 shares authorized, 1,500 shares issued and outstanding	--
Common stock -- Class C, nonvoting, $.01 par value, 2,000 shares authorized, 650 shares issued and outstanding	--
Total common stock	$ 1

CCA HOLDINGS

The Class A Voting Common Stock (CCA Class A Common Stock) and Class C Nonvoting Common Stock (CCA Class C Common Stock) have certain preferential rights upon liquidation of CCA Holdings. In the event of liquidation, dissolution or "winding up" of CCA Holdings, holders of CCA Class A and Class C Common Stock are entitled to a preference of $1,000 per share. After such amount is paid, holders of Class B Voting Common Stock (CCA Class B Common Stock) are entitled to receive $1,000 per share. Thereafter, Class A and Class C shareholders shall ratably receive the remaining proceeds.

If upon liquidation, dissolution or "winding up" the assets of CCA Holdings are insufficient to permit payment to Class A and Class C shareholders for their full preferential amounts, all assets of CCA Holdings shall then be distributed ratably to Class A and Class C shareholders. Furthermore, if the proceeds from liquidation are inadequate to pay Class B shareholders their full preferential amounts, the proceeds are to be distributed on a pro rata basis to Class B shareholders.

Upon the occurrence of any Conversion Event (as defined within the Amended and Restated Certificate of Incorporation) Class C shareholders may convert any or all of their outstanding shares into the same number of Class A shares. Furthermore, CCA Holdings may automatically convert outstanding Class C shares into the same number of Class A shares.

CCA Holdings is restricted from making cash dividends on its common stock until the balance outstanding under the HC Crown Note is repaid.

Charter and Kelso entered into a Stockholders' Agreement providing for certain restrictions on the transfer, sale or purchase of CCA Holdings' common stock.

CCT HOLDINGS

The Class A Voting Common Stock (CCT Class A Common Stock) and Class C Nonvoting Common Stock (CCT Class C Common Stock) have certain preferential rights upon liquidation of CCT Holdings. In the event of liquidation, dissolution or "winding up" of CCT Holdings, holders of CCT Class A Common Stock and Class C Common Stock are entitled to a preference of $1,000 per share. After such amount is paid, holders of Class B Voting Common Stock (CCT Class B Common Stock) are entitled to receive $1,000 per share. Thereafter, Class A and Class C shareholders shall ratably receive the remaining proceeds.

If upon liquidation, dissolution or "winding up" the assets of CCT Holdings are insufficient to permit payment to Class A Common Stock and Class C shareholders for their full preferential amount, all assets of the Company shall then be distributed ratably to Class A and Class C shareholders. Furthermore, if the proceeds from liquidation are inadequate to pay Class B shareholders their full preferential amount, the proceeds are to be distributed on a pro rata basis to Class B shareholders.

Upon the occurrence of any Conversion Event (as defined within the Amended and Restated Certificate of Incorporation), Class C shareholders may convert any or all of their outstanding shares into the same number of Class A shares. Furthermore, CCT Holdings may automatically convert outstanding Class C shares into the same number of Class A shares.

CCT Holdings is restricted from making cash dividends on its common stock until the balance outstanding under the note payable to seller is repaid.

Charter and Kelso entered into a Stockholders' Agreement providing for certain restrictions on the transfer, sale or purchase of CCT Holdings' common stock.

CC-LB

The Class A Voting Common Stock (CC-LB Class A Common Stock) and Class C Nonvoting Common Stock (CC-LB Class C Common Stock) have certain preferential rights upon liquidation of CC-LB. In the event of liquidation, dissolution or "winding up" of CC-LB, holders of CC-LB Class A Common Stock and Class C Common Stock are entitled to a preference of $1,000 per share. After such amount is paid, holders of Class B Voting Common Stock (CC-LB

Class B Common Stock) are entitled to receive $1,000 per share. Thereafter, Class A, Class B and Class C shareholders shall ratably receive the remaining proceeds.

If upon liquidation, dissolution or "winding up" the assets of CC-LB are insufficient to permit payment to Class A and Class C shareholders for their full preferential amount, all assets of the Company shall then be distributed ratably to Class A and Class C shareholders. Furthermore, if the proceeds from liquidation are inadequate to pay Class B shareholders their full preferential amount, the proceeds are to be distributed on a pro rata basis to Class B shareholders.

CC-LB Class C Common Stock may be converted into CC-LB Class A Common Stock upon the transfer of CC-LB Class C Common Stock to a person not affiliated with the seller. Furthermore, CC-LB may automatically convert outstanding Class C shares into the same number of Class A shares.

11. RELATED PARTY TRANSACTIONS:

Charter provides management services to the Company under the terms of a contract which provides for annual base fees equal to $9,277 and $9,485 for the period from January 1, 1998, through December 23, 1998, and for the year ended December 31, 1997, respectively, plus an additional fee equal to 30% of the excess, if any, of operating cash flow (as defined in the management agreement) over the projected operating cash flow. Payment of the additional fee is deferred due to restrictions provided within the Company's credit agreements. Deferred management fees bear interest at 8.0% per annum. The additional fees for the periods from January 1, 1998, through December 23, 1998, and the years ended December 31, 1997 and 1996, totaled $2,160, $1,990 and $1,255, respectively. In addition, the Company receives financial advisory services from an affiliate of Kelso, under terms of a contract which provides for fees equal to $1,064 and $1,113 per annum as of January 1, 1998, through December 23, 1998, and December 31, 1997, respectively. Management and financial advisory service fees currently payable of $2,281 are included in payables to manager of cable television systems -- related party at December 31, 1997.

The Company pays certain acquisition advisory fees to an affiliate of Kelso and Charter, which typically equal approximately 1% of the total purchase price paid for cable television systems acquired. Total acquisition fees paid to the affiliate of Kelso for the period from January 1, 1998, through December 23, 1998, were $-0-. Total acquisition fees paid to the affiliate of Kelso in 1997 and 1996 were $-0- and $1,400, respectively. Total acquisition fees paid to Charter for the period from January 1, 1998, through December 23, 1998, were $-0-. Total acquisition fees paid to Charter in 1997 and 1996 were $-0- and $1,400, respectively.

The Company and all entities managed by Charter collectively utilize a combination of insurance coverage and self-insurance programs for medical, dental and workers' compensation claims. Medical coverage provides for $2,435 aggregate stop loss protection and a loss limitation of $100 per person per year. Workers' compensation coverage provides for $800 aggregate stop loss protection and a loss limitation of $150 per person per year. Charges are determined by independent actuaries at the present value of the actuarially computed present and future liabilities for such benefits. The Company is allocated its share of the charges monthly based upon its total number of employees, historical claims and medical cost trend rates. Management considers this allocation to be reasonable for the operations of the Company. For the period from January 1, 1998, through December 23, 1998, the Company expensed $1,950 relating to insurance allocations. During 1997 and 1996, the Company expensed $1,689 and $2,065, respectively, relating to insurance allocations.

Beginning in 1996, the Company and other entities managed by Charter employed the services of Charter's National Data Center (the "National Data Center"). The National Data Center performs certain customer billing services and provides computer network, hardware and software support to the Company and other affiliated entities. The cost of these services is allocated based on the number of customers. Management considers this allocation to be reasonable for the operations of the Company. For the period from January 1, 1998, through December 23, 1998, the Company expensed $843 relating to these services. During 1997 and 1996, the Company expensed $723 and $466 relating to these services, respectively.

CCE-I maintains a regional office. The regional office performs certain operational services on behalf of CCE-I and other affiliated entities. The cost of these services is allocated to CCE-I and affiliated entities based on their number of customers. Management considers this allocation to be reasonable for the operations of CCE-I. From the period January 1, 1998, through December 23, 1998, the Company expensed $1,926 relating to these services. During 1997 and 1996, CCE-I expensed $861 and $799, respectively, relating to these services.

12. COMMITMENTS AND CONTINGENCIES:

LEASES

The Company leases certain facilities and equipment under noncancelable operating leases. Lease and rental costs charged to expense for the period from January 1, 1998, through December 23, 1998, was $2,222. Rent expense incurred under these leases during 1997 and 1996 was $1,956 and $1,704, respectively.

The Company also rents utility poles in its operations. Generally, pole rentals are cancelable on short notice, but the Company anticipates that such rentals will recur. Rent expensed incurred for pole attachments for the period from January 1, 1998, through December 23, 1998, was $2,430. Rent expense incurred for pole attachments during 1997 and 1996 was $2,601 and $2,330, respectively.

LITIGATION

The Company is a party to lawsuits that arose in the ordinary course of conducting its business. In the opinion of management, after consulting with legal counsel, the outcome of these lawsuits will not have a material adverse effect on the Company's consolidated financial position or results of operations.

13. REGULATION IN THE CABLE TELEVISION INDUSTRY:

The cable television industry is subject to extensive regulation at the federal, local and, in some instances, state levels. The Cable Communications Policy Act of 1984 (the "1984 Cable Act"), the Cable Television Consumer Protection and Competition Act of 1992 (the "1992 Cable Act" and together with the 1984 Cable Act, the "Cable Acts"), and the Telecommunications Act of 1996 (the "1996 Telecom Act"), establish a national policy to guide the development and regulation of cable television systems. The Federal Communications Commission (FCC) has principal responsibility for implementing the policies of the Cable Acts. Many aspects of such regulation are currently the subject of judicial proceedings and administrative or legislative proposals. Legislation and regulations continue to change, and the Company cannot predict the impact of future developments on the cable television industry.

The 1992 Cable Act and the FCC's rules implementing that act generally have increased the administrative and operational expenses of cable television systems and have resulted in additional regulatory oversight by the FCC and local or state franchise authorities. The Cable Acts and the corresponding FCC regulations have established rate regulations.

The 1992 Cable Act permits certified local franchising authorities to order refunds of basic service tier rates paid in the previous twelve-month period determined to be in excess of the maximum permitted rates. As of December 23, 1998, the amount refunded by the Company has been insignificant. The Company may be required to refund additional amounts in the future.

The Company believes that it has complied in all material respects with the provisions of the 1992 Cable Act, including the rate setting provisions promulgated by the FCC. However, in jurisdictions that have chosen not to certify, refunds covering the previous twelve-month period may be ordered upon certification if the Company is unable to justify its basic rates. The Company is unable to estimate at this time the amount of refunds, if any, that may be payable by the Company in the event certain of its rates are successfully challenged by franchising authorities or found to be unreasonable by the FCC. The Company does not believe that the amount of any such refunds would have a material adverse effect on the financial position or results of operations of the Company.

The 1996 Telecom Act, among other things, immediately deregulated the rates for certain small cable operators and in certain limited circumstances rates on the basic service tier, and as of March 31, 1999, deregulates rates on the cable programming service tier (CPST). The FCC is currently developing permanent regulations to implement the rate deregulation provisions of the 1996 Telecom Act. The Company cannot predict the ultimate effect of the 1996 Telecom Act on the Company's financial position or results of operations.

The FCC may further restrict the ability of cable television operators to implement rate increases or the United States Congress may enact legislation that could delay or suspend the scheduled March 1999 termination of CPST rate regulation. This continued rate regulation, if adopted, could limit the rates charged by the Company.

A number of states subject cable television systems to the jurisdiction of centralized state governmental agencies, some of which impose regulation of a character similar to that of a public utility. State governmental agencies are required to follow FCC rules when prescribing rate regulation, and thus, state regulation of cable television rates is not allowed to be more restrictive than the federal or local regulation. The Company is subject to state regulation in Connecticut.

14. INCOME TAXES:

Deferred tax assets and liabilities are recognized for the estimated future tax consequence attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using the enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. Deferred income tax expense or benefit is the result of changes in the liability or asset recorded for deferred taxes. A valuation allowance must be established for any portion of a deferred tax asset for which it is more likely than not that a tax benefit will not be realized.

For the period from January 1, 1998, through December 23, 1998, and the years ended December 31, 1997 and 1996, no current provision (benefit) for income taxes was recorded. The effective income tax rate is less than the federal rate of 35% primarily due to providing a valuation allowance on deferred income tax assets.

CCA GROUP

NOTES TO COMBINED FINANCIAL STATEMENTS -- (CONTINUED)

Deferred taxes are comprised of the following at December 31, 1997:

Deferred income tax assets:	
Accounts receivable	$ 252
Other assets	7,607
Accrued expenses	4,740
Deferred revenue	624
Deferred management fees	1,654
Tax loss carryforwards	80,681
Tax credit carryforward	1,360
Valuation allowance	(40,795)
Total deferred income tax assets	56,123
Deferred income tax liabilities:	
Property, plant and equipment	(38,555)
Franchise costs	(117,524)
Other	(11,407)
Total deferred income tax liabilities	(167,486)
Net deferred income tax liability	$(111,363)

At December 31, 1997, the Company had net operating loss (NOL) carryforwards for regular income tax purposes aggregating $204,400, which expire in various years from 1999 through 2012. Utilization of the NOLs carryforwards is subject to certain limitations.

15. EMPLOYEE BENEFIT PLANS:

The Company's employees may participate in the Charter Communications, Inc. 401(k) Plan (the "401(k) Plan"). Employees that qualify for participation can contribute up to 15% of their salary, on a before tax basis, subject to a maximum contribution limit as determined by the Internal Revenue Service. The Company contributes an amount equal to 50% of the first 5% of contributions by each employee. For the period from January 1, 1998, through December 23, 1998, the Company contributed $585 to the 401(k) plan. During 1997 and 1996, the Company contributed approximately $499 and $435 to the 401(k) Plan, respectively.

Certain employees of the Company are participants in the 1996 Charter Communications/ Kelso Group Appreciation Rights Plan (the "Plan"). The Plan covers certain key employees and consultants within the group of companies and partnerships controlled by affiliates of Kelso and managed by Charter. The Plan permits the granting of up to 1,000,000 units, of which 705,000 were outstanding at December 31, 1997. Unless otherwise provided in a particular instance, units vest at a rate of 20% per annum. The Plan entitles participants to receive payment of the appreciated unit value for vested units, upon the occurrence of certain events specified in the Plan (i.e. change in control, employee termination) The units do not represent a right to an equity interest to any entities within the CCA Group. Compensation expense is based on the appreciated unit value and is amortized over the vesting period.

As a result of the acquisition of Charter and the Company, the Plan was terminated, all outstanding units became 100% vested and all amounts were paid by Charter in 1999. For the period from January 1, 1998, through December 23, 1998, the Company recorded $5,684 of expense, included in management fees, and a contribution from Charter related to the Appreciation Rights Plan.

CCA GROUP

NOTES TO COMBINED FINANCIAL STATEMENTS -- (CONTINUED)

16. ACCOUNTING STANDARD NOT YET IMPLEMENTED:

In June 1998, the Financial Accounting Standards Board adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 establishes accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded in the balance sheet as either an asset or liability measured at its fair value and that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows a derivative's gains and losses to offset related results on the hedged item in the income statement, and requires that a company must formally document, designate and assess the effectiveness of transactions that receive hedge accounting. SFAS No. 133 is effective for fiscal years beginning after June 15, 1999. The Company has not yet quantified the impacts of adopting SFAS No. 133 on its consolidated financial statements nor has it determined the timing or method of its adoption of SFAS No. 133. However, SFAS No. 133 could increase volatility in earnings (loss).

17. SUBSEQUENT EVENT:

Subsequent to December 23, 1998, CCA Holdings, CCT Holdings and CC-LB converted to limited liability companies and are now known as CCA Holdings LLC, CCT Holdings LLC and Charter Communications Long Beach, LLC, respectively.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To CharterComm Holdings, L.P.:

We have audited the accompanying consolidated balance sheet of CharterComm Holdings, L.P. and subsidiaries as of December 31, 1997, and the related consolidated statements of operations, partners' capital and cash flows for the period from January 1, 1998, through December 23, 1998, and for the years ended December 31, 1997 and 1996. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CharterComm Holdings, L.P. and subsidiaries as of December 31, 1997, and the results of their operations and their cash flows for the period from January 1, 1998, through December 23, 1998, and for the years ended December 31, 1997 and 1996, in conformity with generally accepted accounting principles.

/s/ ARTHUR ANDERSEN LLP

St. Louis, Missouri,
February 5, 1999

CHARTERCOMM HOLDINGS, L.P.
AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET -- DECEMBER 31, 1997
(DOLLARS IN THOUSANDS)

ASSETS

CURRENT ASSETS:	
Cash and cash equivalents	$ 2,742
Accounts receivable, net of allowance for doubtful accounts of $330	3,158
Prepaid expenses and other	342
Total current assets	6,242
INVESTMENT IN CABLE TELEVISION PROPERTIES:	
Property, plant and equipment	235,808
Franchises, net of accumulated amortization of $119,968	480,201
	716,009
OTHER ASSETS	16,176
	$738,427

LIABILITIES AND PARTNERS' CAPITAL

CURRENT LIABILITIES:	
Current maturities of long-term debt	$ 5,375
Accounts payable and accrued expenses	30,507
Payables to manager of cable television systems -- related party	1,120
Total current liabilities	37,002
DEFERRED REVENUE	1,719
LONG-TERM DEBT, less current maturities	666,662
DEFERRED MANAGEMENT FEES	7,805
DEFERRED INCOME TAXES	5,111
REDEEMABLE PREFERRED LIMITED UNITS -- 577.81 units, issued and outstanding	20,128
PARTNERS' CAPITAL:	
General Partner	--
Common Limited Partners -- 220.24 units issued and outstanding	--
Total partners' capital	--
	$738,427

The accompanying notes are an integral part of these consolidated statements.

CHARTERCOMM HOLDINGS, L.P.
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(DOLLARS IN THOUSANDS)

	PERIOD FROM JANUARY 1, 1998, THROUGH DECEMBER 23, 1998	YEAR ENDED DECEMBER 31 1997	YEAR ENDED DECEMBER 31 1996
REVENUES	$196,801	$175,591	$120,280
OPERATING EXPENSES:			
Operating costs	83,745	75,728	50,970
General and administrative	14,586	12,607	9,327
Depreciation and amortization	86,741	76,535	53,133
Management fees -- related party	14,780	8,779	6,014
	199,852	173,649	119,444
Income (loss) from operations	(3,051)	1,942	836
OTHER INCOME (EXPENSE):			
Interest income	211	182	233
Interest expense	(66,121)	(61,498)	(41,021)
Other, net	(1,895)	17	(468)
	(67,805)	(61,299)	(41,256)
Loss before extraordinary item	(70,856)	(59,357)	(40,420)
EXTRAORDINARY ITEM -- Loss on early retirement of debt	(6,264)	--	--
Net loss	(77,120)	(59,357)	(40,420)
REDEMPTION PREFERENCE ALLOCATION:			
Special Limited Partner units	--	--	(829)
Redeemable Preferred Limited units	--	--	(4,081)
NET LOSS ALLOCATED TO REDEEMABLE PREFERRED LIMITED UNITS	20,128	2,553	4,063
Net loss applicable to partners' capital accounts	$(56,992)	$(56,804)	$(41,267)
NET LOSS ALLOCATION TO PARTNERS' CAPITAL ACCOUNTS:			
General Partner	$(56,992)	$(21,708)	$(38,391)
Common Limited Partners	--	(35,096)	(2,876)
	$(56,992)	$(56,804)	$(41,267)

The accompanying notes are an integral part of these consolidated statements.

CHARTERCOMM HOLDINGS, L.P.
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF PARTNERS' CAPITAL
(DOLLARS IN THOUSANDS)

	GENERAL PARTNER	COMMON LIMITED PARTNERS	TOTAL
BALANCE, December 31, 1995	$ 29,396	$ 2,202	$ 31,598
Capital contributions	30,703	2,300	33,003
Allocation of net loss	(38,391)	(2,876)	(41,267)
BALANCE, December 31, 1996	21,708	1,626	23,334
Capital contributions	--	33,470	33,470
Allocation of net loss	(21,708)	(35,096)	(56,804)
BALANCE, December 31, 1997	--	--	--
Capital contributions	4,920	--	4,920
Allocation of net loss	(56,992)	--	(56,992)
BALANCE, December 23, 1998	$(52,072)	$ --	$(52,072)

The accompanying notes are an integral part of these consolidated statements.

CHARTERCOMM HOLDINGS, L.P.
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(DOLLARS IN THOUSANDS)

	PERIOD FROM JANUARY 1, 1998, THROUGH DECEMBER 23, 1998	YEAR ENDED DECEMBER 31, 1997	YEAR ENDED DECEMBER 31, 1996
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	$ (77,120)	$ (59,357)	$ (40,420)
Adjustments to reconcile net loss to net cash provided by operating activities --			
Extraordinary item -- Loss on early retirement of debt	6,264	--	--
Depreciation and amortization	86,741	76,535	53,133
Amortization of debt issuance costs, debt discount and interest rate cap agreements	14,563	14,212	9,564
Loss on disposal of property, plant and equipment	1,714	203	367
Changes in assets and liabilities, net of effects from acquisition --			
Accounts receivable, net	2,000	369	(303)
Prepaid expenses and other	(203)	943	245
Accounts payable and accrued expenses	(1,970)	3,988	9,911
Payables to manager of cable television systems, including deferred management fees	9,456	3,207	3,479
Deferred revenue	770	(82)	452
Other operating activities	5,378	--	--
Net cash provided by operating activities	47,593	40,018	36,428
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property, plant and equipment	(85,044)	(72,178)	(48,324)
Payments for acquisitions, net of cash acquired	(5,900)	(159,563)	(145,366)
Other investing activities	5,280	1,577	(2,089)
Net cash used in investing activities	(85,664)	(230,164)	(195,779)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Borrowings of long-term debt	547,400	231,250	260,576
Repayments of long-term debt	(505,300)	(67,930)	(34,401)
Partners' capital contributions	--	29,800	--
Payment of debt issuance costs	(3,651)	(3,593)	(11,732)
Payment of Special Limited Partnership units	--	--	(43,243)
Repayments of note payable -- related party	--	--	(15,000)
Payments for interest rate cap agreements	--	--	(35)
Net cash provided by financing activities	38,449	189,527	156,165
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	378	(619)	(3,186)
CASH AND CASH EQUIVALENTS, beginning of period	2,742	3,361	6,547
CASH AND CASH EQUIVALENTS, end of period	$ 3,120	$ 2,742	$ 3,361
CASH PAID FOR INTEREST	$ 61,559	$ 42,538	$ 28,860

The accompanying notes are an integral part of these consolidated statements.

CHARTERCOMM HOLDINGS, L.P.
AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(DOLLARS IN THOUSANDS)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

ORGANIZATION AND BASIS OF PRESENTATION

CharterComm Holdings, L.P. (CharterComm Holdings) was formed in March 1996 with the contributions of Charter Communications Southeast Holdings, L.P. (Southeast Holdings), Charter Communications, L.P. (CC-I) and Charter Communications II, L.P. (CC-II). This contribution was accounted for as a reorganization under common control and, accordingly, the consolidated financial statements and notes have been restated to include the results and financial position of Southeast Holdings, CC-I and CC-II.

Through December 23, 1998, CharterComm Holdings was owned 75.3% by affiliates of Charterhouse Group International, Inc., a privately owned investment firm (collectively referred to herein as "Charterhouse"), indirectly owned 5.7% by Charter Communications, Inc. (Charter), manager of the Partnership's (as defined below) cable television systems, and owned 19.0% primarily by other institutional investors.

Effective December 23, 1998, Paul G. Allen acquired 94% of Charter through a series of transactions. In conjunction with Mr. Allen's acquisition, Charter acquired 100% of the outstanding partnership interests in CharterComm Holdings on December 23, 1998.

The accompanying consolidated financial statements include the accounts of CharterComm Holdings and its subsidiaries collectively referred to as the "Partnership" herein. All significant intercompany balances and transactions have been eliminated in consolidation.

In 1998, the Partnership through its subsidiaries provided cable television service to customers in Alabama, Georgia, Kentucky, Louisiana, North Carolina, South Carolina and Tennessee.

CASH EQUIVALENTS

The Partnership considers all highly liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 1997, cash equivalents consist primarily of repurchase agreements. These investments are carried at cost that approximates market value.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is recorded at cost, including all direct and certain indirect costs associated with the construction of cable television transmission and distribution facilities, and the cost of new customer installation. The costs of disconnecting a customer are charged to expense in the period incurred. Expenditures for repairs and maintenance are charged to expense as incurred, and equipment replacement and betterments are capitalized.

Depreciation is provided on the straight-line basis over the estimated useful lives of the related assets as follows:

Cable distribution systems	3-15 years
Buildings and leasehold improvements	5-15 years
Vehicles and equipment	3-5 years

CHARTERCOMM HOLDINGS, L.P.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

In 1997, the Partnership shortened the estimated useful lives of certain property, plant and equipment for depreciation purposes. As a result, an additional $4,775 of depreciation was recorded during 1997.

FRANCHISES

Costs incurred in obtaining and renewing cable franchises are deferred and amortized over the lives of the franchises. Costs relating to unsuccessful franchise applications are charged to expense when it is determined that the efforts to obtain the franchise will not be successful. Franchise rights acquired through the purchase of cable television systems represent management's estimate of fair value and are generally amortized using the straight-line method over a period of 15 years. In addition, approximately $100,000 of franchise rights are being amortized over a period of 3 to 11 years.

OTHER ASSETS

Debt issuance costs are being amortized to interest expense over the term of the related debt. The interest rate cap costs are being amortized over the terms of the agreement, which approximates three years.

IMPAIRMENT OF ASSETS

If facts and circumstances suggest that a long-lived asset may be impaired, the carrying value is reviewed. If a review indicates that the carrying value of such asset is not recoverable based on projected undiscounted cash flows related to the asset over its remaining life, the carrying value of such asset is reduced to its estimated fair value.

REVENUES

Cable television revenues from basic and premium services are recognized when the related services are provided.

Installation revenues are recognized to the extent of direct selling costs incurred. The remainder, if any, is deferred and amortized to income over the estimated average period that customers are expected to remain connected to the cable television system. As of December 31, 1997, no installation revenue has been deferred, as direct selling costs exceeded installation revenue.

Fees collected from programmers to guarantee carriage are deferred and amortized to income over the life of the contracts. Local governmental authorities impose franchise fees on the Partnership ranging up to a federally mandated maximum of 5.0% of gross revenues. On a monthly basis, such fees are collected from the Partnership's customers and are periodically remitted to local franchises. Franchise fees collected and paid are reported as revenue.

INTEREST RATE HEDGE AGREEMENTS

The Partnership manages fluctuations in interest rates by using interest rate hedge agreements, as required by certain debt agreements. Interest rate swaps, caps and collars are accounted for as hedges of debt obligations, and accordingly, the net settlement amounts are recorded as adjustments to interest expense in the period incurred. Premiums paid for interest rate caps are deferred, included in other assets, and are amortized over the original term of the interest rate agreement as an adjustment to interest expense.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

The Partnership's interest rate swap agreements require the Partnership to pay a fixed rate and receive a floating rate thereby creating fixed rate debt. Interest rate caps and collars are entered into by the Partnership to reduce the impact of rising interest rates on floating rate debt.

The Partnership's participation in interest rate hedging transactions involves instruments that have a close correlation with its debt, thereby managing its risk. Interest rate hedge agreements have been designed for hedging purposes and are not held or issued for speculative purposes.

OTHER INCOME (EXPENSE)

Other, net includes gain and loss on disposition of property, plant and equipment, and other miscellaneous items, all of which are not directly related to the Partnership's primary line of business. In 1996, the Partnership recorded $367 of nonoperating losses for its portion of insurance deductibles pertaining to damage caused by hurricanes to certain cable television systems.

INCOME TAXES

Income taxes are the responsibility of the partners and are not provided for in the accompanying financial statements except for Peachtree Cable TV, Inc. (Peachtree), an indirect wholly owned subsidiary, which is a C corporation and for which taxes are presented in accordance with SFAS No. 109.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. ACQUISITIONS:

In 1998, the Partnership acquired cable television systems in one transaction for a purchase price net of cash acquired, of $5,900. The excess cost of properties acquired over the amounts assigned to net tangible assets at the date of acquisition was $5,000 and is included in franchises.

In 1997, the Partnership acquired cable television systems in three separate transactions for an aggregate purchase price, net of cash acquired, of $159,600. The excess of the cost of properties acquired over the amounts assigned to net tangible assets at the date of acquisition was $126,400 and is included in franchises.

In 1996, the Partnership acquired cable television systems in three separate transactions for an aggregate purchase price, net of cash acquired, of $145,400. The excess of the cost of properties acquired over the amounts assigned to net tangible assets at the date of acquisition was $118,200 and is included in franchises.

The above acquisitions were accounted for using the purchase method of accounting, and accordingly, results of operations of the acquired assets have been included in the financial statements from the dates of acquisition.

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Unaudited pro forma operating results for the 1997 acquisitions as though the acquisitions had been made on January 1, 1997, with pro forma adjustments to give effect to amortization of franchises, interest expense and certain other adjustments are as follows.

	YEAR ENDED DECEMBER 31, 1997
	(UNAUDITED)
Revenues	$182,770
Income from operations	2,608
Net loss	(61,389)

The unaudited pro forma information does not purport to be indicative of the results of operations had these transactions been completed as of the assumed date or which may be obtained in the future.

3. DISTRIBUTIONS AND ALLOCATIONS:

For financial reporting purposes, redemption preference allocations, profits and losses are allocated to partners in accordance with the liquidation provision of the applicable partnership agreement.

As stated in the Partnership Agreement, the Partnership may make distributions to the partners out of all available funds at such times and in such amounts as the General Partner may determine in its sole discretion.

4. REDEEMABLE PREFERRED LIMITED UNITS:

As of December 31, 1995, certain Redeemable Preferred Limited Partner units of CC-I and CC-II were outstanding. During 1996, the Partnership issued certain Redeemable Preferred Limited Partner units of CharterComm Holdings.

The Preferred Limited Partners' preference return has been reflected as an addition to the Redeemable Preferred Limited Partner units, and the decrease has been allocated to the General Partner and Common Limited Partner consistent with the liquidation and distribution provisions in the partnership agreements.

At December 23, 1998, the balance related to the CharterComm Holdings Preferred Limited Partner units was as follows:

Contribution, March 1996	$ 20,052
1996 redemption preference allocation	2,629
Allocation of net loss	--
Balance, December 31, 1996	22,681
1997 redemption preference allocation	--
Allocation of net loss	(2,553)
Balance, December 31, 1997	20,128
1998 redemption preference allocation	--
Allocation of net loss	(20,128)
Balance, December 23, 1998	$ --

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The 1998 and 1997 redemption preference allocations of $4,617 and $4,020, respectively, have not been reflected in the Preferred Limited Partners' capital accounts since the General Partner and Common Limited Partners' capital accounts have been reduced to $-0-.

5. SPECIAL LIMITED PARTNER UNITS (CC-I):

Prior to March 28, 1996, certain Special Limited Partner units of CC-I were outstanding. CC-I's profits were allocated to the Special Limited Partners until allocated profits equaled the unrecovered preference amount (preference amounts range from 6% to 17.5% of the unrecovered initial cost of the partnership units and unrecovered preference amounts per annum). When there was no profit to allocate, the preference return was reflected as a decrease in Partners' Capital.

In accordance with a purchase agreement and through the use of a capital contribution from Charter Communications Southeast, L.P. (Southeast), a wholly owned subsidiary of Southeast Holdings, resulting from the proceeds of the Notes (see Note 9), CC-I paid the Special Limited Partners $43,243 as full consideration for their partnership interests on March 28, 1996.

6. PROPERTY, PLANT AND EQUIPMENT:

Property, plant and equipment consists of the following at December 31, 1997:

Cable distribution systems	$274,837
Land, buildings and leasehold improvements	5,439
Vehicles and equipment	14,669
	294,945
Less -- Accumulated depreciation	(59,137)
	$235,808

Depreciation expense for the period from January 1, 1998, through December 23, 1998, and for the years ended December 31, 1997 and 1996, was $44,307, $33,634 and $16,997, respectively.

7. OTHER ASSETS:

Other assets consist of the following at December 31, 1997:

Debt issuance costs	$18,385
Other assets	3,549
	21,934
Less -- Accumulated amortization	(5,758)
	$16,176

As a result of the payment and termination of the CC-I Credit Agreement and CC-II Credit Agreement (see Note 9), debt issuance costs of $6,264 were written off as an extraordinary loss on early retirement of debt for the period from January 1, 1998, through December 23, 1998.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

8. ACCOUNTS PAYABLE AND ACCRUED EXPENSES:

Accounts payable and accrued expenses consist of the following at December 31, 1997:

Accrued interest	$ 9,804
Franchise fees	3,524
Programming costs	3,391
Accounts payable	2,479
Capital expenditures	2,099
Salaries and related benefits	2,079
Other	7,131
	$30,507

9. LONG-TERM DEBT:

Long-term debt consists of the following at December 31, 1997:

Senior Secured Discount Debentures	$146,820
11 1/4% Senior Notes	125,000
Credit Agreements:	
CC-I	112,200
CC-II	339,500
	723,520
Less:	
Current maturities	(5,375)
Unamortized discount	(51,483)
	$666,662

SENIOR SECURED DISCOUNT DEBENTURES

On March 28, 1996, Southeast Holdings and CharterComm Holdings Capital Corporation (Holdings Capital), a wholly owned subsidiary of Southeast Holdings (collectively the "Debentures Issuers"), issued $146,820 of Senior Secured Discount Debentures (the "Debentures") for proceeds of $75,000. Proceeds from the Debentures were used to pay fees and expenses related to the issuance of the Debentures and the balance of $72,400 was a capital contribution to Southeast. The Debentures are secured by all of Southeast Holdings' ownership interest in Southeast and rank pari passu in right and priority of payment to all other existing and future indebtedness of the Debentures Issuers. The Debentures are effectively subordinated to the claims of creditors of Southeast Holdings' subsidiaries, including the Combined Credit Agreement (as defined herein). The Debentures are redeemable at the Debentures Issuers' option at amounts decreasing from 107% to 100% of principal, plus accrued and unpaid interest to the redemption date, beginning on March 15, 2001. The Debentures Issuers are required to make an offer to purchase all of the Debentures, at a purchase price equal to 101% of the principal amount, together with accrued and unpaid interest, upon a Change in Control, as defined in the Debentures Indenture. No interest is payable on the Debentures prior to March 15, 2001. Thereafter, interest on the Debentures is payable semiannually in arrears beginning September 15, 2001, until maturity on March 15, 2007. The discount on the Debentures is being accreted using the effective interest method at an interest rate of 14% from the date of issuance to March 15, 2001.

11 1/4% SENIOR NOTES

Southeast and CharterComm Capital Corporation (Southeast Capital), a wholly owned subsidiary of Southeast (collectively the "Notes Issuers"), issued $125,000 aggregate principal amount of 11 1/4% Senior Notes (the "Notes"). The Notes are senior unsecured obligations of the Notes Issuers and rank pari passu in right and priority of payment to all other existing and future indebtedness of the Notes Issuers. The Notes are effectively subordinated to the claims of creditors of Southeast's subsidiaries, including the lenders under the Combined Credit Agreement. The Notes are redeemable at the Notes Issuers' option at amounts decreasing from 105.625% to 100% of principal, plus accrued and unpaid interest to the date of redemption, beginning on March 15, 2001. The Notes Issuers are required to make an offer to purchase all of the Notes, at a purchase price equal to 101% of the principal amount, together with accrued and unpaid interest, upon a Change in Control, as defined in the Notes Indenture. Interest is payable semiannually on March 15 and September 15 until maturity on March 15, 2006.

Southeast and Southeast Holdings are holding companies with no significant assets other than their direct and indirect investments in CC-I and CC-II. Southeast Capital and Holdings Capital were formed solely for the purpose of serving as co-issuers and have no operations. Accordingly, the Notes Issuers and Debentures Issuers must rely upon distributions from CC-I and CC-II to generate funds necessary to meet their obligations, including the payment of principal and interest on the Notes and Debentures.

COMBINED CREDIT AGREEMENT

In June 1998, CC-I and CC-II (the "Borrowers") replaced their existing credit agreements and entered into a combined credit agreement (the "Combined Credit Agreement"), which provides for two term loan facilities, one with the principal amount of $200,000 that matures on June 30, 2007, and the other with the principal amount of $150,000 that matures on December 31, 2007. The Combined Credit Agreement also provides for a $290,000 revolving credit facility, with a maturity date of June 30, 2007. Amounts under the Combined Credit Agreement bear interest at the LIBOR Rate or Base Rate, as defined, plus a margin of up to 2.0%. The variable interest rates ranged from 6.69% to 7.31% at December 23, 1998.

Commencing March 31, 2002, and at the end of each calendar quarter thereafter, the available borrowings for the revolving credit facility and the $200,000 term loan shall be reduced on an annual basis by 11.0% in 2002 and 14.6% in 2003. Commencing March 31, 2002, and at the end of each calendar quarter thereafter, the available borrowings for the $150,000 term loan shall be reduced on an annual basis by 1.0% in 2002 and 1.0% in 2003. A quarterly commitment fee of between 0.25% and 0.375% per annum is payable on the unborrowed balance of the revolving credit facility.

The Debentures, Notes and Combined Credit Agreement require the Partnership to comply with various financial and nonfinancial covenants including the maintenance of a ratio of debt to annualized operating cash flow, as defined, not to exceed 5.25 to 1 at December 23, 1998. These debt instruments also contain substantial limitations on, or prohibitions of, distributions, additional indebtedness, liens, asset sales and certain other items.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

CC-I CREDIT AGREEMENT

CC-I maintained a credit agreement (the "CC-I Credit Agreement") with a consortium of banks for borrowings up to $127,200, consisting of a revolving line of credit of $63,600 and a term loan of $63,600. Interest accrued, at CC-I's option, at rates based upon the Base Rate, as defined in the CC-I Credit Agreement, LIBOR, or prevailing bid rates of certificates of deposit plus the applicable margin based upon CC-I's leverage ratio at the time of the borrowings. The variable interest rates ranged from 7.75% to 8.00% and 7.44% to 7.50% at December 31, 1997 and 1996, respectively.

In June 1998, the CC-I Credit Agreement was repaid and terminated in conjunction with the establishment of the Combined Credit Agreement.

CC-II CREDIT AGREEMENT

CC-II maintained a credit agreement (the "CC-II Credit Agreement") with a consortium of banks for borrowings up to $390,000, consisting of a revolving credit facility of $215,000, and two term loans totaling $175,000. Interest accrued, at CC-II's option, at rates based upon the Base Rate, as defined in the CC-II Credit Agreement, LIBOR, or prevailing bid rates of certificates of deposit plus the applicable margin based upon CC-II's leverage ratio at the time of the borrowings. The variable interest rates ranged from 7.63% to 8.25% and 7.25% to 8.125% at December 31, 1997 and 1996, respectively.

In June 1998, the CC-II Credit Agreement was repaid and terminated in conjunction with the establishment of the Combined Credit Agreement.

10. FAIR VALUE OF FINANCIAL INSTRUMENTS:

A summary of debt and the related interest rate hedge agreements at December 31, 1997, is as follows:

	CARRYING VALUE	NOTIONAL AMOUNT	FAIR VALUE
DEBT			
Senior Secured Discount Debentures	$ 95,337	$ --	$115,254
11 1/4% Senior Notes	125,000	--	136,875
CC-I Credit Agreement	112,200	--	112,200
CC-II Credit Agreement	339,500	--	339,500
INTEREST RATE HEDGE AGREEMENTS			
CC-I:			
Swaps	--	100,000	(797)
CC-II:			
Swaps	--	170,000	(1,030)
Caps	--	70,000	--
Collars	--	55,000	(166)

As the CC-I and CC-II Credit Agreements bear interest at current market rates, their carrying amounts approximate fair market values at December 31, 1997. The fair value of the Notes and the Debentures is based on current redemption value.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

The weighted average interest pay rate for CC-I interest rate swap agreements was 8.07% at December 31, 1997.

The weighted average interest pay rate for CC-II interest rate swap agreements was 8.03% at December 31, 1997. The weighted average interest rate for CC-II interest cap agreements was 8.48% at December 31, 1997. The weighted average interest rates for CC-II interest rate collar agreements were 9.01% and 7.61% for the cap and floor components, respectively, at December 31, 1997.

The notional amounts of interest rate hedge agreements do not represent amounts exchanged by the parties and, thus, are not a measure of the Partnership's exposure through its use of interest rate hedge agreements. The amounts exchanged are determined by reference to the notional amount and the other terms of the contracts.

The fair value of interest rate hedge agreements generally reflects the estimated amounts that the Partnership would receive or pay (excluding accrued interest) to terminate the contracts on the reporting date, thereby taking into account the current unrealized gains or losses of open contracts. Dealer quotations are available for the Partnership's interest rate hedge agreements.

Management believes that the sellers of the interest rate hedge agreements will be able to meet their obligations under the agreements. In addition, some of the interest rate hedge agreements are with certain of the participating banks under the Partnership's credit facilities thereby reducing the exposure to credit loss. The Partnership has policies regarding the financial stability and credit standing of major counterparties. Nonperformance by the counterparties is not anticipated nor would it have a material adverse effect on the results of operations or the financial position of the Partnership.

11. INCOME TAXES:

The book value of the Partnership's net assets (excluding Peachtree) exceeds its tax reporting basis by $2,919 as of December 31, 1997.

As of December 31, 1997, temporary differences and carryforwards that gave rise to deferred income tax assets and liabilities for Peachtree are as follows:

Deferred income tax assets:	
Accounts receivable	$ 4
Accrued expenses	29
Deferred management fees	111
Deferred revenue	24
Tax loss carryforwards	294
Tax credit carryforwards	361
Total deferred income tax assets	823
Deferred income tax liabilities:	
Property, plant and equipment	(1,372)
Franchises and other assets	(4,562)
Total deferred income tax liabilities	(5,934)
Net deferred income tax liability	$(5,111)

12. RELATED PARTY TRANSACTIONS:

Charter provides management services to the Partnership under the terms of contracts which provide for fees equal to 5% of the Partnership's gross service revenues. The debt agreements prohibit payment of a portion of such management fees (40% for both CC-I and CC-II) until repayment in full of the outstanding indebtedness. The remaining 60% of management fees, are paid quarterly through December 31, 1998. Thereafter, the entire fee may be deferred if a multiple of EBITDA, as defined, does not exceed outstanding indebtedness of CC-I and CC-II. In addition, payments due on the Notes and Debentures shall be paid before any deferred management fees are paid. Expenses recognized under the contracts for the period from January 1, 1998, through December 23, 1998, were $9,860. Expenses recognized under the contracts during 1997 and 1996 were $8,779 and $6,014, respectively. Management fees currently payable of $1,432 are included in payables to manager of cable television systems -- related party at December 31, 1997.

The Partnership and all entities managed by Charter collectively utilize a combination of insurance coverage and self-insurance programs for medical, dental and workers' compensation claims. Medical coverage provides for $2,435 aggregate stop loss protection and a loss limitation of $100 per person per year. Workers' compensation coverage provides for $800 aggregate stop loss protection and a loss limitation of $150 per person per year. Charges are determined by independent actuaries at the present value of the actuarially computed present and future liabilities for such benefits. The Partnership is allocated its share of the charges monthly based upon its total number of employees, historical claims and medical cost trend rates. Management considers this allocation to be reasonable for the operations of the Partnership. For the period from January 1, 1998, through December 23, 1998, the Partnership expensed $1,831 relating to insurance allocations. During 1997 and 1996, the Partnership expensed $1,524 and $1,136, respectively, relating to insurance allocations.

The Partnership employs the services of Charter's National Data Center (the "National Data Center"). The National Data Center performs certain customer billing services and provides computer network, hardware and software support for the Partnership and other entities managed by Charter. The cost of these services is allocated based on the number of basic customers. Management considers this allocation to be reasonable for the operations of the Partnership. For the period from January 1, 1998, through December 23, 1998, the Partnership expensed $685 relating to these services. During 1997 and 1996, the Partnership expensed $606 and $345, respectively, relating to these services.

CC-I, CC-II and other entities managed by Charter maintain regional offices. The regional offices perform certain operational services. The cost of these services is allocated based on number of basic customers. Management considers this allocation to be reasonable for the operations of the Partnership. For the period from January 1, 1998, through December 23, 1998, the Partnership expensed $3,009 relating to these services. During 1997 and 1996, the Partnership expensed $1,992 and $1,294, respectively, relating to these services.

The Partnership pays certain acquisition advisory fees to Charter and Charterhouse for cable television systems acquired. Total acquisition fees paid to Charter for the period from January 1, 1998, through December 23, 1998, were $-0-. Total acquisition fees paid to Charter in 1997 and 1996 were $982 and $1,738, respectively. Total acquisition fees paid to Charterhouse for the period from January 1, 1998, through December 23, 1998, were $-0-. Total acquisition fees paid to Charterhouse in 1997 and 1996 were $982 and $1,738, respectively.

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During 1997, the ownership of CharterComm Holdings changed as a result of CharterComm Holdings receiving a $25,000 cash contribution from an institutional investor, a $3,000 cash contribution from Charterhouse and a $2,000 cash contribution from Charter, as well as the transfer of assets and liabilities of a cable television system through a series of transactions initiated by Charter and Charterhouse. Costs of $200 were incurred in connection with the cash contributions. These contributions were contributed to Southeast Holdings which, in turn, contributed them to Southeast.

13. COMMITMENTS AND CONTINGENCIES:

LEASES

The Partnership leases certain facilities and equipment under noncancelable operating leases. Lease and rental costs charged to expense for the period from January 1, 1998, through December 23, 1998, was $642. Rent expense incurred under leases during 1997 and 1996 was $615 and $522, respectively.

The Partnership also rents utility poles in its operations. Generally, pole rentals are cancelable on short notice, but the Partnership anticipates that such rentals will recur. Rent expense incurred for pole rental attachments for the period from January 1, 1998, through December 23, 1998, was $3,261. Rent expense incurred for pole attachments during 1997 and 1996 was $2,930 and $2,092, respectively.

LITIGATION

The Partnership is a party to lawsuits that arose in the ordinary course of conducting its business. In the opinion of management, after consulting with legal counsel, the outcome of these lawsuits will not have a material adverse effect on the Partnership's consolidated financial position or results of operations.

REGULATION IN THE CABLE TELEVISION INDUSTRY

The cable television industry is subject to extensive regulation at the federal, local and, in some instances, state levels. The Cable Communications Policy Act of 1984 (the "1984 Cable Act"), the Cable Television Consumer Protection and Competition Act of 1992 (the "1992 Cable Act" and together with the 1984 Cable Act, the "Cable Acts"), and the Telecommunications Act of 1996 (the "1996 Telecom Act"), establish a national policy to guide the development and regulation of cable television systems. The Federal Communications Commission (FCC) has principal responsibility for implementing the policies of the Cable Acts. Many aspects of such regulation are currently the subject of judicial proceedings and administrative or legislative proposals. Legislation and regulations continue to change, and the Company cannot predict the impact of future developments on the cable television industry.

The 1992 Cable Act and the FCC's rules implementing that act generally have increased the administrative and operational expenses of cable television systems and have resulted in additional regulatory oversight by the FCC and local or state franchise authorities. The Cable Acts and the corresponding FCC regulations have established rate regulations.

The 1992 Cable Act permits certified local franchising authorities to order refunds of basic service tier rates paid in the previous twelve-month period determined to be in excess of the maximum permitted rates. As of December 23, 1998, the amount returned by the Company has been insignificant. The Company may be required to refund additional amounts in the future.

The Company believes that it has complied in all material respects with the provisions of the 1992 Cable Act, including the rate setting provisions promulgated by the FCC. However, in jurisdictions that have chosen not to certify, refunds covering the previous twelve-month period may be ordered upon certification if the Company is unable to justify its basic rates. The Company is unable to estimate at this time the amount of refunds, if any, that may be payable by the Company in the event certain of its rates are successfully challenged by franchising authorities or found to be unreasonable by the FCC. The Company does not believe that the amount of any such refunds would have a material adverse effect on the financial position or results of operations of the Company.

The 1996 Telecom Act, among other things, immediately deregulated the rates for certain small cable operators and in certain limited circumstances rates on the basic service tier, and as of March 31, 1999, deregulates rates on the cable programming service tier (CPST). The FCC is currently developing permanent regulations to implement the rate deregulation provisions of the 1996 Telecom Act. The Company cannot predict the ultimate effect of the 1996 Telecom Act on the Company's financial position or results of operations.

The FCC may further restrict the ability of cable television operators to implement rate increases or the United States Congress may enact legislation that could delay or suspend the scheduled March 1999 termination of CPST rate regulation. This continued rate regulation, if adopted, could limit the rates charged by the Company.

A number of states subject cable television systems to the jurisdiction of centralized state governmental agencies, some of which impose regulation of a character similar to that of a public utility. State governmental agencies are required to follow FCC rules when prescribing rate regulation, and thus, state regulation of cable television rates is not allowed to be more restrictive than the federal or local regulation.

14. EMPLOYEE BENEFIT PLANS:

The Partnership's employees may participate in Charter Communications, Inc. 401(k) Plan (the "401(k) Plan"). Employees that qualify for participation can contribute up to 15% of their salary, on a before tax basis, subject to a maximum contribution limit as determined by the Internal Revenue Service. The Partnership contributes an amount equal to 50% of the first 5% of contributions by each employee. For the period from January 1, 1998, through December 23, 1998, the Partnership contributed $305. During 1997 and 1996, the Partnership contributed $262 and $149, respectively.

Certain Partnership employees participate in the 1996 Charter Communications/ Charterhouse Group Appreciation Rights Plan (the "Appreciation Rights Plan"). The Appreciation Rights Plan covers certain key employees and consultants within the group of companies and partnerships controlled by Charterhouse and managed by Charter. The Plan permits the granting of up to 1,000,000 units, of which 925,000 were outstanding at December 31, 1997. Unless otherwise provided in a particular instance, units vest at a rate of 20% per annum. The Plan entitles participants to receive payment of the appreciated unit value for vested units, upon the occurrence of certain events specified in the Plan (i.e. change in control, employee termination). The units do not represent a right to an equity interest in CharterComm Holdings.

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Compensation expense is based on the appreciated unit value and is amortized over the vesting period.

As a result of the acquisition of Charter and the Partnership, the Plan was terminated, all outstanding units became 100% vested and all amounts were paid by Charter in 1999. For the period from January 1, 1998, through December 23, 1998, the Partnership recorded $4,920 of expense, included in management fees, and a contribution from Charter related to the Appreciation Rights Plan.

15. ACCOUNTING STANDARD NOT YET IMPLEMENTED:

In June 1998, the Financial Accounting Standards Board adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 establishes accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded in the balance sheet as either an asset or liability measured at its fair value and that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows a derivative's gains and losses to offset related results on the hedged item in the income statement, and requires that a company must formally document, designate and assess the effectiveness of transactions that receive hedge accounting. SFAS No. 133 is effective for fiscal years beginning after June 15, 1999. The Partnership has not yet quantified the impacts of adopting SFAS No. 133 on its consolidated financial statements nor has it determined the timing or method of its adoption of SFAS No. 133. However, SFAS No. 133 could increase volatility in earnings (loss).

16. SUBSEQUENT EVENT:

Subsequent to December 31, 1998, CharterComm Holdings, L.P. and all of its subsidiaries converted to limited liability companies and are now known as CharterComm Holdings LLC and subsidiaries.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Greater Media, Inc.:

We have audited the accompanying combined balance sheets of Greater Media Cablevision Systems (see Note 1) (collectively, the "Combined Systems") included in Greater Media, Inc., as of September 30, 1998 and 1997, and the related combined statements of income, changes in net assets, and cash flows for each of the three years in the period ended September 30, 1998. These combined financial statements are the responsibility of management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of the Combined Systems, as of September 30, 1998 and 1997, and the results of their operations and their cash flows for each of the three years in the period ended September 30, 1998, in conformity with generally accepted accounting principles.

/s/ ARTHUR ANDERSEN LLP

Roseland, New Jersey
March 2, 1999

GREATER MEDIA CABLEVISION SYSTEMS (SEE NOTE 1)

COMBINED BALANCE SHEETS
(IN THOUSANDS)

	SEPTEMBER 30, 1998	SEPTEMBER 30, 1997
Current assets:		
Cash and cash equivalents	$ 4,080	$ 3,680
Accounts receivable (less allowance for doubtful accounts of $308 (unaudited), $244 and $337)	2,755	2,739
Prepaid expenses and other current assets	2,746	1,949
Total current assets	9,581	8,368
Property and equipment, net	54,468	41,971
Intangible assets, net	2,690	1,647
Other assets	77	103
Total assets	$66,816	$52,089
Current liabilities:		
Accounts payable and accrued expenses	$ 7,125	$ 5,299
Customers' prepayments and deferred installation revenue	1,910	1,815
Total current liabilities	9,035	7,114
Other long-term liabilities	3,650	3,920
Net assets	54,131	41,055
Total liabilities and net assets	$66,816	$52,089

The accompanying notes are an integral part of these combined balance sheets.

GREATER MEDIA CABLEVISION SYSTEMS (SEE NOTE 1)

COMBINED STATEMENTS OF INCOME
(IN THOUSANDS)

	NINE MONTHS ENDED JUNE 30,		YEAR ENDED SEPTEMBER 30,		
	1999	1998	1998	1997	1996
	(UNAUDITED)				
NET REVENUES	$62,469	$57,536	$77,127	$73,436	$66,816
OPERATING EXPENSES:					
Operating expenses	26,248	24,262	32,665	31,115	29,460
General and administrative	9,150	8,282	10,869	11,211	10,321
Corporate charges	3,175	2,898	3,888	3,696	3,365
Depreciation and amortization	7,398	5,717	8,183	7,368	7,353
	45,971	41,159	55,605	53,390	50,499
Income from operations	16,498	16,377	21,522	20,046	16,317
OTHER INCOME (EXPENSES):					
Interest expense, net	(705)	(308)	(504)	(307)	(764)
Other	(365)	34	(532)	(957)	(366)
INCOME BEFORE PROVISION IN LIEU OF INCOME TAXES	15,428	16,103	20,486	18,782	15,187
Provision in lieu of income taxes (Note 6)	6,646	6,247	8,008	7,964	5,987
Net income	$ 8,782	$ 9,856	$12,478	$10,818	$ 9,200

The accompanying notes are an integral part of these combined statements.

GREATER MEDIA CABLEVISION SYSTEMS (SEE NOTE 1)

COMBINED STATEMENTS OF CHANGES IN NET ASSETS
(IN THOUSANDS)

	TOTAL
Balance, September 30, 1995	$ 42,185
Net income	9,200
Provision in lieu of income taxes	5,987
Net payments to affiliates	(17,038)
Balance, September 30, 1996	40,334
Net income	10,818
Provision in lieu of income taxes	7,964
Net payments to affiliates	(18,061)
Balance, September 30, 1997	41,055
Net income	12,478
Provision in lieu of income taxes	8,008
Net payments to affiliates	(7,410)
Balance, September 30, 1998	$ 54,131

The accompanying notes are an integral part of these combined statements.

GREATER MEDIA CABLEVISION SYSTEMS (SEE NOTE 1)

COMBINED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

	NINE MONTHS ENDED JUNE 30,		YEAR ENDED SEPTEMBER 30,		
	1999	1998	1998	1997	1996
	(UNAUDITED)				
Net income	$ 8,782	$ 9,856	$12,478	$10,818	$ 9,200
Adjustments to reconcile net income to net cash provided by operating activities:					
Provision in lieu of income taxes	6,646	6,247	8,008	7,964	5,987
Depreciation and amortization	7,398	5,717	8,183	7,368	7,353
(Gain) loss on sale of fixed assets	465	171	300	715	274
Changes in assets and liabilities:					
Accounts receivable, prepaid expenses and other assets	(1,431)	(4,045)	(813)	(1,115)	(498)
Other assets	10	31	24	(30)	(11)
Accounts payable and accrued expenses	(178)	144	1,825	(440)	(1,900)
Customers' prepayments and deferred installation revenue	242	(7)	96	367	94
Customers' deposits and deferred revenue	(24)	(174)	(270)	(69)	466
Net cash provided by operating activities	21,910	17,940	29,831	25,578	20,965
Cash flow from investing activities:					
Capital expenditures	(13,797)	(15,700)	(21,049)	(7,587)	(5,122)
Proceeds from disposition of property and equipment	--	250	72	--	128
Purchase of licenses	(512)	(49)	(1,044)	(99)	--
Net cash used in investing activities	(14,309)	(15,499)	(22,021)	(7,686)	(4,994)
Cash flow from financing activities:					
Net payments to affiliates	(34)	(3,941)	(7,410)	(18,061)	(17,038)
Net increase (decrease) in cash and cash equivalents	7,567	(1,500)	400	(169)	(1,067)
Cash and cash equivalents, beginning of year	4,080	3,680	3,680	3,849	4,916
Cash and cash equivalents, end of year	$ 11,647	$ 2,180	$ 4,080	$ 3,680	$ 3,849
Supplemental disclosure of cash flow information:					
Non-affiliate interest paid during the year	$ 264	$ 42	$ 296	$ 155	$ 447

The accompanying notes are an integral part of these combined statements.

GREATER MEDIA CABLEVISION SYSTEMS

NOTES TO COMBINED FINANCIAL STATEMENTS
(IN THOUSANDS)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION, BASIS OF PRESENTATION AND OPERATIONS

Greater Media Cablevision Systems is the owner and operator of the following Massachusetts-based cable television systems: Auburn, Boylston, Chicopee, Dudley, East Longmeadow, Easthampton, Grafton, Hampden, Holden, Leicester, Ludlow, Millbury, Northborough, Northbridge, Oxford, Paxton, Southampton, Southborough, Southbridge, Spencer, Sturbridge, Upton, Webster, West Boylston, West Brookfield, Westborough, Wilbraham and Worcester ("the Combined Systems"). The Combined Systems are wholly-owned by Greater Media Cablevision, Inc. ("the Company"). The combined financial statements do not include the accounts of Greater Philadelphia Cablevision, Inc. or Greater Philadelphia Cablevision Limited Partnership (the "Philadelphia System"), which are also wholly-owned by the Company. The Company is a wholly-owned subsidiary of Greater Media, Inc. ("the Parent"). In February 1999, the Parent and the Company entered into an agreement ("Sales Agreement") to sell the net assets of the Company including the Combined Systems but excluding the Philadelphia Systems to Charter Communications Holdings, LLC.

Significant intercompany accounts and transactions between the Combined Systems have been eliminated in the combined financial statements. Significant accounts and transactions with the Parent and other affiliates are disclosed as related party transactions (See Note 7).

The Combined Systems primarily provide cable television services to subscribers in central and western Massachusetts.

CASH AND CASH EQUIVALENTS

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

PROPERTY AND EQUIPMENT

Maintenance and repair costs are expensed when incurred. For financial reporting purposes, depreciation is provided on the straight-line method based on the following estimated useful lives:

CLASSIFICATION	YEARS
Land improvements	20
Buildings	15-40
Furniture, fixtures and equipment	3-15
Trunk and distribution systems	7-12

INTANGIBLE ASSETS

Intangible assets consist primarily of goodwill amortized over forty years and costs incurred in obtaining and renewing cable franchises which are amortized over the life of the respective franchise agreements.

REVENUES

Cable revenues from basic and premium services are recognized when the related services are provided.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

QUARTERLY RESULTS

The financial statements included herein as of December 31, 1998 and for the three months ended December 31, 1998 and 1997 have been prepared by the Company without audit. In the opinion of management, all adjustments have been made which are of a normal recurring nature necessary to present fairly the Combined Systems' financial position as of December 31, 1998 and the results of operations, changes in net assets and cash flows for the three months ended December 31, 1998 and 1997. Certain information and footnote disclosures have been condensed or omitted for these periods. The results for interim periods are not necessarily indicative of results for the entire year.

2. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid and other current assets consist of the following at September 30:

	1998	1997
Franchise grant	$1,445	$ 604
Corporate business tax	1,015	882
Other	286	463
Prepaid expenses and other current assets	$2,746	$1,949

3. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at September 30:

	1998	1997
Land and land improvements	$ 1,229	$ 1,134
Buildings	4,521	4,521
Furniture, fixtures and equipment	5,503	4,822
Trunk and distribution systems	109,253	97,042
Construction in progress	9,026	4,450
	129,532	111,969
Accumulated depreciation	(75,064)	(69,998)
Property and equipment, net	$ 54,468	$ 41,971

Depreciation expense for the years ended September 30, 1998, 1997 and 1996 was $8,081, $7,337, and $7,314, respectively. Construction in progress results primarily from costs to upgrade the systems to fiber optic technologies in the areas served by the Combined Systems.

GREATER MEDIA CABLEVISION SYSTEMS

NOTES TO COMBINED FINANCIAL STATEMENTS -- (CONTINUED)

4. INTANGIBLE ASSETS

Intangible assets consist of the following at September 30:

	1998	1997
Franchise agreements	$3,230	$2,883
Customer lists	1,751	1,751
Organization expenses	146	146
Goodwill	2,260	1,510
Covenant not to compete	40	40
	7,427	6,330
Accumulated amortization	4,737	4,683
Intangible assets, net	$2,690	$1,647

Amortization expense for the years ended September 30, 1998, 1997 and 1996 was $102, $31 and $39, respectively.

5. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consist of the following at September 30:

	1998	1997
Accounts payable	$4,733	$3,544
Rate refund liability	923	481
Programming expenses	586	557
Other	883	717
	$7,125	$5,299

6. INCOME TAXES

The Combined Systems are included in the consolidated federal income tax return of the Parent. However, the Parent is responsible for tax payments applicable to the Combined Systems. The combined financial statements reflect a provision in lieu of income taxes as if the combined systems were filing on a separate company basis. Accordingly, the Combined Systems have included the provision in lieu of income taxes as a component of net assets for all periods presented.

The provision in lieu of income taxes approximates the amount of tax computed using U.S. statutory rates, after reflecting state income tax expense of $2,053, $1,924 and $1,486, for 1998, 1997 and 1996, respectively.

As the Sales Agreement represents a sale of assets, Charter Communications Holdings, LLC will have new tax basis in the Combined Systems' assets and liabilities acquired.

7. RELATED PARTY TRANSACTIONS

The Company and each of its subsidiaries are guarantors of the Parent Company's debt.

The combined statements include the charge for certain corporate expenses incurred by the Parent on behalf of the Combined Systems. Such charges amounted to $3,888, $3,696, and $3,365 for the three years ended September 30, 1998, 1997 and 1996. Management believes that these costs are reasonable and reflect costs of doing business that the Combined Systems would have incurred on a stand-alone basis.

The Combined Systems charge an affiliate interest on certain balances, aggregating $15,000 per year, at an annual rate of 12%. Interest income on such balances amounted to $1,800 for each of the three years in the period ended September 30, 1998. In addition, the Combined Systems are required to pay the Parent interest on certain balances, at an annual rate of 12%. Interest expense on such balances amounted to $2,340 for each of these years in the period ended September 30, 1998, all which were due during the periods presented. The amounts described above and certain non-interest bearing amounts due affiliates are included in Net Assets in the Combined Systems balance sheet. As a result of the Sales Agreement, such amounts will be assumed by the Parent. The interest income and expense have been netted in the accompanying statement of operations.

8. EMPLOYEE BENEFIT PLAN

401(k) PLAN

The Combined Systems' employees participate in the Greater Media, Inc. 401(k) Plan (the "401(k) Plan"). Employees that qualify for participation can contribute up to 12% of their salary, on a before tax basis, subject to a maximum contribution limit as determined by the Internal Revenue Service. The Parent contributes an amount equal to 50% of the participant's contribution, limited to the lessor of 3% of the participant's compensation or $1 per year.

The Combined Systems expense relating to the 401(k) Plan was $140, $127, and $96 in 1998, 1997, and 1996, respectively.

PENSION

Employees of the Combined Systems participate in a pension plan sponsored by the Parent. The Combined Systems allocable share of the pension expense amounted to $105, $204 and $217 during the years ended September 30, 1998, 1997 and 1996, respectively. As a result of the Sales Agreement, the Combined Systems' employees will be fully vested with respect to their plan benefits, although no additional benefits will accrue to such employees in the future. In addition, the Parent will be responsible for the allocable pension liability ($838 at September 30, 1998) and will continue to administer the plan on behalf of the Combined Systems' employees after the sale is consummated.

9. COMMITMENTS AND CONTINGENCIES

LEASES

The Company leases certain facilities and equipment under noncancellable operating leases. Leases and rental costs charged to expense for the years ended September 30, 1998, 1997 and 1996, was $2,124, $2,133 and $1,636, respectively. Rent expense incurred under leases for the years ended September 30, 1998, 1997 and 1996, was $678, $665 and $660, respectively. Future minimum lease payments are as follows:

1999	$ 690
2000	618
2001	524
2002	402
2003	396
Thereafter	3,267

The Company also rents utility poles in its operations. Generally, pole rentals are cancelable on short notice, but the Company anticipates that such rentals will recur. Rent expense incurred for pole rental attachments for the years ended September 30, 1998, 1997 and 1996, was $1,008, $840 and $578, respectively.

LITIGATION

The Company is party to lawsuits that arise in the ordinary course of conducting its business. In the opinion of management, after consulting with legal counsel, the outcome of these lawsuits will not have a material adverse effect on the Company's combined financial position or results of operations.

REGULATION IN THE CABLE TELEVISION INDUSTRY

The cable television industry is subject to extensive regulation at the federal, local and, in some instances, state levels. The Cable Communications Policy Act of 1984 (the "1984 Cable Act"), the Cable Television Consumer Protection and Competition Act of 1992 (the "1992 Cable Act" and together with the 1984 Cable Act, the "Cable Acts"), and the Telecommunications Act of 1996 (the "1996 Telecom Act"), establish a national policy to guide the development and regulation of cable television systems. The Federal Communications Commission (FCC) has principal responsibility for implementing the policies of the Cable Acts. Many aspects of such regulation are currently the subject of judicial proceedings and administrative or legislative proposals. Legislation and regulations continue to change, and the Company cannot predict the impact of future developments on the cable television industry.

The 1992 Cable Act and the FCC's rules implementing that act generally have increased the administrative and operational expenses of cable television systems and have resulted in additional regulatory oversight by the FCC and local or state franchise authorities. The Cable Acts and the corresponding FCC regulations have established rate regulations.

The 1992 Cable Act permits certified local franchising authorities to order refunds of basic service tier rates paid in the previous twelve-month period determined to be in excess of the maximum permitted rates. The Company may be required to refund additional amounts in the future.

The Combined Systems believe that they have complied in all material respects with the provisions of the 1992 Cable Act, including the rate setting provisions promulgated by the FCC. However, in jurisdictions that have chosen not to certify, refunds covering the previous twelve-month period may be ordered upon certification if a company is unable to justify its basic rates. The Combined Systems are unable to estimate at this time the amount of refunds, if any, that may be payable by the Combined Systems in the event certain of its rates are successfully challenged by franchising authorities or found to be unreasonable by the FCC. The Combined Systems do not believe that the amount of any such refunds would have a material adverse effect on their financial position or results of operations.

The 1996 Telecom Act, among other things, immediately deregulated the rates for certain small cable operators and in certain limited circumstances rates on the basic service tier, and as of March 31, 1999, deregulates rates on the cable programming service tier (CPST). The FCC is currently developing permanent regulations to implement the rate deregulation provisions of the 1996 Telecom Act. The Combined Systems cannot predict the ultimate effect of the 1996 Telecom Act on their financial position or results of operations.

The FCC may further restrict the ability of cable television operators to implement rate increases or the United States Congress may enact legislation that could delay or suspend the scheduled March 1999 termination of CPST rate regulation. This continued rate regulation, if adopted, could limit the rates charged by the Combined Systems.

A number of states subject cable television systems to the jurisdiction of centralized state governmental agencies, some of which impose regulation of a character similar to that of a public utility. State governmental agencies are required to follow FCC rules when prescribing rate regulation, and thus, state regulation of cable television rates is not allowed to be more restrictive than the federal or local regulation. The Combined Systems are subject to state regulation in Massachusetts.

10. SUBSEQUENT EVENT (UNAUDITED)

On June 30, 1999, Charter Communications Entertainment I, LLC, an indirect subsidiary of Charter Communications Holdings Company, LLC purchased the Combined Systems for an aggregate purchase price of $500 million plus a working capital adjustment. Effective with this change of ownership, the Combined Systems will be managed by Charter Investment, Inc.

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors of
Renaissance Media Group LLC

We have audited the accompanying consolidated balance sheet of Renaissance Media Group LLC as of December 31, 1998 and the related consolidated statements of operations, changes in members' equity, and cash flows for the year ended December 31, 1998. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Renaissance Media Group LLC at December 31, 1998, and the consolidated results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

/s/ ERNST & YOUNG LLP

New York, New York
February 22, 1999
except for Note 11, as to which
the date is February 24, 1999

RENAISSANCE MEDIA GROUP LLC
CONSOLIDATED BALANCE SHEET
AS OF DECEMBER 31, 1998
(IN THOUSANDS)

ASSETS	
Cash and cash equivalents	$ 8,482
Accounts receivable -- trade (less allowance for doubtful accounts of $92)	726
Accounts receivable -- other	584
Prepaid expenses and other assets	340
Escrow deposit	150
Investment in cable television systems:	
Property, plant and equipment	71,246
Less: Accumulated depreciation	(7,294)
	63,952
Cable television franchises	236,489
Less: Accumulated amortization	(11,473)
	225,016
Intangible assets	17,559
Less: Accumulated amortization	(1,059)
	16,500
Total investment in cable television systems	305,468
Total assets	$315,750
LIABILITIES AND MEMBERS' EQUITY	
Accounts payable	$ 2,042
Accrued expenses(a)	6,670
Subscriber advance payments and deposits	608
Deferred marketing support	800
Advances from Holdings	135
Debt	209,874
Total Liabilities	220,129
Members' Equity:	
Paid in capital	108,600
Accumulated deficit	(12,979)
Total members' equity	95,621
Total liabilities and members' equity	$315,750

(a) includes accrued costs from transactions with affiliated companies of $921.

See accompanying notes to financial statements.

RENAISSANCE MEDIA GROUP LLC

CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 1998
(IN THOUSANDS)

REVENUES	$ 41,524
COSTS & EXPENSES	
Service Costs(a)	13,326
Selling, General & Administrative	7,711
Depreciation & Amortization	19,107
Operating Income	1,380
Interest Income	158
Interest (Expense) (b)	(14,358)
(Loss) Before Provision for Taxes	(12,820)
Provision for Taxes	135
Net (Loss)	$(12,955)

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(a) includes costs from transactions with affiliated companies of $7,523.

(b) includes $676 of amortization of deferred financing costs.

See accompanying notes to financial statements.

RENAISSANCE MEDIA GROUP LLC

CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 1998
(IN THOUSANDS)

	PAID IN CAPITAL	ACCUMULATED (DEFICIT)	TOTAL MEMBER'S EQUITY
Contributed Members' Equity -- Renaissance Media Holdings LLC and Renaissance Media LLC	$ 15,000	$ (24)	$14,976
Additional capital contributions	93,600	--	93,600
Net (Loss)	--	(12,955)	(12,955)
Balance December 31, 1998	$108,600	$(12,979)	$95,621

See accompanying notes to financial statements.

RENAISSANCE MEDIA GROUP LLC

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 1998
(IN THOUSANDS)

OPERATING ACTIVITIES:	
Net (loss)	$(12,955)
Adjustments to non-cash and non-operating items:	
Depreciation and amortization	19,107
Accretion on Senior Discount Notes	7,363
Other non-cash charges	730
Changes in operating assets and liabilities:	
Accounts receivable -- trade, net	(726)
Accounts receivable -- other	(584)
Prepaid expenses and other assets	(338)
Accounts payable	2,031
Accrued expenses	6,660
Subscriber advance payments and deposits	608
Deferred marketing support	800
Net cash provided by operating activities	22,696
INVESTING ACTIVITIES:	
Purchased cable television systems:	
Property, plant and equipment	(65,580)
Cable television franchises	(235,412)
Cash paid in excess of identifiable assets	(8,608)
Escrow deposit	(150)
Capital expenditures	(5,683)
Cable television franchises	(1,077)
Other intangible assets	(526)
Net cash (used in) investing activities	(317,036)
FINANCING ACTIVITIES:	
Debt acquisition costs	(8,323)
Principal repayments on bank debt	(7,500)
Advances from Holdings	33
Proceeds from bank debt	110,000
Proceeds from 10% Senior Discount Notes	100,012
Capital contributions	108,600
Net cash provided by financing activities	302,822
NET INCREASE IN CASH AND CASH EQUIVALENTS	8,482
CASH AND CASH EQUIVALENTS AT DECEMBER 31, 1997	--
CASH AND CASH EQUIVALENTS AT DECEMBER 31, 1998	$ 8,482
SUPPLEMENTAL DISCLOSURES:	
INTEREST PAID	$ 4,639

See accompanying notes to financial statements.

RENAISSANCE MEDIA GROUP LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1998
(ALL DOLLAR AMOUNTS IN THOUSANDS)

1. ORGANIZATION AND BASIS OF PRESENTATION

Renaissance Media Group LLC ("Group") was formed on March 13, 1998 by Renaissance Media Holdings LLC ("Holdings"). Holdings is owned by Morgan Stanley Capital Partners III, L.P. ("MSCP III"), Morgan Stanley Capital Investors, L.P. ("MSCI"), MSCP III 892 Investors, L.P. ("MSCP Investors" and, collectively, with its affiliates, MSCP III and MSCI and their respective affiliates, the "Morgan Stanley Entities"), Time Warner and the Management Investors. On March 20, 1998, Holdings contributed to Group its membership interests in two wholly-owned subsidiaries; Renaissance Media (Louisiana) LLC ("Louisiana") and Renaissance Media (Tennessee) LLC ("Tennessee"), which were formed on January 7, 1998. Louisiana and Tennessee acquired a 76% interest and 24% interest, respectively, in Renaissance Media LLC ("Media") from Morgan Stanley Capital Partners III, Inc. ("MSCP"), on February 13, 1998 through an acquisition of entities under common control accounted for as if it were a pooling of interests. As a result, Media became a subsidiary of Group and Holdings. Group and its aforementioned subsidiaries are collectively referred to as the "Company". On April 9, 1998, the Company acquired (the "Acquisition") six cable television systems (the "Systems") from TWI Cable, Inc. ("TWI Cable"), a subsidiary of Time Warner Inc. ("Time Warner"). See Note 3. Prior to this Acquisition, the Company had no operations other than start-up related activities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NEW ACCOUNTING STANDARDS

During fiscal 1998, the Financial Accounting Standards Board ("FASB") issued Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("FAS 133").

FAS 133 provides a comprehensive and consistent standard for the recognition and measurement of derivatives and hedging activities. The Company will adopt FAS 133 as of January 1, 2000. The impact of the adoption on the Company's consolidated financial statements is not expected to be material.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements of the Company include the accounts of the Company and its wholly owned subsidiaries. Significant intercompany accounts and transactions have been eliminated.

CONCENTRATION OF CREDIT RISK

A significant portion of the customer base is concentrated within the local geographical area of each of the individual cable television systems. The Company generally extends credit to customers and the ultimate collection of accounts receivable could be affected by the local economy. Management performs continuous credit evaluations of its customers and may require cash in advance or other special arrangements from certain customers. Management does not believe that there is any significant credit risk which could have a material effect on the Company's financial condition.

REVENUE AND COSTS

Subscriber fees are recorded as revenue in the period the related services are provided and advertising revenues are recognized in the period the related advertisements are exhibited.

RENAISSANCE MEDIA GROUP LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
DECEMBER 31, 1998
(ALL DOLLAR AMOUNTS IN THOUSANDS)

Rights to exhibit programming are purchased from various cable networks. The costs of such rights are generally expensed as the related services are made available to subscribers.

ADVERTISING COSTS

Advertising costs are expensed upon the first exhibition of the related advertisements. Advertising expense amounted to $491 in 1998.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and investments in short-term, highly liquid securities, which have maturities when purchased of three months or less.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is recorded at purchased and capitalized cost. Capitalized internal costs principally, consist of employee costs and interest on funds borrowed during construction. Capitalized labor, materials and associated overhead amounted to approximately $1,429 in 1998. Replacements, renewals and improvements to installed cable plant are capitalized. Maintenance and repairs are charged to expense as incurred. Depreciation expense for the year ended December 31, 1998 amounted to $7,314. Property, plant and equipment is depreciated using the straight-line method over the following estimated service lives:

Buildings and leasehold improvements	5 - 30 years
Cable systems, equipment and subscriber devices	5 - 30 years
Transportation equipment	3 - 5 years
Furniture, fixtures and office equipment	5 - 10 years

Property, plant and equipment at December 31, 1998 consisted of:

Land	$ 432
Buildings and leasehold improvements	1,347
Cable systems, equipment and subscriber devices	62,740
Transportation equipment	2,181
Furniture, Fixtures and office equipment	904
Construction in progress	3,642
	71,246
Less: accumulated depreciation	(7,294)
Total	$63,952

RENAISSANCE MEDIA GROUP LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
DECEMBER 31, 1998
(ALL DOLLAR AMOUNTS IN THOUSANDS)

CABLE TELEVISION FRANCHISES AND INTANGIBLE ASSETS

Cable television franchise costs include the assigned fair value, at the date of acquisition, of the franchises from purchased cable television systems. Intangible assets include goodwill, deferred financing and other intangible assets. Cable television franchises and intangible assets are amortized using the straight-line method over the following estimated useful lives:

Cable television franchises	15 years
Goodwill	25 years
Deferred financing and other intangible assets	2 - 10 years

Intangible assets at December 31, 1998 consisted of:

Goodwill	$ 8,608
Deferred Financing Costs	8,323
Other intangible assets	628
	17,559
Less: accumulated amortization	(1,059)
Total	$16,500

The Company periodically reviews the carrying value of its long-lived assets, including property, plant and equipment, cable television franchises and intangible assets, whenever events or changes in circumstances indicate that the carrying value may not be recoverable. To the extent the estimated future cash inflows attributable to the asset, less estimated future cash outflows, is less than the carrying amount, an impairment loss is recognized to the extent that the carrying value of such asset is greater than its fair value.

ESTIMATES USED IN FINANCIAL STATEMENT PRESENTATION

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

3. ACQUISITIONS

TWI CABLE

On April 9, 1998, the Company acquired six cable television systems from TWI Cable. The systems are clustered in southern Louisiana, western Mississippi and western Tennessee. This Acquisition represented the first acquisition by the Company. The purchase price for the systems was $309,500 which was paid as follows: TWI Cable received $300,000 in cash, inclusive of an escrow deposit of $15,000, and a $9,500 (9,500 units) equity interest in Renaissance Media Holdings LLC, the parent company of Group. In addition to the purchase price, the Company incurred approximately $1,385 in transaction costs, exclusive of financing costs.

The Acquisition was accounted for using the purchase method and, accordingly, results of operations are reported from the date of the Acquisition (April 9, 1998). The excess of the purchase price over the estimated fair value of the tangible assets acquired has been allocated to cable television franchises and goodwill in the amount of $235,387 and $8,608, respectively.

(ALL DOLLAR AMOUNTS IN THOUSANDS)

DEFFNER CABLE

On August 31, 1998, the Company acquired the assets of Deffner Cable, a cable television company located in Gadsden, Tennessee. The purchase price was $100 and was accounted for using the purchase method. The allocation of the purchase price is subject to change, although management does not believe that any material adjustment to such allocation is expected.

BAYOU VISION, INC.

On February 3, 1999, Media acquired the cable television assets of Bayou Vision, Inc. and Gulf South Cable, Inc. serving approximately 1,950 subscribers in the Villages of Estherwood, Morse and Mermentau and Acadia and Livingston Parish, Louisiana. The cash purchase price was approximately $2,700 and was paid out of available Company funds.

Unaudited Pro Forma summarized results of operations for the Company for the year ended December 31, 1998 and 1997, assuming the Acquisition, Notes (as hereinafter defined) offering and Credit Agreement (as hereinafter defined) had been consummated on January 1, 1998 and 1997, are as follows:

	YEAR ENDED DECEMBER 31	
	1997	1998
Revenues	$ 50,987	$ 56,745
Expenses	53,022	55,210
Operating (loss) income	(2,035)	1,535
Interest expense and other expenses	(19,740)	(19,699)
Net (Loss)	$(21,775)	$(18,164)

4. DEBT

As of December 31, 1998, debt consisted of:

10.00% Senior Discount Notes at Accreted Value(a)	$107,374
Credit Agreement(b)	102,500
	$209,874

(a) On April 9, 1998, in connection with the Acquisition described in Note 3, the Company issued $163,175 principal amount at maturity, $100,012 initial accreted value, of 10.00% senior discount notes due 2008 ("Notes"). The Notes pay no interest until April 15, 2003. From and after April 15, 2003 the Notes will bear interest, payable semi-annually in cash, at a rate of 10% per annum on April 15 and October 15 of each year, commencing October 15, 2003. The Notes are due on April 15, 2008.

(b) On April 9, 1998, Renaissance Media entered into a credit agreement among Morgan Stanley & Co. Incorporated as Placement Agent, Morgan Stanley Senior Funding Inc., as Syndication Agent, the Lenders, CIBC Inc., as Documentation Agent and Bankers Trust Company as Administrative Agent (the "Credit Agreement"). The aggregate commitments under the Credit

(ALL DOLLAR AMOUNTS IN THOUSANDS)

Agreement total $150,000, consisting of a $40,000 revolver, $60,000 Tranche A Term Loans and $50,000 Tranche B Term Loans (collectively the "Term Loans"). The revolving credit and term loans are collateralized by a first lien position on all present and future assets and the member's interest of Media, Louisiana and Tennessee. The Credit Agreement provides for interest at varying rates based upon various borrowing options and the attainment of certain financial ratios and for commitment fees of 1/2% on the unused portion of the revolver. The effective interest rate, including commitment fees and amortization of related deferred financing costs and the interest-rate cap, for the year ended December 31, 1998 was 8.82%.

On April 9, 1998, $110,000 was borrowed under the Credit Agreement's Tranche A and B Term Loans. On June 23, 1998, $7,500 was repaid resulting in $102,500 of outstanding Tranche A and B Term Loans as of December 31, 1998.

As of December 31, 1998, the Company had unrestricted use of the $40,000 revolver. No borrowings had been made by the Company under the revolver through that date.

Annual maturities of borrowings under the Credit Agreement for the years ending December 31 are as follows:

1999	$ 776
2000	1,035
2001	2,701
2002	9,506
2003	11,590
2004	11,590
Thereafter	65,302
	102,500
Less: Current portion	(776)
	$101,724

The Credit Agreement and the Indenture pursuant to which the Notes were issued contain restrictive covenants on the Company and subsidiaries regarding additional indebtedness, investment guarantees, loans, acquisitions, dividends and merger or sale of the subsidiaries and require the maintenance of certain financial ratios.

Total interest cost incurred for the year ended December 31, 1998, including commitment fees and amortization of deferred financing and interest-rate cap costs was $14,358, net of capitalized interest of $42.

5. INTEREST RATE-CAP AGREEMENT

The Company purchases interest-rate cap agreements that are designed to limit its exposure to increasing interest rates and are designated to its floating rate debt. The strike price of these agreements exceeds the current market levels at the time they are entered into. The interest rate indices specified by the agreements have been and are expected to be highly correlated with the interest rates the Company incurs on its floating rate debt. Payments to be received as a result of the specified interest rate index exceeding the strike price are accrued in other assets and are recognized as a reduction of interest expense (the accrual accounting method). The cost of these agreements is included in other assets and amortized to interest expense ratably during the life of the agreement. Upon termination of an interest-rate cap agreement, any gain is deferred in other liabilities and amortized over the remaining term of the original contractual life of the agreement as a reduction of interest expense.

(ALL DOLLAR AMOUNTS IN THOUSANDS)

On December 1, 1997, the Company purchased an interest-rate cap agreement from Morgan Stanley Capital Services Inc. The carrying value as of December 31, 1998 was $47. The fair value of the interest-rate cap, which is based upon the estimated amount that the Company would receive or pay to terminate the cap agreement as of December 31, 1998, taking into consideration current interest rates and the credit worthiness of the counterparties, approximates its carrying value.

The following table summarizes the interest-rate cap agreement:

NOTIONAL PRINCIPAL AMOUNT	TERM	EFFECTIVE DATE	TERMINATION DATE	INITIAL CONTRACT COST	FIXED RATE (PAY RATE)
$100,000	2 years	12/1/97	12/1/99	$100	7.25%

6. TAXES

For the year ended December 31, 1998, the provision for income taxes has been calculated on a separate company basis. The components of the provision for income taxes are as follows:

	YEAR ENDED DECEMBER 31, 1998
Federal:	
Current	$ --
Deferred	--
State:	
Current	135
Deferred	--
Provision for income taxes	$135

The Company's current state tax liability results from its obligation to pay franchise tax in Tennessee and Mississippi and tax on capital in New York.

The Company has a net operating loss ("NOL") carryforward for income tax purposes which is available to offset future taxable income. This NOL totals approximately $14,900 and expires in the year 2018. The Company has established a valuation allowance to offset the entire potential future tax benefit of the NOL carryforward and, therefore, has recognized no deferred tax asset with respect to the NOL.

Louisiana and Tennessee have elected to be treated as corporations for federal income tax purposes and have not recorded any tax benefit for their losses as the realization of theses losses by reducing future taxable income in the carry forward period is uncertain at this time.

7. RELATED PARTY TRANSACTIONS

(a) TRANSACTIONS WITH MORGAN STANLEY ENTITIES

In connection with the Acquisition, Media entered into the Credit Agreement with Morgan Stanley Senior Funding Inc. and Morgan Stanley & Co. Incorporated acted as the Placement

RENAISSANCE MEDIA GROUP LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
DECEMBER 31, 1998
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Agent for the Notes. In connection with these services the Morgan Stanley Entities received customary fees and expense reimbursement.

(b) TRANSACTIONS WITH TIME WARNER AND RELATED PARTIES

In connection with the Acquisition, Media entered into an agreement with Time Warner, pursuant to which Time Warner manages the Company's programming in exchange for providing the Company access to certain Time Warner programming arrangements.

(c) Transactions with Management

Prior to the consummation of the Acquisition described in Note 3, Media paid fees in 1998 to six senior executives of the Company who are investors in the Company (the "Management Investors") for services rendered prior to their employment by Media relating to the Acquisition and the Credit Agreement. These fees totaled $287 and were recorded as transaction and financing costs.

(d) DUE TO MANAGEMENT INVESTORS

Prior to the formation of the Company, the Management Investors advanced $1,000 to Holdings, which was used primarily for working capital purposes. Upon formation of the Company, Holdings contributed certain assets and liabilities to Group and the $1,000 advance from the Management Investors was recorded as paid in capital.

(e) TRANSACTIONS WITH BOARD MEMBER

The Company has utilized the law firm of one of its board members for legal services for the Acquisition, financing agreements and various ongoing legal matters. These fees totaled approximately $1,348 for the year ended December 31, 1998.

8. ACCRUED EXPENSES

Accrued expenses as of December 31, 1998 consist of the following:

Accrued programming costs	$1,986
Accrued interest	1,671
Accrued franchise fees	1,022
Accrued legal and professional fees,	254
Accrued salaries, wages and benefits	570
Accrued property and sales tax	637
Other accrued expenses	530
	$6,670

9. EMPLOYEE BENEFIT PLAN

Effective April 9, 1998, the Company began sponsoring a defined contribution plan which covers substantially all employees (the "Plan"). The Plan provides for contributions from eligible employees up to 15% of their compensation. The Company's contribution to the Plan is limited to 50% of each eligible employee's contribution up to 10% of his or her compensation. The Company has the right in any year to set the amount of the Company's contribution percentage.

(ALL DOLLAR AMOUNTS IN THOUSANDS)

Company matching contributions to the Plan for the year ended December 31, 1998 were approximately $97. All participant contributions and earnings are fully vested upon contribution and company contributions and earnings vest 20% per year of employment with the Company, becoming fully vested after five years.

10. COMMITMENTS AND CONTINGENCIES

(a) LEASES

The Company had rental expense under various lease and rental agreements primarily for offices, tower sites and warehouses of approximately $125 in 1998. In addition, the Company rents utility poles in its operations generally under short term arrangements, but the Company expects these arrangements to recur. Total rent expense for utility poles was approximately $620 in 1998. Future minimum annual rental payments under noncancellable leases are as follows:

1999	$162
2000	38
2001	24
2002	20
2003 and thereafter	66
Total	$310

(b) EMPLOYMENT AGREEMENTS

Media has entered into employment agreements with six senior executives who are also investors in Holdings. Under the conditions of five of the agreements the employment term is five years, expiring in April 2003 and requires Media to continue salary payments (including any bonus) through the term if the executive's employment is terminated by Media without cause, as defined in the employment agreement. Media's obligations under the employment agreements may be reduced in certain situations based on actual operating performance relative to the business plan, death or disability or by actions of the other senior executives.

The employment agreement for one senior executive has a term of one year and may be renewed annually. This agreement has been renewed through April 8, 2000.

(c) OTHER AGREEMENTS

In exchange for certain flexibility in establishing cable rate pricing structures for regulated services that went into effect on January 1, 1996, Time Warner agreed with the Federal Communications Commission ("FCC") to invest in certain upgrades to its cable infrastructure (consisting primarily of materials and labor in connection with the plant upgrades up to 750 megahertz) by 1999 (approximately $23 million). This agreement with the FCC has been assumed by the Company as part of the Acquisition.

11. SUBSEQUENT EVENT

On February 23, 1999, Holdings entered into an agreement with Charter Communications, LLC and Charter Communications, Inc., to sell 100% of its members' equity in the Company for approximately $459,000, subject to certain closing conditions. This transaction is expected to close during the third quarter of 1999.

RENAISSANCE MEDIA GROUP LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
DECEMBER 31, 1998
(ALL DOLLAR AMOUNTS IN THOUSANDS)

12. YEAR 2000 ISSUES (UNAUDITED)

The Company relies on computer systems, related software applications and other control devices in operating and monitoring all major aspects of its business, including, but not limited to, its financial systems (such as general ledger, accounts payable, payroll and fixed asset modules), subscriber billing systems, internal networks and telecommunications equipment. The Company also relies, directly and indirectly, on the external systems of various independent business enterprises, such as its suppliers and financial organizations, for the accurate exchange of data.

The Company continues to assess the likely impact of Year 2000 issues on its business operations, including its material information technology ("IT") and non-IT applications. These material applications include all billing and subscriber information systems, general ledger software, payroll systems, accounting software, phone switches and certain headend applications, all of which are third party supported.

The Company believes it has identified all systems that may be affected by Year 2000 Issues. Concurrent with the identification phase, the Company is securing compliance determinations relative to all identified systems. For those systems that the Company believes are material, compliance programs have been received or such systems have been certified by independent parities as Year 2000 compliant. For those material systems that are subject to compliance programs, the Company expects to receive Year 2000 certifications from independent parties by the second quarter 1999. Determinations of Year 2000 compliance requirements for less mission critical systems are in progress and are expected to be completed in the second quarter of 1999.

With respect to third parties with which the Company has a material relationship, the Company believes its most significant relationships are with financial institutions, who receive subscriber monthly payments and maintain Company bank accounts, and subscriber billing and management systems providers. We have received compliance programs which if executed as planned should provide a high degree of assurance that all Year 2000 issues will be addressed by mid 1999.

The Company has not incurred any material Year 2000 costs to date, and excluding the need for contingency plans, does not expect to incur any material Year 2000 costs in the future because most of its applications are maintained by third parties who have borne Year 2000 compliance costs.

The Company cannot be certain that it or third parties supporting its systems have resolved or will resolve all Year 2000 issues in a timely manner. Failure by the Company or any such third party to successfully address the relevant Year 2000 issues could result in disruptions of the Company's business and the incurrence of significant expenses by the Company. Additionally, the Company could be affected by any disruption to third parties with which the Company does business if such third parties have not successfully addressed their Year 2000 issues.

Failure to resolve Year 2000 issues could result in improper billing to the Company's subscribers which could have a major impact on the recording of revenue and the collection of cash as well as create significant customer dissatisfaction. In addition, failure on the part of the financial institutions with which the Company relies on for its cash collection and management services could also have a significant impact on collections, results of operations and the liquidity of the Company.

RENAISSANCE MEDIA GROUP LLC
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
DECEMBER 31, 1998
(ALL DOLLAR AMOUNTS IN THOUSANDS)

The Company has not yet finalized contingency plans necessary to handle the most likely worst case scenarios. Before concluding as to possible contingency plans, the Company must determine whether the material service providers contemplate having such plans in place. In the event that contingency plans from material service providers are not in place or are deemed inadequate, management expects to have such plans in place by the third quarter of 1999.

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors of
TWI Cable, Inc.

We have audited the accompanying combined balance sheet of the Picayune MS, Lafourche LA, St. Tammany LA, St. Landry LA, Pointe Coupee LA, and Jackson TN cable television systems, (collectively, the "Combined Systems") included in TWI Cable, Inc. ("TWI Cable"), as of April 8, 1998, and the related combined statements of operations, changes in net assets and cash flows for the period from January 1, 1998 through April 8, 1998. These combined financial statements are the responsibility of the Combined Systems' management. Our responsibility is to express an opinion on these combined financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of the Combined Systems, included in TWI Cable, at April 8, 1998, and the combined results of their operations and their cash flows for the period from January 1, 1998 through April 8, 1998, in conformity with generally accepted accounting principles.

/s/ ERNST & YOUNG LLP

New York, New York
February 22, 1999

PICAYUNE MS, LAFOURCHE LA, ST. TAMMANY LA, ST. LANDRY LA,
POINTE COUPEE LA, AND JACKSON TN CABLE TELEVISION SYSTEMS
(INCLUDED IN TWI CABLE INC.)

COMBINED BALANCE SHEET
(IN THOUSANDS)

	APRIL 8, 1998
ASSETS	
Cash and cash equivalents	$ 7
Receivables, less allowance of $116	576
Prepaid expenses and other assets	438
Property, plant and equipment, net	35,992
Cable television franchises, net	195,907
Goodwill and other intangibles, net	50,023
Total assets	$282,943
LIABILITIES AND NET ASSETS	
Accounts payable	$ 63
Accrued programming expenses	978
Accrued franchise fees	616
Subscriber advance payments and deposits	593
Deferred income taxes	61,792
Other liabilities	747
Total liabilities	64,789
Total net assets	218,154
Total liabilities and net assets	$282,943

See accompanying notes to combined financial statements.

PICAYUNE MS, LAFOURCHE LA, ST. TAMMANY LA, ST. LANDRY LA,
POINTE COUPEE LA, AND JACKSON TN CABLE TELEVISION SYSTEMS
(INCLUDED IN TWI CABLE INC.)

COMBINED STATEMENT OF OPERATIONS
(IN THOUSANDS)

	FOR THE PERIOD FROM JANUARY 1, 1998 THROUGH APRIL 8, 1998
REVENUES	$15,221
COSTS AND EXPENSES:	
Operating and programming	3,603
Selling, general and administrative	4,134
Depreciation and amortization	5,031
(Gain) on disposal of fixed assets	(96)
Total costs and expenses	12,672
Operating income	2,549
Provision for income taxes	1,191
Net income	$ 1,358

See accompanying notes to combined financial statements.

PICAYUNE MS, LAFOURCHE LA, ST. TAMMANY LA, ST. LANDRY LA,
POINTE COUPEE LA, AND JACKSON TN CABLE TELEVISION SYSTEMS
(INCLUDED IN TWI CABLE INC.)

COMBINED STATEMENT OF CHANGES IN NET ASSETS
(IN THOUSANDS)

Balance at December 31, 1997	$224,546
Repayment of advances from Parent	(17,408)
Advances from Parent	9,658
Net income	1,358
Balance at April 8, 1998	$218,154

See accompanying notes to combined financial statements.

PICAYUNE MS, LAFOURCHE LA, ST. TAMMANY LA, ST. LANDRY LA,
POINTE COUPEE LA, AND JACKSON TN CABLE TELEVISION SYSTEMS
(INCLUDED IN TWI CABLE INC.)

COMBINED STATEMENT OF CASH FLOWS
(IN THOUSANDS)

	FOR THE PERIOD FROM JANUARY 1, 1998 THROUGH APRIL 8, 1998
OPERATING ACTIVITIES:	
Net income	$ 1,358
Adjustments for noncash and nonoperating items:	
Income tax expense	1,191
Depreciation and amortization	5,031
(Gain) on disposal of fixed assets	(96)
Changes in operating assets and liabilities:	
Receivables, prepaids and other assets	289
Accounts payable, accrued expenses and other liabilities	(770)
Other balance sheet changes	(4)
Net cash provided by operations	6,999
INVESTING ACTIVITIES:	
Capital expenditures	(613)
Net cash used in investing activities	(613)
FINANCING ACTIVITIES:	
Net repayment of advances from Parent	(7,750)
Net cash (used in) financing activities	(7,750)
INCREASE IN CASH AND CASH EQUIVALENTS	(1,364)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,371
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 7

See accompanying notes to combined financial statements.

PICAYUNE MS, LAFOURCHE LA, ST. TAMMANY LA, ST. LANDRY LA,
POINTE COUPEE LA, AND JACKSON TN CABLE TELEVISION SYSTEMS
(INCLUDED IN TWI CABLE INC.)

NOTES TO COMBINED FINANCIAL STATEMENTS

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF BUSINESS

The cable television systems operating in the metropolitan areas of Picayune, Mississippi; Lafourche, Louisiana; St. Tammany, Louisiana; St. Landry, Louisiana; Pointe Coupee, Louisiana; and Jackson, Tennessee (the "Combined Systems") are principally engaged in the cable television business under non-exclusive franchise agreements, which expire at various times beginning in 1999. The Combined Systems' operations consist primarily of selling video programming which is distributed to subscribers for a monthly fee through a network of coaxial and fiber-optic cables.

Prior to January 4, 1996, the Combined Systems were included in certain subsidiaries of Cablevision Industries Corporation ("CVI"). On January 4, 1996, CVI merged into a wholly owned subsidiary of Time Warner Inc. (the "CVI Merger"). On October 1, 1996, Time Warner Inc. ("Time Warner") completed a reorganization amongst certain of its wholly owned cable television subsidiaries whereby CVI was renamed TWI Cable Inc. ("TWI Cable").

BASIS OF PRESENTATION

TWI Cable has sold the Combined Systems to Renaissance Media Holdings LLC ("Renaissance") pursuant to an Asset Purchase Agreement with Renaissance, dated November 14, 1997 (see Note 8). Accordingly, the accompanying combined financial statements of the Combined Systems reflect the "carved out" historical financial position, results of operations, cash flows and changes in net assets of the operations of the Combined Systems as if they had been operating as a separate company. Effective as of January 1, 1996, the Combined Systems' financial statements reflect the new basis of accounting arising from Time Warner's merger with CVI. Based on Time Warner's allocation of the purchase price, the assets and liabilities of the Combined Systems were revalued resulting in goodwill allocated to the Combined Systems of approximately $52,971,000, which is being amortized over its estimated life of 40 years. In addition, approximately $220,981,000 was allocated to cable television franchises and other intangible assets, which is being amortized over periods up to 20 years.

The combined statements have been adjusted to include the allocation of certain corporate expenses incurred by Time Warner Cable and/or TWI Cable on the Combined Systems' behalf, based upon the number of Combined System subscribers managed by Time Warner Cable and the ratio of Combined System subscribers to total TWI Cable subscribers, respectively. These allocations reflect all costs of doing business that the Combined Systems would have incurred on a stand alone basis as disclosed in Note 3. Management believes that these allocations are reasonable.

BASIS OF COMBINATION

The combined financial statements include the assets, liabilities, revenues, expenses, income, loss and cash flows of the Combined Systems, as if the Combined Systems were a single company. Significant intercompany accounts and transactions between the Combined Systems have been eliminated. Significant accounts and transactions with Time Warner and its affiliates are disclosed as related party transactions (see Note 3).

PICAYUNE MS, LAFOURCHE LA, ST. TAMMANY LA, ST. LANDRY LA, POINTE COUPEE LA, AND JACKSON TN CABLE TELEVISION SYSTEMS (INCLUDED IN TWI CABLE INC.)

NOTES TO COMBINED FINANCIAL STATEMENTS -- (CONTINUED)

USE OF ESTIMATES

The preparation of combined financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the combined financial statements and footnotes thereto. Actual results could differ from those estimates.

CONCENTRATION OF CREDIT RISK

A significant portion of the customer base is concentrated within the local geographical area of each of the individual cable television systems. The Combined Systems generally extend credit to customers and the ultimate collection of accounts receivable could be affected by the local economy. Management performs continuous credit evaluations of its customers and may require cash in advance or other special arrangements from certain customers. Management does not believe that there is any significant credit risk which could have a material effect on the financial condition of the Combined Systems.

REVENUE AND COSTS

Subscriber fees are recorded as revenue in the period the related services are provided and advertising revenues are recognized in the period the related advertisements are exhibited. Rights to exhibit programming are purchased from various cable networks. The costs of such rights are generally expensed as the related services are made available to subscribers.

FRANCHISE FEES

Local governmental authorities impose franchise fees on the cable television systems owned by the Combined Systems ranging up to a federally mandated maximum of 5.0% of gross revenues. On a monthly basis, such fees are collected from the Combined Systems' customers and such fees are not included as revenue or as a franchise fee expense.

ADVERTISING COSTS

Advertising costs are expensed upon the first exhibition of the related advertisements. Advertising expense amounted to $105,000 for the period from January 1, 1998 through April 8, 1998.

STATEMENT OF CASH FLOWS

The Combined Systems participate in a cash management system with affiliates whereby cash receipts are transferred to a centralized bank account from which centralized payments to various suppliers and creditors are made on behalf of the Combined Systems. The excess of such cash receipts over payments is included in net assets. Amounts shown as cash represent the Combined Systems' net cash receipts not transferred to the centralized account as of December 31, 1996 and 1997. The average net intercompany payable balances was $166,522,000 for the period from January 1, 1998 through April 8, 1998.

For purposes of this statement, cash and cash equivalents includes all highly liquid investments purchased with original maturities of three months or less.

PICAYUNE MS, LAFOURCHE LA, ST. TAMMANY LA, ST. LANDRY LA,
POINTE COUPEE LA, AND JACKSON TN CABLE TELEVISION SYSTEMS
(INCLUDED IN TWI CABLE INC.)

NOTES TO COMBINED FINANCIAL STATEMENTS -- (CONTINUED)

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost. Additions to property, plant and equipment generally include material, labor, overhead and interest. Depreciation is provided on the straight-line method over estimated useful lives as follows:

Buildings and improvements	5-20 years
Cable television equipment	5-15 years
Furniture, fixtures and other equipment	3-10 years

Property, plant and equipment consist of:

	APRIL 8, 1998 (IN THOUSANDS)
Land and buildings	$ 2,255
Cable television equipment	40,276
Furniture, fixtures and other equipment	2,308
Construction in progress	1,183
	46,022
Less accumulated depreciation	(10,030)
Total	$ 35,992

INTANGIBLE ASSETS

The Combined Systems amortized goodwill over periods up to 40 years and cable television franchises over periods up to 20 years, both using the straight-line method. For the period from January 1, 1998 through April 8, 1998 amortization of goodwill amounted to $360,000 and amortization of cable television franchises amounted to $3,008,000. Accumulated amortization of intangible assets amounted to $28,114,000 at April 8, 1998.

IMPAIRMENT

Management separately reviews the carrying value of acquired long-lived assets for each acquired entity on a quarterly basis to determine whether an impairment may exist. Management considers relevant cash flow and profitability information, including estimated future operating results, trends and other available information, in assessing whether the carrying value of long-lived assets can be recovered. Upon a determination that the carrying value of long-lived assets will not be recovered from the undiscounted future cash flows of the acquired business, the carrying value of such long-lived assets would be considered impaired and would be reduced by a charge to operations in the amount of the impairment. An impairment charge is measured as a deficiency in estimated discounted future cash flows of the acquired business to recover the carrying value related to the long-lived assets.

INCOME TAXES

Income taxes have been provided using the liability method prescribed by FASB Statement No. 109, "Accounting for Income Taxes." Under the liability method, deferred income taxes reflect tax carryforwards and the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial statements and income tax purposes, as determined under enacted tax laws and rates.

2. EMPLOYEE BENEFIT PLANS

Following the CVI Merger, the Combined Systems began participation in the Time Warner Cable Pension Plan (the "Pension Plan"), a non-contributory defined benefit pension plan, and the Time Warner Cable Employee Savings Plan (the "Savings Plan") which are administered by a committee appointed by the Board of Representatives of Time Warner Entertainment Company, L.P. ("TWE"), an affiliate of Time Warner, and which cover substantially all employees.

Benefits under the Pension Plan are determined based on formulas which reflect an employee's years of service and compensation levels during the employment period. Pension expense for the period from January 1, 1998 through April 8, 1998 totaled $61,000.

The Combined Systems' contributions to the Savings Plan are limited to 6.67% of an employee's eligible compensation during the plan year. The Board of Representatives of TWE has the right in any year to set the maximum amount of the Combined Systems' contribution. Defined contribution plan expense for the period from January 1, 1998 through April 8, 1998 totaled $38,000.

The Combined Systems have no material obligations for other post retirement benefits.

3. RELATED PARTIES

In the normal course of conducting business, the Combined Systems had various transactions with Time Warner and its affiliates, generally on terms resulting from a negotiation between the affected units that in management's view resulted in reasonable allocations.

PROGRAMMING

Included in the Combined Systems' operating expenses are charges for programming and promotional services provided by Home Box Office, Turner Broadcasting System, Inc. and other affiliates of Time Warner. These charges are based on customary rates and are in the ordinary course of business. These charges totaled $1,164,000 for the period from January 1, 1998 through April 8, 1998. Accrued related party expenses for these programming and promotional services included in accrued programming expenses approximated $409,000 for the period from January 1, 1998 through April 8, 1998.

MANAGEMENT FEES

TWI Cable entered into a management service arrangement with Time Warner Cable ("TWC"), pursuant to which TWC is responsible for the management and operation of TWI Cable, which includes the Combined Systems. The management fees paid to TWC by TWI Cable are based on an allocation of the corporate expenses of TWC's cable division in proportion to the respective number of subscribers of all cable systems managed by TWC's cable division. The allocation of the TWI Cable management fee to the Combined Systems approximated $486,000 for the period from January 1, 1998 through April 8, 1998.

Other divisional expenses allocated to the Combined Systems approximated $299,000 for the period from January 1, 1998 through April 8, 1998.

4. INTEREST EXPENSE

Prior to the CVI Merger, the Jackson, Tennessee system was included in Cablevision Industries Limited Partnership and Combined Entities ("CILP"). The Jackson system was charged interest expense in connection with CILP's (a) senior and subordinated bank credit agreements; and (b) senior unsecured subordinated Series A and Series B notes payable to CVI. The remaining five systems comprising the Combined Systems were included in Cablevision Industries of the Southeast, Inc. and Combined Entities ("CIOS"). These systems were charged interest expense in connection with CIOS's (a) bank revolving credit agreement; and (b) junior and senior subordinated debt to CVI.

5. INCOME TAXES

Effective January 4, 1996, the Combined Systems are included in the consolidated federal income tax return of Time Warner. Prior to January 4, 1996, the Combined Systems were included in the consolidated federal income tax return of CVI. The provision for income taxes has been calculated on a separate company basis. The components of the provision for income taxes are as follows:

	FOR THE PERIOD FROM JANUARY 1, 1998 THROUGH APRIL 8, 1998 (IN THOUSANDS)
Federal:	
Current	$ --
Deferred	962
State:	
Current	--
Deferred	229
Net provision for income taxes	$1,191

The Combined Systems did not, and will not, have a tax sharing agreement with either Time Warner, TWI Cable or CVI. Therefore, the Combined Systems have not and will not be compensated for the utilization of the Combined Systems' tax losses, by Time Warner, TWI Cable or CVI. In addition, the Combined Systems have not and will not be required to make payments to either Time Warner or TWI Cable for the current tax provision of the Combined Systems.

The differences between the income tax provision expected at the U.S. federal statutory income tax rate and the total income tax provision are due to nondeductible goodwill amortization and state taxes.

NOTES TO COMBINED FINANCIAL STATEMENTS -- (CONTINUED)

Significant components of the Combined Systems' deferred tax assets and liabilities, as calculated on a separate company basis, are as follows:

	APRIL 8, 1998 (IN THOUSANDS)
Deferred tax liabilities:	
Amortization	$57,817
Depreciation	4,181
Total gross deferred tax liabilities	61,998
Deferred tax assets:	
Tax loss carryforwards	160
Allowance for doubtful accounts	46
Total deferred tax assets	206
Net deferred tax liability	$61,792

On a separate company basis, the Combined Systems have tax loss carryforwards of approximately $400,000 at April 8, 1998. However, if the Combined Systems are acquired in an asset purchase, the tax loss carryforwards, and net deferred tax liabilities relating to temporary differences will not carry over to Renaissance (see Note 8).

6. COMMITMENTS AND CONTINGENCIES

The Combined Systems had rental expense of approximately $244,000 for the period from January 1, 1998 through April 8, 1998 under various lease and rental agreements for offices, utility poles, warehouses and computer equipment. Future minimum annual rental payments under noncancellable leases will approximate $1,000,000 annually over the next five years.

In exchange for certain flexibility in establishing cable rate pricing structures for regulated services that went into effect on January 1, 1996, TWC has agreed with the Federal Communications Commission ("FCC") to invest in certain upgrades to its cable infrastructure (consisting primarily of materials and labor in connection with the plant upgrades up to 750 megahertz) over the next three years (approximately $25 million at December 31, 1997). This agreement with the FCC, which extends to the Combined Systems, will be assumed by Renaissance as it relates to the Combined Systems in accordance with the Asset Purchase Agreement.

PICAYUNE MS, LAFOURCHE LA, ST. TAMMANY LA, ST. LANDRY LA,
POINTE COUPEE LA, AND JACKSON TN CABLE TELEVISION SYSTEMS
(INCLUDED IN TWI CABLE INC.)

NOTES TO COMBINED FINANCIAL STATEMENTS -- (CONTINUED)

7. OTHER LIABILITIES

Other liabilities consist of:

	APRIL 8, 1998 (IN THOUSANDS)
Compensation	$279
Data Processing Costs	161
Sales and other taxes	146
Copyright Fees	35
Pole Rent	93
Other	33
Total	$747

8. SUBSEQUENT EVENT

The sale of the Combined Systems, in connection with the Asset Purchase Agreement with Renaissance, closed on April 9, 1998 at the purchase price of $309,500,000.

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors of
TWI Cable Inc.

We have audited the accompanying combined balance sheets of the Picayune MS, Lafourche LA, St. Tammany LA, St. Landry LA, Pointe Coupee LA, and Jackson TN cable television systems, (collectively, the "Combined Systems") included in TWI Cable, Inc. ("TWI Cable"), as of December 31, 1996 and 1997, the related combined statements of operations, changes in net assets and cash flows for the years then ended. In addition, we have audited the combined statement of operations and cash flows for the year ended December 31, 1995 of the Predecessor Combined Systems. These combined financial statements are the responsibility of the Combined Systems' or the Predecessor's management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Combined Systems, included in TWI Cable or the Predecessor, at December 31, 1996 and 1997, and the combined results of their operations and their cash flows for the years ended December 31, 1995, 1996 and 1997, in conformity with generally accepted accounting principles.

/s/ ERNST & YOUNG LLP

New York, New York
March 16, 1998

PICAYUNE MS, LAFOURCHE LA, ST. TAMMANY LA, ST. LANDRY LA,
POINTE COUPEE LA, AND JACKSON TN CABLE TELEVISION SYSTEMS
(INCLUDED IN TWI CABLE INC.)

COMBINED BALANCE SHEETS
(IN THOUSANDS)

	DECEMBER 31, 1996	DECEMBER 31, 1997
ASSETS		
Cash and cash equivalents	$ 570	$ 1,371
Receivables, less allowance of $71 and $116 for the years ended December 31, 1996 and 1997, respectively	794	1,120
Prepaid expenses and other assets	45	183
Property, plant and equipment, net	36,966	36,944
Cable television franchises, net	209,952	198,913
Goodwill and other intangibles, net	51,722	50,383
Total assets	$300,049	$288,914
LIABILITIES AND NET ASSETS		
Accounts payable	$ 1,640	$ 652
Accrued programming expenses	847	904
Accrued franchise fees	736	835
Subscriber advance payments and deposits	66	407
Deferred income taxes	58,340	60,601
Other liabilities	945	969
Total liabilities	62,574	64,368
Total net assets	237,475	224,546
Total liabilities and net assets	$300,049	$288,914

See accompanying notes to combined financial statements.

PICAYUNE MS, LAFOURCHE LA, ST. TAMMANY LA, ST. LANDRY LA,
POINTE COUPEE LA, AND JACKSON TN CABLE TELEVISION SYSTEMS

COMBINED STATEMENTS OF OPERATIONS
(IN THOUSANDS)

	YEAR ENDED DECEMBER 31,		
	1995	1996	1997
	(PREDECESSOR)	(INCLUDED IN TWI CABLE INC.)	
REVENUES	$43,549	$47,327	$50,987
COSTS AND EXPENSES:			
Operating and programming	13,010	12,413	12,101
Selling, general and administrative	9,977	12,946	13,823
Depreciation and amortization	17,610	18,360	18,697
(Gain) loss on disposal of fixed assets	--	(244)	620
Total costs and expenses	40,597	43,475	45,241
Operating income	2,952	3,852	5,746
Interest expense	11,871	--	--
(Loss) income before income tax (benefit) expense	(8,919)	3,852	5,746
Income tax (benefit) expense	(3,567)	1,502	2,262
Net (loss) income	$(5,352)	$ 2,350	$ 3,484

See accompanying notes to combined financial statements.

PICAYUNE MS, LAFOURCHE LA, ST. TAMMANY LA, ST. LANDRY LA,
POINTE COUPEE LA, AND JACKSON TN CABLE TELEVISION SYSTEMS
(INCLUDED IN TWI CABLE INC.)

COMBINED STATEMENTS OF CHANGES IN NET ASSETS
(IN THOUSANDS)

Contribution by Parent	$250,039
Repayment of advances from Parent	(47,895)
Advances from Parent	32,981
Net income	2,350
Balance at December 31, 1996	237,475
Repayment of advances from Parent	(50,661)
Advances from Parent	34,248
Net income	3,484
Balance at December 31, 1997	$224,546

See accompanying notes to combined financial statements.

PICAYUNE MS, LAFOURCHE LA, ST. TAMMANY LA, ST. LANDRY LA,
POINTE COUPEE LA, AND JACKSON TN CABLE TELEVISION SYSTEMS

COMBINED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

	YEAR ENDED DECEMBER 31,		
	1995	1996	1997
	(PREDECESSOR)	(INCLUDED IN TWI CABLE INC.)	
OPERATING ACTIVITIES:			
Net (loss) income	$(5,352)	$ 2,350	$ 3,484
Adjustments for noncash and nonoperating items:			
Income tax (benefit) expense	(3,567)	1,502	2,262
Depreciation and amortization	17,610	18,360	18,697
(Gain) loss on disposal of fixed assets	--	(244)	620
Changes in operating assets and liabilities:			
Receivables, prepaids and other assets	(196)	944	(464)
Accounts payable, accrued expenses and other liabilities	(972)	176	(466)
Other balance sheet changes	--	--	(529)
Net cash provided by operations	7,523	23,088	23,604
INVESTING ACTIVITIES:			
Purchase of Predecessor cable systems, net of cash acquired	--	(249,473)	--
Capital expenditures	(7,376)	(8,170)	(6,390)
Net cash used in investing activities	(7,376)	(257,643)	(6,390)
FINANCING ACTIVITIES:			
Advance from Parent for purchase of Predecessor	--	250,039	--
Net repayment of advances from Parent	--	(14,914)	(16,413)
Net cash provided by (used in) financing activities	--	235,125	(16,413)
INCREASE IN CASH AND CASH EQUIVALENTS	147	570	801
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	419	0	570
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 566	$ 570	$ 1,371

See accompanying notes to combined financial statements.

PICAYUNE MS, LAFOURCHE LA, ST. TAMMANY LA, ST. LANDRY LA, POINTE COUPEE LA, AND JACKSON TN CABLE TELEVISION SYSTEMS (INCLUDED IN TWI CABLE INC.)

NOTES TO COMBINED FINANCIAL STATEMENTS

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

DESCRIPTION OF BUSINESS

The cable television systems operating in the metropolitan areas of Picayune, Mississippi; Lafourche, Louisiana; St. Tammany, Louisiana; St. Landry, Louisiana; Pointe Coupee, Louisiana; and Jackson, Tennessee (the "Combined Systems") are principally engaged in the cable television business under non-exclusive franchise agreements, which expire at various times beginning in 1999. The Combined Systems' operations consist primarily of selling video programming which is distributed to subscribers for a monthly fee through a network of coaxial and fiber-optic cables.

Prior to January 4, 1996, the Combined Systems were included in certain subsidiaries of Cablevision Industries Corporation ("CVI"). On January 4, 1996, CVI merged into a wholly owned subsidiary of Time Warner Inc. (the "CVI Merger"). On October 1, 1996, Time Warner Inc. ("Time Warner") completed a reorganization amongst certain of its wholly owned cable television subsidiaries whereby CVI was renamed TWI Cable Inc. ("TWI Cable").

BASIS OF PRESENTATION

TWI Cable has committed to sell the Combined Systems to Renaissance Media Holdings LLC ("Renaissance") pursuant to an Asset Purchase Agreement with Renaissance, dated November 14, 1997. Accordingly, the accompanying combined financial statements of the Combined Systems reflect the "carved out" historical financial position, results of operations, cash flows and changes in net assets of the operations of the Combined Systems as if they had been operating as a separate company. Effective as of January 1, 1996, the Combined Systems' financial statements reflect the new basis of accounting arising from Time Warner's merger with CVI. Based on Time Warner's allocation of the purchase price, the assets and liabilities of the Combined Systems were revalued resulting in goodwill allocated to the Combined Systems of approximately $52,971,000, which is being amortized over its estimated life of 40 years. In addition, approximately $220,981,000 was allocated to cable television franchises and other intangible assets, which is being amortized over periods up to 20 years. The Combined Systems' financial statements through December 31, 1995 reflect the historical cost of their assets and liabilities and results of their operations.

The combined statements have been adjusted to include the allocation of certain corporate expenses incurred by Time Warner Cable and/or TWI Cable on the Combined Systems' behalf, based upon the number of Combined System subscribers managed by Time Warner Cable and the ratio of Combined System subscribers to total TWI Cable subscribers, respectively. These allocations reflect all costs of doing business that the Combined Systems would have incurred on a stand alone basis as disclosed in Note 3. Management believes that these allocations are reasonable.

BASIS OF COMBINATION

The combined financial statements include the assets, liabilities, revenues, expenses, income, loss and cash flows of the Combined Systems, as if the Combined Systems were a single company. Significant intercompany accounts and transactions between the Combined Systems have been eliminated. Significant accounts and transactions with Time Warner and its affiliates are disclosed as related party transactions (see Note 3).

USE OF ESTIMATES

The preparation of combined financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the combined financial statements and footnotes thereto. Actual results could differ from those estimates.

CONCENTRATION OF CREDIT RISK

A significant portion of the customer base is concentrated within the local geographical area of each of the individual cable television systems. The Combined Systems generally extend credit to customers and the ultimate collection of accounts receivable could be affected by the local economy. Management performs continuous credit evaluations of its customers and may require cash in advance or other special arrangements from certain customers. Management does not believe that there is any significant credit risk which could have a material effect on the financial condition of the Combined Systems.

REVENUE AND COSTS

Subscriber fees are recorded as revenue in the period the related services are provided and advertising revenues are recognized in the period the related advertisements are exhibited. Rights to exhibit programming are purchased from various cable networks. The costs of such rights are generally expensed as the related services are made available to subscribers.

FRANCHISE FEES

Local governmental authorities impose franchise fees on the cable television systems owned by the Combined Systems ranging up to a federally mandated maximum of 5.0% of gross revenues. On a monthly basis, such fees are collected from the Combined Systems' customers. Prior to January 1997, franchise fees were not separately itemized on customers' bills. Such fees were considered part of the monthly charge for basic services and equipment, and therefore were reported as revenue and expense in the Combined Systems' financial results. Management began the process of itemizing such fees on all customers' bills beginning in January 1997. In conjunction with itemizing these charges, the Combined Systems began separately collecting the franchise fee on all revenues subject to franchise fees. As a result, such fees are no longer included as revenue or as franchise fee expense. The net effect of this change is a reduction in 1997 revenue and franchise fee expense of approximately $1,500,000 versus the comparable period in 1996.

ADVERTISING COSTS

Advertising costs are expensed upon the first exhibition of the related advertisements. Advertising expense amounted to $308,000, $632,000 and $510,000 for the years ended 1995, 1996 and 1997, respectively.

STATEMENT OF CASH FLOWS

The Combined Systems participate in a cash management system with affiliates whereby cash receipts are transferred to a centralized bank account from which centralized payments to various suppliers and creditors are made on behalf of the Combined Systems. The excess of such cash receipts over payments is included in net assets. Amounts shown as cash represent the Combined Systems' net cash receipts not transferred to the centralized account as of December 31, 1996 and 1997. The average net intercompany payable balances were $173,348,000 and $170,438,000 for the years ended December 31, 1996 and 1997, respectively.

For purposes of this statement, cash and cash equivalents includes all highly liquid investments purchased with original maturities of three months or less.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost. Additions to property, plant and equipment generally include material, labor, overhead and interest. Depreciation is provided on the straight-line method over estimated useful lives as follows:

Buildings and improvements	5-20 years
Cable television equipment	5-15 years
Furniture, fixtures and other equipment	3-10 years

Property, plant and equipment consist of:

	DECEMBER 31, 1996	DECEMBER 31, 1997
Land and buildings	$ 2,003	$ 2,265
Cable television equipment	32,324	39,589
Furniture, fixtures and other equipment	1,455	2,341
Construction in progress	5,657	1,028
	41,439	45,223
Less accumulated depreciation	(4,473)	(8,279)
Total	$36,966	$36,944

INTANGIBLE ASSETS

During 1996 and 1997, the Combined Systems amortized goodwill over periods up to 40 years and cable television franchises over periods up to 20 years, both using the straight-line method. Prior to the CVI Merger, goodwill and cable television franchises were amortized over 15 years using the straight-line method. For the years ended 1995, 1996, and 1997, amortization of goodwill amounted to $8,199,000, $1,325,000, and $1,325,000, respectively, and amortization of cable television franchises amounted to $1,284,000, $11,048,000, and $11,048,000, respectively. Accumulated amortization of intangible assets at December 31, 1996 and 1997 amounted to $12,373,000 and $24,746,000, respectively.

IMPAIRMENT

Management separately reviews the carrying value of acquired long-lived assets for each acquired entity on a quarterly basis to determine whether an impairment may exist. Management considers relevant cash flow and profitability information, including estimated future operating results, trends and other available information, in assessing whether the carrying value of long-lived assets can be recovered. Upon a determination that the carrying value of long-lived assets will not be recovered from the undiscounted future cash flows of the acquired business, the carrying value of such long-lived assets would be considered impaired and would be reduced by a charge to operations in the amount of the impairment. An impairment charge is measured as a deficiency in estimated discounted future cash flows of the acquired business to recover the carrying value related to the long-lived assets.

INCOME TAXES

Income taxes have been provided using the liability method prescribed by FASB Statement No. 109, "Accounting for Income Taxes." Under the liability method, deferred income taxes reflect tax carryforwards and the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial statements and income tax purposes, as determined under enacted tax laws and rates.

2. EMPLOYEE BENEFIT PLANS

Following the CVI Merger, the Combined Systems began participation in the Time Warner Cable Pension Plan (the "Pension Plan"), a non-contributory defined benefit pension plan, and the Time Warner Cable Employee Savings Plan (the "Savings Plan") which are administered by a committee appointed by the Board of Representatives of Time Warner Entertainment Company, L.P. ("TWE"), an affiliate of Time Warner, and which cover substantially all employees.

Benefits under the Pension Plan are determined based on formulas which reflect an employee's years of service and compensation levels during the employment period. Pension expense for the years ended December 31, 1996 and 1997 totaled $184,000 and $192,000, respectively.

The Combined Systems' contributions to the Savings Plan are limited to 6.67% of an employee's eligible compensation during the plan year. The Board of Representatives of TWE has the right in any year to set the maximum amount of the Combined Systems' contribution. Defined contribution plan expense for the years ended December 31, 1996 and 1997 totaled $107,000 and $117,000, respectively.

Prior to the CVI Merger, substantially all employees were eligible to participate in a profit sharing plan or a defined contribution plan. The profit sharing plan provided that the Combined Systems may contribute, at the discretion of their board of directors, an amount up to 15% of compensation for all eligible participants out of its accumulated earnings and profits, as defined. Profit sharing expense amounted to approximately $31,000 for the year ended December 31, 1995.

The defined contribution plan contained a qualified cash or deferred arrangement pursuant to Internal Revenue Code Section 401(k). This plan provided that eligible employees may contribute from 2% to 10% of their compensation to the plan. The Combined Systems matched contributions of up to 4% of the employees' compensation. The expense for this plan amounted to approximately $96,000 for the year ended December 31, 1995.

The Combined Systems have no material obligations for other post retirement benefits.

PICAYUNE MS, LAFOURCHE LA, ST. TAMMANY LA, ST. LANDRY LA, POINTE COUPEE LA, AND JACKSON TN CABLE TELEVISION SYSTEMS (INCLUDED IN TWI CABLE INC.)

NOTES TO COMBINED FINANCIAL STATEMENTS -- (CONTINUED)

3. RELATED PARTIES

In the normal course of conducting business, the Combined Systems had various transactions with Time Warner and its affiliates, generally on terms resulting from a negotiation between the affected units that in management's view resulted in reasonable allocations.

PROGRAMMING

Included in the Combined Systems' 1996 and 1997 operating expenses are charges for programming and promotional services provided by Home Box Office, Turner Broadcasting System, Inc. and other affiliates of Time Warner. These charges are based on customary rates and are in the ordinary course of business. For the year ended December 31, 1996 and 1997, these charges totaled $3,260,000 and $3,458,000, respectively. Accrued related party expenses for these programming and promotional services included in accrued programming expenses approximated $327,000 and $291,000 for the years ended December 31, 1996 and 1997, respectively. There were no such programming and promotional service related party transactions in 1995.

MANAGEMENT FEES

TWI Cable entered into a management service arrangement with Time Warner Cable ("TWC"), pursuant to which TWC is responsible for the management and operation of TWI Cable, which includes the Combined Systems. The management fees paid to TWC by TWI Cable are based on an allocation of the corporate expenses of TWC's cable division in proportion to the respective number of subscribers of all cable systems managed by TWC's cable division. The allocation of the TWI Cable management fee to the Combined Systems approximated $1,432,000 and $1,715,000 for the years ended December 31, 1996 and 1997, respectively.

Other divisional expenses allocated to the Combined Systems approximated $1,301,000 and $1,067,000 for the years ended December 31, 1996 and 1997, respectively.

4. INTEREST EXPENSE

Prior to the CVI Merger, the Jackson, Tennessee system was included in Cablevision Industries Limited Partnership and Combined Entities ("CILP"). The Jackson system was charged interest expense in connection with CILP's (a) senior and subordinated bank credit agreements; and (b) senior unsecured subordinated Series A and Series B notes payable to CVI. The remaining five systems comprising the Combined Systems were included in Cablevision Industries of the Southeast, Inc. and Combined Entities ("CIOS"). These systems were charged interest expense in connection with CIOS's (a) bank revolving credit agreement; and (b) junior and senior subordinated debt to CVI.

5. INCOME TAXES

Effective January 4, 1996, the Combined Systems are included in the consolidated federal income tax return of Time Warner. Prior to January 4, 1996, the Combined Systems were included in the consolidated federal income tax return of CVI. The provision (benefit) for income taxes has been calculated on a separate company basis. The components of the provision (benefit) for income taxes are as follows:

	YEAR ENDED DECEMBER 31,		
	1995	1996	1997
	(IN THOUSANDS)		
FEDERAL:			
Current	$ --	$ --	$ --
Deferred	(2,881)	1,213	1,826
STATE:			
Current	--	--	--
Deferred	(686)	289	436
Net provision (benefit) for income taxes	$(3,567)	$1,502	$2,262

The Combined Systems did not, and will not, have a tax sharing agreement with either Time Warner, TWI Cable or CVI. Therefore, the Combined Systems have not and will not be compensated for the utilization of the Combined Systems' tax losses, by Time Warner, TWI Cable or CVI. In addition, the Combined Systems have not and will not be required to make payments to either Time Warner or TWI Cable for the current tax provision of the Combined Systems.

The differences between the income tax provision (benefit) expected at the U.S. federal statutory income tax rate and the total income tax provision (benefit) are due to nondeductible goodwill amortization and state taxes.

Significant components of the Combined Systems' deferred tax assets and liabilities, as calculated on a separate company basis, are as follows:

	YEAR ENDED DECEMBER 31,	
	1996	1997
	(IN THOUSANDS)	
DEFERRED TAX LIABILITIES:		
Amortization	$61,266	$58,507
Depreciation	3,576	4,060
Total gross deferred tax liabilities	64,842	62,567
DEFERRED TAX ASSETS:		
Tax loss carryforwards	6,474	1,920
Allowance for doubtful accounts	28	46
Total deferred tax assets	6,502	1,966
Net deferred tax liability	$58,340	$60,601

On a separate company basis, the Combined Systems have tax loss carryforwards of approximately $4.8 million at December 31, 1997. However, if the Combined Systems are acquired in an asset purchase, the tax loss carryforwards, and net deferred tax liabilities relating to temporary differences will not carry over to Renaissance (see Note 8).

PICAYUNE MS, LAFOURCHE LA, ST. TAMMANY LA, ST. LANDRY LA,
POINTE COUPEE LA, AND JACKSON TN CABLE TELEVISION SYSTEMS
(INCLUDED IN TWI CABLE INC.)

NOTES TO COMBINED FINANCIAL STATEMENTS -- (CONTINUED)

6. COMMITMENTS AND CONTINGENCIES

The Combined Systems had rental expense of approximately $642,000, $824,000, and $843,000 for the years ended December 31, 1995, 1996 and 1997, respectively, under various lease and rental agreements for offices, utility poles, warehouses and computer equipment. Future minimum annual rental payments under noncancellable leases will approximate $1,000,000 annually over the next five years.

In exchange for certain flexibility in establishing cable rate pricing structures for regulated services that went into effect on January 1, 1996, TWC has agreed with the Federal Communications Commission ("FCC") to invest in certain upgrades to its cable infrastructure (consisting primarily of materials and labor in connection with the plant upgrades up to 750 megahertz) over the next three years (approximately $22 million). This agreement with the FCC, which extends to the Combined Systems, will be assumed by Renaissance as it relates to the Combined Systems in accordance with the Asset Purchase Agreement.

7. OTHER LIABILITIES

Other liabilities consist of:

	DECEMBER 31, 1996	DECEMBER 31, 1997
	(IN THOUSANDS)	
Compensation	$217	$250
Data Processing Costs	100	90
Sales and other taxes	101	90
Copyright Fees	85	83
Pole Rent	66	63
Other	376	393
Total	$945	$969

8. SUBSEQUENT EVENT (UNAUDITED)

The sale of the Combined Systems, in connection with the Asset Purchase Agreement with Renaissance, closed on April 9, 1998 at the purchase price of $309,500,000.

INDEPENDENT AUDITORS' REPORT

The Partners
Helicon Partners I, L.P.:

We have audited the accompanying combined balance sheets of Helicon Partners I, L.P. and affiliates as of December 31, 1997 and 1998, and the related combined statements of operations, changes in partners' deficit, and cash flows for each of the years in the three-year period ended December 31, 1998. These combined financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Helicon Partners I, L.P. and affiliates as of December 31, 1997 and 1998 and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 1998, in conformity with generally accepted accounting principles.

/s/ KPMG LLP

New York, New York
March 26, 1999

HELICON PARTNERS I, L.P. AND AFFILIATES

COMBINED BALANCE SHEETS
DECEMBER 31, 1997 AND 1998

	1997	1998
ASSETS (NOTES 8 AND 9)		
Cash and cash equivalents (note 2)	$ 4,372,281	$ 5,130,561
Receivables from subscribers	1,439,720	1,631,931
Prepaid expenses and other assets	2,205,794	3,469,228
Property, plant and equipment, net (notes 3, 4, and 11)	80,104,377	86,737,580
Intangible assets and deferred costs, net (notes 3 and 5)	85,066,665	94,876,847
Total assets	$ 173,188,837	$ 191,846,147
LIABILITIES AND PARTNERS' DEFICIT		
Liabilities:		
Accounts payable	$ 7,416,901	$ 8,037,193
Accrued expenses	1,539,116	1,589,240
Subscriptions received in advance	1,018,310	819,564
Accrued interest	3,760,360	3,742,456
Due to principal owner (note 7)	5,000,000	5,000,000
Senior secured notes (note 8)	115,000,000	115,000,000
Loans payable to banks (note 9)	85,776,641	120,266,922
12% subordinated notes, net of unamortized discount of $2,889,541 in 1997 and $2,543,869 in 1998 (note 10)	37,249,948	42,672,085
Redeemable partnership interests (note 10)	6,437,142	16,253,906
Other notes payable (note 11)	5,747,076	5,448,804
Due to affiliates, net (note 6)	71,474	247,042
Total liabilities	269,016,968	319,077,212
Commitments (notes 8, 9, 10, 11 and 13)		
Partners' deficit (note 12):		
Preferred limited partners	7,649,988	8,567,467
Accumulated partners' deficit	(103,477,119)	(135,797,532)
Less capital contribution receivable	(1,000)	(1,000)
Total partners' deficit	(95,828,131)	(127,231,065)
Total liabilities and partners' deficit	$ 173,188,837	$ 191,846,147

See accompanying notes to combined financial statements.

HELICON PARTNERS I, L.P. AND AFFILIATES

COMBINED STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 1996, 1997 AND 1998

	1996	1997	1998
Revenues	$ 42,061,537	$ 59,957,434	$ 75,576,810
Operating expenses:			
Operating expenses (note 13)	11,395,509	17,408,265	22,687,850
General and administrative expenses (notes 6 and 13)	7,244,663	9,762,931	13,365,824
Marketing expenses	1,235,553	2,266,627	3,521,893
Depreciation and amortization	12,556,023	19,411,813	24,290,088
Management fee charged by affiliate (note 6)	2,103,077	2,997,872	3,496,271
Corporate and other expenses	426,672	549,222	602,987
Total operating expenses	34,961,497	52,396,730	67,964,913
Operating income	7,100,040	7,560,704	7,611,897
Interest expense (note 7)	(17,418,266)	(23,586,227)	(27,633,714)
Interest income	563,362	154,037	92,967
	(16,854,904)	(23,432,190)	(27,540,747)
Loss before extraordinary item	(9,754,864)	(15,871,486)	(19,928,850)
Extraordinary item -- write-off of deferred financing costs (note 9)	--	--	(1,657,320)
Net loss	$ (9,754,864)	$(15,871,486)	$(21,586,170)

See accompanying notes to combined financial statements.

HELICON PARTNERS I, L.P. AND AFFILIATES

COMBINED STATEMENTS OF CHANGES IN PARTNERS' DEFICIT
YEARS ENDED DECEMBER 31, 1996, 1997 AND 1998

	PARTNERS' DEFICIT				
	PREFERRED LIMITED PARTNERS	GENERAL PARTNER	CLASS A LIMITED PARTNERS	CAPITAL CONTRIBUTION RECEIVABLE	TOTAL
Balance at December 31, 1995...	$ --	$(307,994)	$ (67,144,287)	$(1,000)	$ (67,453,281)
Issuance of preferred limited partnership interests (note 10)..........................	6,250,000	(62,500)	(6,187,500)	--	--
Partner capital contributions (note 10)....................	--	1,500	--	--	1,500
Distribution of additional preferred partnership interests (note 10)..........	558,430	(5,584)	(552,846)	--	--
Net loss.......................	--	(97,549)	(9,657,315)	--	(9,754,864)
Balance at December 31, 1996...	6,808,430	(472,127)	(83,541,948)	(1,000)	(77,206,645)
Distribution of additional preferred partnership interests (note 10)..........	841,558	(8,416)	(833,142)	--	--
Accretion of redeemable partnership interests (note 10)..........................	--	(27,500)	(2,722,500)	--	(2,750,000)
Net loss.......................	--	(158,715)	(15,712,771)	--	(15,871,486)
Balance at December 31, 1997...	7,649,988	(666,758)	(102,810,361)	(1,000)	(95,828,131)
Distribution of additional preferred partnership interests (note 10)..........	917,479	(9,175)	(908,304)	--	--
Accretion of redeemable partnership interests (note 10)..........................	--	(98,168)	(9,718,596)	--	(9,816,764)
Net loss.......................	--	(215,861)	(21,370,309)	--	(21,586,170)
Balance at December 31, 1998...	$8,567,467	$(989,962)	$(134,807,570)	$(1,000)	$(127,231,065)

See accompanying notes to combined financial statements.

HELICON PARTNERS I, L.P. AND AFFILIATES

COMBINED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 1996, 1997 AND 1998

	1996	1997	1998
Cash flows from operating activities:			
Net loss	$ (9,754,864)	$(15,871,486)	$(21,586,170)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Extraordinary item	--	--	1,657,320
Depreciation and amortization	12,556,023	19,411,813	24,290,088
Gain on sale of equipment	(20,375)	(1,069)	(29,323)
Interest on 12% subordinated notes paid through the issuance of additional notes	1,945,667	4,193,819	4,961,241
Interest on other notes payable added to principal	168,328	185,160	--
Amortization of debt discount and deferred financing costs	2,115,392	849,826	919,439
Change in operating assets and liabilities, net of acquisitions:			
Decrease (increase) in receivables from subscribers	176,432	(496,146)	(79,535)
Increase in prepaid expenses and other assets	(269,156)	(976,491)	(1,255,018)
Increase in financing costs incurred	(4,525,331)	(434,000)	(2,200,000)
Increase in accounts payable and accrued expenses	2,182,762	2,957,524	681,037
Increase (decrease) in subscriptions received in advance	119,277	325,815	(208,803)
Increase (decrease) in accrued interest	1,613,630	376,158	(17,904)
Total adjustments	16,062,649	26,392,409	28,718,542
Net cash provided by operating activities	6,307,785	10,520,923	7,132,372
Cash flows from investing activities:			
Purchases of property, plant and equipment	(8,987,766)	(15,824,306)	(13,538,978)
Proceeds from sale of equipment	21,947	23,270	118,953
Cash paid for net assets of cable television systems acquired	(35,829,389)	(70,275,153)	(26,063,284)
Cash paid for net assets of internet businesses acquired	(40,000)	(993,760)	--
Increase in intangible assets and deferred costs	(127,673)	(308,759)	(183,018)
Net cash used in investing activities	(44,962,881)	(87,378,708)	(39,666,327)
Cash flows from financing activities:			
Capital contributions	1,500	--	--
Decrease in restricted cash	--	1,000,000	--
Proceeds from issuance of 12% subordinated notes and redeemable partnership interests	34,000,000	--	--
Proceeds from bank loans	8,900,000	77,285,000	104,000,000
Repayment of bank loans	(952,777)	(1,505,581)	(69,509,719)
Repayment of other notes payable	(527,514)	(1,145,989)	(1,362,995)
Advances to affiliates	(3,207,996)	(3,412,411)	(8,856,491)
Repayments of advances to affiliates	3,479,336	2,986,778	9,021,440
Net cash provided by financing activities	41,692,549	75,207,797	33,292,235
Net increase (decrease) in cash and cash equivalents	3,037,453	(1,649,988)	758,280
Cash and cash equivalents at beginning of year	2,984,816	6,022,269	4,372,281
Cash and cash equivalents at end of year	$ 6,022,269	$ 4,372,281	$ 5,130,561
Supplemental cash flow information:			
Interest paid	$ 11,575,250	$ 17,981,264	$ 21,770,938
Other non-cash items:			
Acquisition of property, plant and equipment through issuance of other notes payable	$ 1,222,000	$ 917,815	$ 1,025,319
Issuance of notes payable in connection with the acquisition of cable television and internet systems, net of imputed interest	$ 569,500	$ 1,914,479	--

See accompanying notes to combined financial statements.

HELICON PARTNERS I, L.P. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 1996, 1997 AND 1998

1. ORGANIZATION AND NATURE OF BUSINESS

Helicon Partners I, L.P. ("the Partnership") was organized as a limited partnership on November 30, 1994 under the laws of the State of Delaware. On April 8, 1996, Baum Investments, Inc. acquired a 1% general partnership interest in the Partnership through an initial capital contribution of $1,500 and the existing limited partners of The Helicon Group, L.P. ("THGLP"), formed in 1993, exchanged their limited partnership interests in THGLP for all Class A Common Limited Partnership Interests and Preferred Limited Partnership Interests in the Partnership. As a result of this exchange, THGLP became 99% owned by the Partnership. The Partnership now owns all of the limited partnership interests in THGLP and Baum Investments, Inc. continues to be the general partner of THGLP and to own a 1% general partnership interest in THGLP. The Partnership also owns a 99% interest and THGLP a 1% interest in HPI Acquisition Co., LLC ("HPIAC"), a Delaware limited liability company formed on February 7, 1996. The Partnership also owned an 89% limited partnership interest and Baum Investments, Inc. a 1% general partnership interest in Helicon OnLine, L. P. ("HOL"), a Delaware limited partnership formed May 31, 1997. On June 29, 1998, the net assets of HOL were transferred to THGLP in settlement of the inter-company loans THGLP had made to HOL. The Partnership, THGLP, HPIAC and HOL are referred to collectively herein as the Company.

On March 22, 1999, Helicon Partners I, L. P. (HPI), Baum Investments, Inc. and all the holders of partnership interests in HPI entered into a purchase agreement by and among Charter Communications, Inc, Charter Communications, LLC and Charter Helicon, LLC (collectively the "Charter Entities") providing for the sale of all such partnership interests and Helicon Corp.'s interest in the management agreements with THGLP and HPIAC to the Charter Entities. The sale price is $550 million which amount will be reduced by any outstanding indebtedness assumed by the Charter Entities.

The Company operates cable television systems located in Pennsylvania, West Virginia, North Carolina, South Carolina, Louisiana, Vermont, New Hampshire, Georgia and Tennessee. The Company also offers a broad range of Internet access service, including dial-up access, dedicated high speed access, both two-way and asymmetrical ("Hybrid"), high speed cable modem access, World Wide Web design and hosting services and other value added services such as paging and private network systems within the Company's cable service and contiguous areas.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) PRINCIPLES OF COMBINATION

The accompanying financial statements include the accounts of the Partnership, THGLP and HPIAC and HOL which have been combined because of common ownership and control. They also reflect the accounts of THGLP's subsidiary, Helicon Capital Corp. ("HCC"), which has nominal assets and no operations since its incorporation. All intercompany accounts and transactions have been eliminated in combination.

b) PARTNERSHIP PROFITS, LOSSES AND DISTRIBUTIONS

Under the terms of the partnership agreements of the Partnership and THGLP, profits, losses and distributions will be made to the general and Class A Limited Partners pro-rata based on their respective partnership interest.

Holders of Preferred Limited Partnership Interests are entitled to an aggregate preference on liquidation of $6,250,000 plus cumulative in-kind distributions of additional Preferred Limited Partnership interests at an annual rate of 12%.

c) REVENUE RECOGNITION

Revenue is recognized as services are provided to subscribers. Subscription revenues billed in advance for services are deferred and recorded as income in the period in which services are rendered.

d) Property, Plant and Equipment

Property, plant and equipment are carried at cost and are depreciated using the straight-line method over the estimated useful lives of the respective assets.

e) INTANGIBLE ASSETS AND DEFERRED COSTS

Intangible assets and deferred costs are carried at cost and are amortized using the straight-line method over the estimated useful lives of the respective assets. The Company periodically reviews the amortization periods of their intangible assets and deferred costs. The Company evaluates whether there has been a permanent impairment in the value of these assets by considering such factors including projected undiscounted cash flows, current market conditions and changes in the cable television industry that would impact the recoverability of such assets, among other things.

f) INCOME TAXES

No provision for Federal or state income taxes has been made in the accompanying combined financial statements since any liability for such income taxes is that of the partners and not of the Partnership or its affiliates. Certain assets have a basis for income tax purposes that differs from the carrying value for financial reporting purposes, primarily due to differences in depreciation methods. As a result of these differences, at December 31, 1997 and 1998 the net carrying value of these assets for financial reporting purposes exceeded the net basis for income tax purposes by approximately $22 million and $27 million respectively.

g) CASH AND CASH EQUIVALENTS

Cash and cash equivalents, consisting of amounts on deposit in money market accounts, checking accounts and certificates of deposit, were $4,372,281 and $5,130,561 at December 31, 1997 and 1998, respectively.

h) USE OF ESTIMATES

Management of the Company has made a number of estimates and assumptions relating to the reporting of assets, liabilities, revenues, expenses and the disclosure of contingent assets and liabilities to prepare these combined financial statements in conformity with generally accepted accounting principles. Actual results could differ from those estimates.

i) INTEREST RATE CAP AGREEMENTS

The cost paid is amortized over the life of the agreements.

j) DISCLOSURE ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

Cash and Cash Equivalents, Receivables, Accounts Payable and Accrued Expenses

The carrying amounts reported in the consolidated balance sheets for cash and cash equivalents, current receivables, notes receivable, accounts payable, and accrued expenses approximate fair values.

Senior Secured Notes and Long-term Debt

For the Senior Secured Notes, fair values are based on quoted market prices. The fair market value at December 31, 1997 and 1998 was approximately $123,000,000 and $120,000,000, respectively. For long-term debt, their values approximate carrying value due to the short-term maturity of the debt and/or fluctuating interest.

Comprehensive Income

On January 1, 1998, the Company adopted SFAS No. 130, Reporting Comprehensive Income. SFAS No. 130 establishes standards for reporting and presentation of comprehensive income and its components in a full set of financial statements. Comprehensive income consists of net income and net unrealized gains (losses) on securities and is presented in the consolidated statements of stockholder's equity and comprehensive income. The Statement requires only additional disclosures in the consolidated financial statements; it does not affect the Company's financial position or results of operations. The Company has no items that qualify as comprehensive income.

3. ACQUISITIONS

Cable Acquisitions

On January 31, 1995, THGLP acquired a cable television system, serving approximately 1,100 (unaudited) subscribers in the Vermont communities of Bradford, South Royalton and Chelsea. The aggregate purchase price was approximately $350,000 and was allocated to the net assets acquired which included property and equipment and intangible assets.

In June and July, 1996, HPIAC completed the acquisitions of all the operating assets of the cable television systems, serving approximately 26,000 (unaudited) subscribers, in the areas of Jasper and Skyline, Tennessee and Summerville, Trenton, Menlo, Decatur and Chatsworth, Georgia (collectively referred to as the Tennessee cluster).

The aggregate purchase price of $36,398,889, including acquisition costs of $742,837, was allocated to the net assets acquired based on their estimated fair value. Such allocation is summarized as follows:

Land	$ 25,000
Cable television system	17,876,244
Other property, plant and equipment	185,000
Subscriber lists	17,474,762
Noncompete agreement	1,000
Other intangible assets	742,837
Other net operating items	94,046
Total aggregate purchase price	$36,398,889

A portion of the purchase price was paid through the issuance of notes to the sellers of one of the systems totaling $750,000. Such notes were reported net of imputed interest of $180,500 computed at 9% per annum (see note 11).

On January 16, 1997, HPIAC acquired an adjacent cable television system serving approximately 2,256 (unaudited) subscribers in the communities of Ten Mile and Hamilton, Tennessee. The aggregate purchase price was approximately $2,960,294 and was allocated to the net assets acquired which included property, equipment and intangible assets, based on their estimated fair value.

On January 31, 1997, THGLP acquired a cable television system, serving approximately 823 (unaudited) subscribers in the West Virginia counties of Wirt and Wood. The aggregate purchase price was approximately $1,053,457, and was allocated to the net assets acquired which included property, equipment and intangible assets, based on their estimated fair value.

On April 18, 1997, HPIAC acquired a cable television system serving approximately 839 (unaudited) subscribers in the communities of Charleston and Calhoun, Tennessee. The aggregate purchase price was approximately $1,055,693 and was allocated to the net assets acquired which included property and equipment and intangible assets, based on their estimated fair value.

On June 26, 1997, HPIAC acquired the net assets of cable television systems serving approximately 21,500 (unaudited) subscribers primarily in the North Carolina communities of Avery County and surrounding areas and in the South Carolina community of Anderson County. The aggregate purchase price was approximately $45,258,279, including acquisition costs of $547,235, and was allocated to the net assets acquired which included property, plant, equipment and intangible assets, based on their estimated fair value.

On June 26, 1997, THGLP acquired the net assets of a cable television system serving approximately 11,000 (unaudited) subscribers in the North Carolina communities of Watauga County, Blowing Rock, Beech Mountain and the town of Boone. The aggregate purchase price was $19,947,430 and was allocated to the net assets acquired which included, property, plant, equipment and intangible assets, based on their estimated fair value.

The aggregate purchase price of the 1997 cable acquisitions was $70,275,153 and was allocated to the net assets acquired based on their estimated fair market value as follows:

Land	$ 158,500
Cable television system	21,320,900
Vehicles	1,473,600
Computer equipment	240,000
Subscriber lists	46,925,173
Organization and other costs	688,816
Other net operating items	(531,836)
Total aggregate purchase price	$70,275,153

On December 31, 1998, HPIAC acquired the net assets of cable television systems serving approximately 11,225 (unaudited) subscribers primarily in the North Carolina community of Roanoke Rapids. The aggregate purchase price was $26,063,284 including acquisition costs of

$535,875 and was allocated to the net assets acquired, which included, property, equipment and intangible assets, based on their estimated fair value.

Land	$ 250,000
Cable television system	4,258,000
Other property, plant and equipment	1,103,375
Subscriber lists	19,805,000
Organization and other costs	535,875
Other net operating items	111,034
Total aggregate purchase price	$26,063,284

Internet Acquisitions

On March 22, 1996, THGLP acquired the net assets of a telephone dial-up internet access provider ("ISP") serving approximately 350 (unaudited) customers in and around the area of Uniontown, Pennsylvania. The aggregate purchase price was approximately $40,000.

On April 1, 1997, the Partnership acquired the net assets of a telephone dial-up ISP serving approximately 2,500 (unaudited) customers in and around the area of Uniontown, Pennsylvania. The aggregate purchase price was $757,029.

On May 31, 1997, the Partnership acquired the net assets of a telephone dial-up ISP serving approximately 1,800 (unaudited) customers in and around the area of Uniontown, Pennsylvania. The aggregate purchase price was $213,629.

On November 14, 1997, HOL acquired the net assets of a telephone dial-up ISP serving approximately 1,744 (unaudited) customers in and around the area of Johnstown, Pennsylvania. The aggregate purchase price was $348,927.

On December 17, 1997, HOL acquired the net assets of a telephone dial-up ISP serving 1,571 (unaudited) customers in and around the area of Plainfield, Vermont. The aggregate purchase price was $497,307.

On December 17, 1997, HOL acquired the net assets of a telephone dial-up ISP serving approximately 2,110 (unaudited) customers in and around the area of Wells River, Vermont. The aggregate purchase price was $673,170.

The aggregate purchase price of the 1997 ISP acquisitions was $2,490,062 and was allocated to the net assets acquired, based on their estimated fair value. Such allocation is summarized as follows:

Internet service equipment	$ 237,064
Customer lists	1,409,768
Non-compete Agreement	883,097
Other intangible assets	35,000
Other net operating items	(74,867)
Total aggregate purchase price	$2,490,062

HELICON PARTNERS I, L.P. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS -- (CONTINUED)

A portion of the purchase price was paid through the issuance of notes to the Sellers totaling $1,801,000. Such notes were reported net of imputed interest of $304,698 computed at 9% per annum (see Note 11).

The operating results relating to the above acquisitions, effective with their acquisition dates, are included in the accompanying combined financial statements.

4. PROPERTY, PLANT AND EQUIPMENT, NET

Property, plant and equipment, net is summarized as follows at December 31:

	1997	1998	ESTIMATED USEFUL LIFE IN YEARS
Land	$ 121,689	$ 320,689	--
Cable television system	124,684,403	140,441,324	5 to 20
Internet service equipment	1,281,362	2,483,602	2 to 3
Office furniture and fixtures	677,672	728,253	5 and 10
Vehicles	3,536,358	4,570,990	3 and 5
Building	805,525	1,585,384	5 and 10
Building and leasehold Improvements	398,843	445,820	1 to 5
Computers	3,232,355	4,159,506	3 to 5
	134,738,207	154,735,568	
Less accumulated depreciation	(54,633,830)	(67,997,988)	
	$ 80,104,377	$ 86,737,580	

5. INTANGIBLE ASSETS AND DEFERRED COSTS

Intangible assets and deferred costs are summarized as follows at December 31:

	1997	1998	ESTIMATED USEFUL LIFE IN YEARS
Covenants not-to-compete	$ 14,270,120	$ 14,270,120	5
Franchise agreements	19,650,889	19,650,889	9 to 17
Goodwill	1,703,760	1,703,760	20
Subscriber lists	82,292,573	102,097,574	6 to 10
Financing costs	9,414,809	9,291,640	8 to 10
Organization and other costs	3,631,650	4,306,777	5 to 10
	130,963,801	151,320,760	
Less accumulated amortization	(45,897,136)	(56,443,913)	
	$ 85,066,665	$ 94,876,847	

6. TRANSACTIONS WITH AFFILIATES

Amounts due from/to affiliates result from management fees, expense allocations and temporary non-interest bearing loans. The affiliates are related to the Company through common-ownership.

The Partnership is managed by Helicon Corp., an affiliated management company. During 1996, 1997 and 1998, the Partnership was charged management fees of $2,103,077, $2,997,872, and $3,496,271, respectively. In 1997 and 1998, $2,685,172 and $3,231,362 of the management fees were paid and $312,700 and $172,476 were deferred, in accordance with the terms of the Partnership's credit agreements, respectively. Management fees are calculated based on the gross revenues of the systems. Additionally, during 1996, 1997 and 1998, THGLP was also charged $980,000, $713,906, and $1,315,315, respectively, for certain costs incurred by this related party on their behalf.

In May 1997, immediately after the formation of HOL, HPI sold 10% of its limited partner interest in HOL to certain employees of Helicon Corp. Such interests were sold at HPI's proportionate carrying value of HOL of $83,631 in exchange for notes receivable from these individuals. These notes are due upon the liquidation of HOL or the sale of all or substantially all of its assets.

On June 26, 1998, the notes were cancelled in consideration of the return by the Helicon employees of their 10% limited partnership interests.

7. DUE TO PRINCIPAL OWNER

Mr. Theodore Baum, directly or indirectly, is the principal owner of 96.17% of the general and limited partnership interests of the Partnership (the "Principal Owner"). Due to Principal Owner consists of $5,000,000 at December 31, 1997 and 1998 payable by THGLP. Beginning on November 3, 1993, interest on the $5,000,000 due to the Principal Owner did not accrue and in accordance with the provisions of the Senior Secured Notes was not paid for twenty four months. Interest resumed on November 3, 1995 (see Note 8). The principal may only be repaid thereafter subject to the passage of certain limiting tests under the covenants of the Senior Secured Notes. Prior to the issuance of the Senior Secured Notes, amounts due to Principal Owner bore interest at varying rates per annum based on the prime rate and were due on demand. Interest expense includes $521,701 in 1996 and $530,082 in 1997 and $524,880 in 1998 related to this debt.

8. SENIOR SECURED NOTES

On November 3, 1993, THGLP and HCC (the "Issuers"), through a private placement offering, issued $115,000,000 aggregate principal amount of 11% Senior Secured Notes due 2003 (the "Senior Secured Notes"), secured by substantially all the assets of THGLP. The Senior Secured Notes were issued at a substantial discount from their principal amount and generated net proceeds to the Issuers of approximately $105,699,000. Interest is payable on a semi-annual basis in arrears on November 1 and May 1, beginning on May 1, 1994. Until November 1, 1996 the Senior Secured Notes bore interest at the rate of 9% per annum. After November 1, 1996, the Senior Secured Notes bear interest at the rate of 11% per annum. The discount on the Senior Secured Notes has been amortized over the term of the Senior Secured Notes so as to result in an effective interest rate of 11% per annum.

The Senior Secured Notes may be redeemed at the option of the Issuers in whole or in part at any time on or after November 1, 1997 at the redemption price of 108% reducing ratably to 100% of the principal amount, in each case together with accrued interest to the redemption date. The Issuers are required to redeem $25,000,000 principal amount of the Senior Secured Notes on each of November 1, 2001 and November 1, 2002. The indenture under which the Senior Secured Notes were issued contains various restrictive covenants, the more significant of which are, limitations on distributions to partners, the incurrence or guarantee of indebtedness, the payment of management fees, other transactions with officers, directors and affiliates, and the issuance of certain types of equity interests or distributions relating thereto.

9. LOANS PAYABLE TO BANKS

On July 12, 1996, HPIAC entered into $85,000,000 of senior secured credit facilities ("Facilities") with a group of banks and The First National Bank of Chicago, as agent. The Facilities were comprised of a $55,000,000 senior secured two and one-half year revolving credit facility, converting on December 31, 1998 to a five and one-half year amortizing term loan due June 30, 2004 ("Facility A"); and, a $30,000,000 senior secured, amortizing, multiple draw nine year term loan facility due June 30, 2005 ("Facility B"). The Facilities financed certain permitted acquisitions, transaction expenses and general corporate purposes. Interest on outstanding borrowings was payable at specified margins over either LIBOR or the higher of the corporate base rate of The First National Bank of Chicago or the rates on overnight Federal funds transactions with members of the Federal Reserve System. The margins varied based on the Company's total leverage ratio, as defined, at the time of an advance. As of December 31, 1997, the amounts outstanding were $30,000,000 under Facility B and $35,500,000 outstanding under Facility A. Interest was payable at LIBOR plus 3.50% for Facility B and LIBOR plus 3.00% for Facility A. In addition, HPIAC paid a commitment fee of .5% of the unused balance of the Facilities.

On December 15, 1998, the Facilities were repaid in full together with accrued interest thereon from the proceeds of the new credit agreements (see below).

In connection with the early retirement of the aforementioned bank debt, HPIAC wrote off related unamortized deferred financing costs totaling $1,657,320. Such amount has been classified as an extraordinary item in the accompanying 1998 combined statement of operations.

In connection with the aforementioned Facilities, HPIAC entered into an interest rate cap agreement to reduce its exposure to interest rate risk. Interest rate cap transactions generally involve the exchange of fixed and floating rate interest payment obligations and provide for a ceiling on interest to be paid, respectively, without the exchange of the underlying notional principal amount. These types of transactions involve risk of counterpart nonperformance under the terms of the contract. At December 31, 1997, HPIAC had cap agreements with aggregate notional amounts of $42,500,000 expiring through March 29, 2000. On December 15, 1998, in connection with the early retirement of the related bank debt, the cap agreements were terminated and HPIAC wrote off the unamortized costs of these cap agreements.

On December 15, 1998, HPIAC entered into credit agreements with a group of banks and Paribas, as agent, providing maximum borrowings of $110,000,000 (the 1998 Credit Facilities). The agreements include (i) a senior secured Credit Agreement consisting of a $35,000,000 A Term Loan, maturing on December 31, 2005, $45,000,000 B Term Loan, maturing on December 31, 2006 and a $10,000,000 Revolving Commitment, maturing on December 31, 2005 and (ii) a Loan Agreement consisting of a $20,000,000 Hybrid Facility, maturing on December 31, 2007.

As of December 31, 1998, the A Term Loan, B Term Loan and Hybrid Facility were fully drawn down and there was nothing outstanding under the Revolving Commitment. The principal cash payments required under the Company's credit agreements for the fiscal years ended December 31, 1999, 2000, 2001, 2002 and 2003 are estimated to aggregate $0, $812,500, $3,950,000, $5,700,000 and $7,450,000, respectively.

Interest is payable at LIBOR plus an applicable margin, which is based on a ratio of loans outstanding to annualized EBITDAM, as defined in the agreement and can not exceed 3.00% for A Term Loan and Revolving Commitments, 3.25% for B Term Loan and 4.50% for the Hybrid Facility. In addition, the Company pays a commitment fee of .50% of the unused balance of the Revolving Commitment.

The 1998 Credit Facilities are secured by a first perfected security interest in all of the assets of HPIAC and a pledge of all equity interests of HPIAC. The credit agreement contains various restrictive covenants that include the achievement of certain financial ratios relating to interest, fixed charges, leverage, limitations on capital expenditures, incurrence or guarantee of indebtedness, other transactions with affiliates and distributions to members. In addition, management fees in the aggregate cannot exceed 5% of gross revenues of HPIAC.

On June 26, 1997, THGLP entered into a $20,000,000 senior secured credit facility with Banque Paribas, as Agent (the 1997 Credit Facility). On January 5, 1999, the 1997 Credit Facility was restated and amended. The facility is non-amortizing and is due November 1, 2000. Borrowings under the facility financed the acquisition of certain cable television assets in North Carolina (see note 3). Interest on the $20,000,000 outstanding is payable at specified margins over either LIBOR or the rate of interest publicly announced in New York City by The Chase Manhattan Bank from time to time as its prime commercial lending rate. The margins vary based on the THGLP's total leverage ratio, as defined, at the time of an advance. Currently interest is payable at LIBOR plus 2.75%.

The 1997 Credit Facility is secured by a first perfected security interest in all of the assets of the Partnership and a pledge of all equity interests of the THGLP. The credit agreement contains various restrictive covenants that include the achievement of certain financial ratios relating to interest, fixed charges, leverage, limitations on capital expenditures, incurrence or guarantee of indebtedness, transactions with affiliates, distributions to members and management fees which accrue at 5% of gross revenues.

Also included in loans payable to banks is a mortgage note of $266,922 payable to a bank that is secured by THGLP's office building in Vermont. The interest is payable at Prime plus 1% and the mortgage note is due March 1, 2012.

HELICON PARTNERS I, L.P. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS -- (CONTINUED)

Principal payments on the mortgage note are summarized as follows at December 31, 1998:

YEAR ENDING DECEMBER 31	AMOUNT
1999	$ 10,581
2000	11,631
2001	12,786
2002	14,055
2003 and thereafter	217,869
	$266,922

10. SUBORDINATED NOTES AND REDEEMABLE PARTNERSHIP INTERESTS

In April 1996 the Partnership sold to unrelated investors, $34,000,000 aggregate principal amount of its 12% Subordinated Notes (the "Subordinated Notes") and warrants to purchase 2,419.1 units (the "Units") of Class B Common Limited Partnership Interests representing in the aggregate 24.191% of the outstanding limited partner interests of the Partnership on a fully diluted basis (the "Warrants"). Of the $34,000,000 of gross proceeds, $3,687,142 was determined to be the value of the Warrants, and $30,312,858 was allocated to the Subordinated Notes. The discount on the Subordinated Notes is being amortized over the term of these Notes.

The Subordinated Notes are subordinated to the senior indebtedness of the Partnership and are due April 1, 2004. Interest is payable semi-annually on each October 1 and April 1 in cash or through the issuance of additional Subordinated Notes, at the option of the Partnership. In October 1996, April 1997, October 1997, April 1998 and October 1998, the Partnership elected to satisfy interest due through the issuance of $1,945,667, $2,156,740, $2,037,079, $2,408,370 and $2,552,871, respectively, additional Subordinated Notes. After September 2001, a holder or holders of no less than 33 1/3% of the aggregate principal amount of the Subordinated Notes can require the Partnership to repurchase their Subordinated Notes at a price equal to the principal amount thereof plus accrued interest. The Partnership has an option to redeem the Subordinated Notes at 102% of the aggregate principal amount after the fifth anniversary of their issuance, at 101% of the aggregate principal amount after the sixth anniversary of issuance and at 100% of the aggregate principal amount after the seventh anniversary of issuance.

Holders of the Warrants have the right to acquire the Units at any time for a price of $1,500 per Unit. After September 2001, a holder or holders of at least 33 1/3% of the Warrants can require the Partnership to either purchase their Warrants at their interest in the Net Equity Value of the Partnership or seek a purchaser for all of the assets or equity interests of the Partnership. Net Equity Value pursuant to the terms of the underlying agreements is the estimated amount of cash that would be available for distribution to the Partnership interests upon a sale of all of the assets of the Partnership and its subsequent dissolution and liquidation. The Net Equity Value is the amount agreed to by the Partnership and 66 2/3% of the holders of the Subordinated Notes and Warrants or, absent such agreement, determined through a specified appraisal process.

The Partnership estimated the Net Equity Value of the Warrants to be approximately $43,250,000 at December 31, 1998 and $16,750,000 at December 31, 1997. Such estimate as of December 31, 1998 reflects the amount that the holders of the warrants have agreed to accept for their interests assuming the proposed sale of all of the interests of the partnership is consummated (see note 14). The increase in the estimated Net Equity Value over the original carrying value of the Warrants is being accreted evenly over the period beginning with the date of the increase and September 2001. Such accretion is being reflected in the accompanying financial statements as an increase in the carrying value of the Warrants and a corresponding reduction in the carrying value of the capital accounts of the General and Class A Limited Partners.

The agreements underlying the Subordinated Notes and the Warrants contain various restrictive covenants that include limitations on incurrence or guarantee of indebtedness, transactions with affiliates, and distributions to partners. In addition, management fees in the aggregate cannot exceed 5% of gross revenues of the Partnership.

11. OTHER NOTES PAYABLE

Other Notes payable consists of the following at December 31:

	1997	1998
Promissory note in consideration for acquisition of a cable television system, accruing interest at 10% per annum on principal and accrued interest which is added to principal on certain specified dates; interest becomes payable on January 1, 1998 and the principal is payable in full on August 20, 2000	$2,036,765	$2,036,765
Non-interest bearing promissory notes issued in connection with the acquisition of a cable television system. Principal payments begin on July 16, 1997, in the amount of $70,000 and four installments in the amount of $170,000 on each July 16 thereafter. Such notes are reported net of imputed interest of $141,116 and $101,732 in 1997 and 1998, respectively, computed at 9% per annum	538,884	408,268
Non-interest bearing promissory notes issued in connection with the acquisitions of the internet businesses. Principal payments are due in January, February, and March of each year and continue quarterly thereafter through June, 2001. Such notes are reported net of imputed interest of $180,727 and $146,441 in the 1997 and 1998, respectively, computed at 9% per annum	1,398,478	1,021,474
Installment notes, collateralized by vehicles and other equipment and payable in monthly installments, at interest rates between 5.5% to 14.25% per annum, through January, 2003	1,772,949	1,982,297
	$5,747,076	$5,448,804

HELICON PARTNERS I, L.P. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS -- (CONTINUED)

Principal payments due on the above notes payable are summarized as follows at December 31, 1998:

YEAR ENDING DECEMBER 31	AMOUNT
1999	$1,337,476
2000	3,276,529
2001	678,349
2002	140,944
2003	15,506
	$5,448,804

12. PARTNERS' DEFICIT

During 1993, the Principal Owner contributed a $6,500,000 unsecured, non-interest bearing personal promissory note due on demand to the general partner of THGLP. Additionally, the Principal Owner contributed to THGLP an unsecured, non-interest bearing personal promissory note in the aggregate principal amount of $24,000,000 (together with the $6,500,000 note, the "Baum Notes"). The Baum Notes have been issued for the purpose of THGLP's credit enhancement. Although the Baum Notes are unconditional, they do not become payable except (i) in increasing amounts presently up to $19,500,000 and in installments thereafter to a maximum of $30,500,000 on December 16, 1996 and (ii) at such time after such dates as THGLP's creditors shall have exhausted all claims against THGLP's assets.

13. COMMITMENTS

The Partnership and affiliates leases telephone and utility poles on an annual basis. The leases are self renewing. Pole rental expense for the years ended December 31, 1996, 1997 and 1998 was $609,075, $873,264 and $982,306, respectively.

In connection with certain lease and franchise agreements, the Partnership, from time to time, issues security bonds.

The Partnership and affiliates utilizes certain office space under operating lease agreements which expire at various dates through August 2013 and contain renewal options. At December 31, 1998 the future minimum rental commitments under such leases were as follows:

YEAR ENDING DECEMBER 31	
1999	$ 166,825
2000	142,136
2001	141,727
2002	147,912
2003	151,412
Thereafter	1,418,017
	$2,168,029

Office rent expense was $102,801 in 1996, $203,506 in 1997 and $254,955 in 1998.

HELICON PARTNERS I, L.P. AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS -- (CONTINUED)

14. SUBSEQUENT EVENTS

On March 22, 1999, Helicon Partners I, L. P. (HPI), Baum Investments, Inc. and all the holders of partnership interests in HPI entered into a purchase agreement by and among Charter Communications, Inc, Charter Communications, LLC and Charter Helicon, LLC (collectively the "Charter Entities") providing for the sale of all such partnership interests and Helicon Corp.'s interest in the management agreements with THGLP and HPIAC to the Charter Entities. The sale price is $550 million which amount will be reduced by any outstanding indebtedness assumed by the Charter Entities.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Partners of InterMedia Partners
and InterMedia Capital Partners IV, L.P.

In our opinion, the accompanying combined balance sheets and the related combined statements of operations, of changes in equity and of cash flows present fairly, in all material respects, the financial position of InterMedia Cable Systems (comprised of components of InterMedia Partners and InterMedia Capital Partners IV, L.P.), at December 31, 1998 and 1997, and the results of their operations and their cash flows for the years then ended in conformity with generally accepted accounting principles. These financial statements are the responsibility of the management of InterMedia Partners and InterMedia Capital Partners IV, L.P.; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

/s/ PRICEWATERHOUSECOOPERS LLP

San Francisco, California
April 20, 1999

INTERMEDIA CABLE SYSTEMS
(COMPRISED OF COMPONENTS OF INTERMEDIA PARTNERS AND
INTERMEDIA CAPITAL PARTNERS IV, L.P.)

COMBINED BALANCE SHEETS
(DOLLARS IN THOUSANDS)

	DECEMBER 31, 1998	DECEMBER 31, 1997
ASSETS		
Accounts receivable, net of allowance for doubtful accounts of $899 and $680, respectively	$ 14,425	$ 13,017
Receivables from affiliates	5,623	1,719
Prepaid expenses	423	626
Other current assets	350	245
Total current assets	20,821	15,607
Intangible assets, net	255,356	283,562
Property and equipment, net	218,465	179,681
Deferred income taxes	12,598	14,221
Other non-current assets	2,804	1,140
Total assets	$510,044	$494,211
LIABILITIES AND EQUITY		
Accounts payable and accrued liabilities	$ 19,230	$ 20,934
Deferred revenue	11,104	8,938
Payables to affiliates	3,158	2,785
Income taxes payable		285
Total current liabilities	33,492	32,942
Note payable to InterMedia Partners IV, L.P.	396,579	387,213
Deferred channel launch revenue	4,045	2,104
Total liabilities	434,116	422,259
Commitments and contingencies		
Mandatorily redeemable preferred shares	14,184	13,239
Equity	61,744	58,713
Total liabilities and equity	$510,044	$494,211

See accompanying notes to combined financial statements.

INTERMEDIA CABLE SYSTEMS
(COMPRISED OF COMPONENTS OF INTERMEDIA PARTNERS AND
INTERMEDIA CAPITAL PARTNERS IV, L.P.)

COMBINED STATEMENTS OF OPERATIONS
(DOLLARS IN THOUSANDS)

	FOR THE YEAR ENDED DECEMBER 31, 1998	1997
REVENUES		
Basic and cable services	$125,920	$112,592
Pay services	23,975	24,467
Other services	26,167	25,519
	176,062	162,578
COSTS AND EXPENSES		
Program fees	39,386	33,936
Other direct expenses	16,580	16,500
Selling, general and administrative expenses	30,787	29,181
Management and consulting fees	3,147	2,870
Depreciation and amortization	85,982	81,303
	175,882	163,790
Profit/(loss) from operations	180	(1,212)
OTHER INCOME (EXPENSE)		
Interest expense	(25,449)	(28,458)
Gain on sale/exchange of cable systems	26,218	10,006
Interest and other income	341	429
Other expense	(3,188)	(1,431)
	(2,078)	(19,454)
Loss before income tax benefit (expense)	(1,898)	(20,666)
Income tax benefit (expense)	(1,623)	4,026
NET LOSS	$ (3,521)	$(16,640)

See accompanying notes to combined financial statements.

INTERMEDIA CABLE SYSTEMS
(COMPRISED OF COMPONENTS OF INTERMEDIA PARTNERS AND
INTERMEDIA CAPITAL PARTNERS IV, L.P.)

COMBINED STATEMENT OF CHANGES IN EQUITY
(DOLLARS IN THOUSANDS)

Balance at December 31, 1996	$ 69,746
Net loss	(16,640)
Accretion for mandatorily redeemable preferred shares	(882)
Net contributions from parent	6,489
Balance at December 31, 1997	58,713
Net loss	(3,521)
Accretion for mandatorily redeemable preferred shares	(945)
Net cash contributions from parent	6,350
In-kind contribution from parent	1,147
Balance at December 31, 1998	$ 61,744

See accompanying notes to combined financial statements.

INTERMEDIA CABLE SYSTEMS
(COMPRISED OF COMPONENTS OF INTERMEDIA PARTNERS AND
INTERMEDIA CAPITAL PARTNERS IV, L.P.)

COMBINED STATEMENTS OF CASH FLOWS
(DOLLARS IN THOUSANDS)

	FOR THE YEAR ENDED DECEMBER 31,	
	1998	1997
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (3,521)	$(16,640)
Adjustments to reconcile net loss to cash flows from operating activities:		
Depreciation and amortization	85,982	81,303
Loss and disposal of fixed assets	3,177	504
Gain on sale/exchange of cable systems	(26,218)	(10,006)
Changes in assets and liabilities:		
Accounts receivable	(1,395)	(2,846)
Receivables from affiliates	(3,904)	(639)
Prepaid expenses	203	(251)
Other current assets	(106)	(10)
Deferred income taxes	1,623	(4,311)
Other non-current assets	(517)	(58)
Accounts payable and accrued liabilities	(2,073)	4,436
Deferred revenue	1,208	1,399
Payables to affiliates	373	469
Accrued interest	25,449	28,458
Deferred channel launch revenue	2,895	2,817
Cash flows from operating activities	83,176	84,625
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(72,673)	(87,253)
Sale/exchange of cable systems	(398)	11,157
Intangible assets	(372)	(506)
Cash flows from investing activities	(73,443)	(76,602)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net contributions from parent	6,350	6,489
Net repayment of borrowings	(16,083)	(14,512)
Cash flows from financing activities	(9,733)	(8,023)
Net change in cash	--	--
CASH AT BEGINNING OF PERIOD	--	--
CASH AT END OF PERIOD	$ --	$ --

See accompanying notes to combined financial statements.

INTERMEDIA CABLE SYSTEMS
(COMPRISED OF COMPONENTS OF INTERMEDIA PARTNERS AND
INTERMEDIA CAPITAL PARTNERS IV, L.P.)

NOTES TO COMBINED FINANCIAL STATEMENTS
(DOLLARS IN THOUSANDS)

1. BASIS OF PRESENTATION

THE CHARTER TRANSACTIONS

InterMedia Partners, a California limited partnership ("IP-I"), and InterMedia Capital Partners IV, L.P., a California limited partnership, ("ICP-IV", together with IP-I, "InterMedia") are affiliated through common control and management. Robin Media Group, Inc., a Nevada corporation, ("RMG") is a majority owned subsidiary of ICP-IV. On April 20, 1999, InterMedia and certain of its affiliates entered into agreements (the "Agreements") with affiliates of Charter Communications, Inc. ("Charter") to sell and exchange certain of their cable television systems ("the Charter Transactions").

Specifically, ICP-IV and its affiliates have agreed to sell certain of their cable television systems in Tennessee and Gainsville, Georgia through a combination of asset sales and the sale of its equity interests in RMG, and to exchange their systems in and around Greenville and Spartanburg, South Carolina for Charter systems located in Indiana, Kentucky, Utah and Montana. Immediately upon Charter's acquisition of RMG, IP-I will exchange its cable television systems in Athens, Georgia, Asheville and Marion, North Carolina and Cleveland, Tennessee for RMG's cable television systems located in middle Tennessee.

The Charter Transactions are expected to close during the third or fourth quarter of 1999. The cable systems retained by Charter upon consummation of the Charter Transactions, together with RMG, are referred to as the "InterMedia Cable Systems," or the "Systems."

PRESENTATION

The accompanying combined financial statements represent the financial position of the InterMedia Cable Systems as of December 31, 1998 and 1997 and the results of their operations and their cash flows for the years then ended. The Systems being sold or exchanged do not individually or collectively comprise a separate legal entity. Accordingly, the combined financial statements have been carved-out from the historical accounting records of InterMedia.

CARVE-OUT METHODOLOGY

Throughout the periods covered by the combined financial statements, the individual cable systems were operated and accounted for separately. However, the Charter Transactions exclude certain systems (the "Excluded Systems") which were operated as part of the Marion, North Carolina and western Tennessee systems throughout 1997 and 1998. For purposes of carving out and excluding the results of operations and financial position of the Excluded Systems from the combined financial statements, management has estimated the revenues, expenses, assets and liabilities associated with each Excluded System based on the ratio of each Excluded System's basic subscribers to the total basic subscribers served by the Marion, North Carolina and western Tennessee systems, respectively. Management believes the basis used for these allocations is reasonable. The Systems' results of operations are not necessarily indicative of future operating results or the results that would have occurred if the Systems were a separate legal entity.

Management and consulting fees represent an allocation of management fees charged to IP-I and ICP-IV by InterMedia Capital Management, a California limited partnership ("ICM") and

INTERMEDIA CABLE SYSTEMS
(COMPRISED OF COMPONENTS OF INTERMEDIA PARTNERS AND
INTERMEDIA CAPITAL PARTNERS IV, L.P.)

NOTES TO COMBINED FINANCIAL STATEMENTS -- (CONTINUED)
(DOLLARS IN THOUSANDS)

InterMedia Management, Inc. ("IMI"), respectively. Prior to January 1, 1998, InterMedia Capital Management IV, L.P. ("ICM-IV") provided such management and consulting services to ICP-IV. ICM and ICM-IV are limited partners of IP-I and ICP-IV, respectively. IMI is the managing member of each of the general partners of IP-I and ICP-IV. These fees are charged at a fixed amount per annum and have been allocated to the Systems based upon the allocated contributed capital of the individual systems as compared to the total contributed capital of InterMedia's subsidiaries.

As more fully described in Note 9 -- "Related Party Transactions," certain administrative services are also provided by IMI and are charged to all affiliates based on relative basic subscriber percentages.

CASH AND INTERCOMPANY ACCOUNTS

Under InterMedia's centralized cash management system, cash requirements of its individual operating units were generally provided directly by InterMedia and the cash generated or used by the Systems was transferred to/from InterMedia, as appropriate, through intercompany accounts. The intercompany account balances between InterMedia and the individual operating units, except RMG's intercompany note payable to InterMedia Partners IV, L.P. ("IP-IV") as described in Note 7 -- "Note Payable to InterMedia Partners IV, L.P." are not intended to be settled. Accordingly, the balances, other than RMG's note payable to IP-IV, are included in equity and all net cash generated from operations, investing activities and financing activities have been included in the Systems' net contribution from parent in the combined statements of cash flows.

IP-I and ICP-IV or its subsidiaries maintain all external debt to fund and manage InterMedia's operations on a centralized basis. The combined financial statements present only the debt and related interest expense of RMG, which is assumed and repaid by Charter pursuant to the Charter Transactions. See Note 7 -- "Note Payable to InterMedia Partners IV, L.P." Debt, unamortized debt issue costs and interest expense related to the financing of the cable systems not owned by RMG have not been allocated to the InterMedia Cable Systems. As such, the level of debt, unamortized debt issue costs and related interest expense presented in the combined financial statements are not representative of the debt that would be required or interest expense incurred if InterMedia Cable Systems were a separate legal entity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REVENUE RECOGNITION

Cable television service revenue is recognized in the period in which services are provided to customers. Deferred revenue generally represents revenue billed in advance and deferred until cable service is provided.

PROPERTY AND EQUIPMENT

Additions to property and equipment, including new customer installations, are recorded at cost. Self-constructed fixed assets include materials, labor and overhead. Costs of disconnecting and reconnecting cable service are expensed. Expenditures for maintenance and repairs are charged to expense as incurred. Expenditures for major renewals and improvements are capitalized. Capitalized fixed assets are written down to recoverable values whenever recoverability through operations or sale of the systems becomes doubtful. Gains and losses on disposal of property and equipment are included in the Systems' statements of operations when the assets are sold or retired from service.

Depreciation is computed using the double-declining balance method over the following estimated useful lives:

	YEARS
Cable television plant	5 - 10
Buildings and improvements	10
Furniture and fixtures	3 - 7
Equipment and other	3 - 10

INTANGIBLE ASSETS

The Systems have franchise rights to operate cable television systems in various towns and political subdivisions. Franchise rights are being amortized over the lesser of the remaining franchise lives or the base ten and twelve-year terms of IP-I and ICP-IV, respectively. The remaining lives of the franchises range from one to eighteen years.

Goodwill represents the excess of acquisition costs over the fair value of net tangible and franchise assets acquired and liabilities assumed and is being amortized on a straight-line basis over the base ten or twelve-year term of IP-I and ICP-IV, respectively.

Capitalized intangibles are written down to recoverable values whenever recoverability through operations or sale of the systems becomes doubtful. Each year, the Systems evaluate the recoverability of the carrying value of their intangible assets by assessing whether the projected cash flows, including projected cash flows from sale of the systems, is sufficient to recover the unamortized costs of these assets.

INCOME TAXES

Income taxes reported in InterMedia Cable Systems' combined financial statements represent the tax effects of RMG's results of operations. RMG as a corporation is the only entity within InterMedia Cable Systems which reports a provision/benefit for income taxes. No provision or benefit for income taxes is reported by any of the other cable systems within the InterMedia Cable Systems structure because these systems are currently owned by various partnerships, and, as such, the tax effects of these cable systems' results of operations accrue to the partners.

RMG accounts for income taxes using the asset and liability approach which requires the recognition of deferred tax assets and liabilities for the tax consequences of temporary differences by applying enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities.

INTERMEDIA CABLE SYSTEMS
(COMPRISED OF COMPONENTS OF INTERMEDIA PARTNERS AND
INTERMEDIA CAPITAL PARTNERS IV, L.P.)

NOTES TO COMBINED FINANCIAL STATEMENTS -- (CONTINUED)
(DOLLARS IN THOUSANDS)

USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value of receivables, payables, deferred revenue and accrued liabilities approximates fair value due to their short maturity.

NEW ACCOUNTING PRONOUNCEMENT

In June 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 130, Reporting Comprehensive Income (FAS 130), which establishes standards for reporting and disclosure of comprehensive income and its components. FAS 130 is effective for fiscal years beginning after December 15, 1997 and requires reclassification of financial statements for earlier periods to be provided for comparative purposes. The Systems' total comprehensive loss for all periods presented herein did not differ from those amounts reported as net loss in the combined statement of operations.

3. SALE AND EXCHANGE OF CABLE PROPERTIES

SALE

On December 5, 1997, RMG sold its cable television assets serving approximately 7,400 (unaudited) basic subscribers in and around Royston and Toccoa, Georgia. The sale resulted in a gain, calculated as follows:

Proceeds from sale	$11,212
Net book value of assets sold	(1,206)
Gain on sale	$10,006

EXCHANGE

On December 31, 1998, certain of the Systems' cable television assets located in and around western and eastern Tennessee ("Exchanged Assets"), serving approximately 10,600 (unaudited) basic subscribers, plus cash of $398 were exchanged for other cable television assets located in and around western and eastern Tennessee, serving approximately 10,000 (unaudited) basic subscribers.

INTERMEDIA CABLE SYSTEMS
(COMPRISED OF COMPONENTS OF INTERMEDIA PARTNERS AND
INTERMEDIA CAPITAL PARTNERS IV, L.P.)

NOTES TO COMBINED FINANCIAL STATEMENTS -- (CONTINUED)
(DOLLARS IN THOUSANDS)

The cable television assets received have been recorded at fair market value, allocated as follows:

Property and equipment	$ 5,141
Franchise rights	24,004
Total	$29,145

The exchange resulted in a gain of $26,218 calculated as the difference between the fair value of the assets received and the net book value of the Exchanged Assets less cash paid of $398.

4. INTANGIBLE ASSETS

Intangible assets consist of the following:

	DECEMBER 31, 1998	DECEMBER 31, 1997
Franchise rights	$ 332,157	$302,308
Goodwill	58,505	58,772
Other	345	6,392
	391,007	367,472
Accumulated amortization	(135,651)	(83,910)
	$ 255,356	$283,562

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	DECEMBER 31, 1998	DECEMBER 31, 1997
Land	$ 1,068	$ 1,898
Cable television plant	231,937	138,117
Building and improvements	5,063	4,657
Furniture and fixtures	3,170	2,009
Equipment and other	25,396	21,808
Construction-in-progress	18,065	49,791
	284,699	218,280
Accumulated depreciation	(66,234)	(38,599)
	$218,465	$179,681

INTERMEDIA CABLE SYSTEMS
(COMPRISED OF COMPONENTS OF INTERMEDIA PARTNERS AND
INTERMEDIA CAPITAL PARTNERS IV, L.P.)

NOTES TO COMBINED FINANCIAL STATEMENTS -- (CONTINUED)
(DOLLARS IN THOUSANDS)

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

	DECEMBER 31, 1998	DECEMBER 31, 1997
Accounts payable	$ 1,780	$ 2,996
Accrued program costs	1,897	1,577
Accrued franchise fees	4,676	4,167
Accrued copyright fees	406	762
Accrued capital expenditures	5,215	5,179
Accrued payroll costs	1,784	1,789
Accrued property and other taxes	862	1,851
Other accrued liabilities	2,610	2,613
	$19,230	$20,934

7. NOTE PAYABLE TO INTERMEDIA PARTNERS IV, L.P.

RMG's note payable to IP-IV consists of the following:

	DECEMBER 31, 1998	DECEMBER 31, 1997
Intercompany revolving credit facility, $1,200,000 commitment as of December 31, 1998, interest currently at 6.86% payable on maturity, matures December 31, 2006	$396,579	$387,213

RMG's debt is outstanding under an intercompany revolving credit facility executed with IP-IV. The revolving credit facility currently provides for $1,200,000 of available credit.

RMG's intercompany revolving credit facility requires repayment of the outstanding principal and accrued interest on the earlier of (i) December 31, 2006, or (ii) acceleration of any of IP-IV's obligations to repay under its bank debt outstanding under its revolving credit facility ("IP-IV Revolving Credit Facility") and term loan agreement ("IP-IV Term Loan", together with the IP-IV Revolving Credit Facility, the "IP-IV Bank Facility") dated July 30, 1996.

Interest rates under RMG's intercompany revolving credit facility are calculated monthly and are referenced to those made available under the IP-IV Bank Facility. Interest rates ranged from 6.84% to 7.92% during 1998.

Charter has an obligation to assume and repay RMG's intercompany revolving credit facility pursuant to the Charter Transactions.

Advances under the IP-IV Bank Facility are available under interest rate options related to the base rate of the administrative agent for the IP-IV Bank Facility ("ABR") or LIBOR. Effective October 20, 1997, pursuant to an amendment to the IP-IV Bank Facility, interest rates on

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borrowings under the IP-IV Term Loan vary from LIBOR plus 1.75% to LIBOR plus 2.00% or ABR plus 0.50% to ABR plus 0.75% based on IP-IV's ratio of debt outstanding to annualized quarterly operating cash flow ("Senior Debt Ratio"). Interest rates vary on borrowings under the IP-IV Revolving Credit Facility from LIBOR plus 0.625% to LIBOR plus 1.50% or ABR to ABR plus 0.25% based on IP-IV's Senior Debt Ratio. Prior to the amendment, interest rates on borrowings under the IP-IV Term Loan were at LIBOR plus 2.375% or ABR plus 1.125%; and, interest rates on borrowings under the IP-IV Revolving Credit Facility varied from LIBOR plus 0.75% to LIBOR plus 1.75% or ABR to ABR plus 0.50% based on IP-IV's Senior Debt Ratio. The IP-IV Bank Facility requires quarterly payment of fees on the unused portion of the IP-IV Revolving Credit Facility of 0.375% per annum when the Senior Debt Ratio is greater than 4.0:1.0 and at 0.25% when the Senior Debt Ratio is less than or equal to 4.0:1.0.

The terms and conditions of RMG's intercompany debt agreement are not necessarily indicative of the terms and conditions which would be available if the Systems were a separate legal entity.

8. MANDATORILY REDEEMABLE PREFERRED SHARES

RMG has Redeemable Preferred Stock outstanding at December 31, 1998 and 1997, which has an annual dividend of 10.0% and participates in any dividends paid on the common stock at 10.0% of the dividend per share paid on the common stock. The Redeemable Preferred Stock bears a liquidation preference of $12,000 plus any accrued but unpaid dividends at the time of liquidation and is mandatorily redeemable on September 30, 2006 at the liquidation preference amount. Under the Agreements, upon consummation of the Charter Transactions, Charter has an obligation to redeem RMG's Redeemable Preferred Stock at the liquidation preference amount.

9. RELATED PARTY TRANSACTIONS

ICM and IMI provide certain management services to IP-I and ICP-IV, respectively, for per annum fixed fees, of which 20% per annum is deferred and payable in each following year in order to support InterMedia's debt. Prior to January 1, 1998, ICM-IV provided such management services to ICP-IV. InterMedia's management fees for the years ended December 31, 1998 and 1997 amounted to $5,410, and $6,395, respectively, of which $3,147 and $2,870, respectively, has been charged to the Systems.

IMI has entered into agreements with both IP-I and ICP-IV to provide accounting and administrative services at cost. Under the terms of the agreements, the expenses associated with rendering these services are charged to the Systems and other affiliates based upon relative basic subscriber percentages. Management believes this method to be reflective of the actual cost. During 1998 and 1997, IMI administrative fees charged to the Systems totaled $3,657 and $4,153, respectively. Receivable from affiliates at December 31, 1998 and 1997 includes $52 and $1,080, respectively, of advances to IMI, net of administrative fees charged by IMI and operating expenses paid by IMI on behalf of the Systems.

IP-I is majority-owned, and ICP-IV is owned in part, by Tele-Communications, Inc. ("TCI"). As affiliates of TCI, IP-I and ICP-IV are able to purchase programming services from a subsidiary of TCI. Management believes that the overall programming rates made available through this relationship are lower than the Systems could obtain separately. Such volume rates may not

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continue to be available in the future should TCI's ownership interest in InterMedia significantly decrease. Program fees charged by the TCI subsidiary to the Systems for the years ended December 31, 1998 and 1997 amounted to $30,884 and $26,815, respectively. Payable to affiliates includes programming fees payable to the TCI subsidiary of $2,918 and $2,335 at December 31, 1998 and 1997, respectively.

On January 1, 1998 an affiliate of TCI entered into agreements with InterMedia to manage the Systems' advertising business and related services for an annual fixed fee per advertising sales subscriber as defined by the agreements. In addition to the annual fixed fee TCI is entitled to varying percentage shares of the incremental growth in annual cash flows from advertising sales above specified targets. Management fees charged by the TCI subsidiary for the year ended December 31, 1998 amount to $292. Receivable from affiliates at December 31, 1998 includes $3,437 of receivable from TCI for advertising sales.

As part of its normal course of business the Systems are involved in transactions with affiliates of InterMedia which own and operate cable television systems. Such transactions include purchases and sales of inventories used in construction of cable plant at cost. Receivable from affiliates at December 31, 1998 and 1997 includes $2,134 and $639, respectively, of receivables from affiliated systems. Payable to affiliates at December 31, 1998 and 1997 includes $208 and $181, respectively, of payables to affiliated systems.

10. CABLE TELEVISION REGULATION

Cable television legislation and regulatory proposals under consideration from time to time by Congress and various federal agencies have in the past, and may in the future, materially affect the Systems and the cable television industry.

The cable industry is currently regulated at the federal and local levels under the Cable Act of 1984, the Cable Act of 1992 ("the 1992 Act"), the Telecommunications Act of 1996 (the "1996 Act") and regulations issued by the Federal Communications Commission ("FCC") in response to the 1992 Act. FCC regulations govern the determination of rates charged for basic, expanded basic and certain ancillary services, and cover a number of other areas including customer services and technical performance standards, the required transmission of certain local broadcast stations and the requirement to negotiate retransmission consent from major network and certain local television stations. Among other provisions, the 1996 Act eliminated rate regulation on the expanded basic tier effective March 31, 1999.

Current regulations issued in conjunction with the 1992 Act empower the FCC and/or local franchise authorities to order reductions of existing rates which exceed the maximum permitted levels and to require refunds measured from the date a complaint is filed in some circumstances or retroactively for up to one year in other circumstances. Management believes it has made a fair interpretation of the 1992 Act and related FCC regulations in determining regulated cable television rates and other fees based on the information currently available. However, complaints have been filed with the FCC on rates for certain franchises and certain local franchise authorities have challenged existing and prior rates. Further complaints and challenges could be forthcoming, some of which could apply to revenue recorded in 1998, 1997 and prior years. Management believes that the effect, if any, of these complaints and challenges will not be material to the Systems' financial position or results of operations.

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Many aspects of regulation at the federal and local levels are currently the subject of judicial review and administrative proceedings. In addition, the FCC is required to conduct rulemaking proceedings to implement various provisions of the 1996 Act. It is not possible at this time to predict the ultimate outcome of these reviews or proceedings or their effect on the Systems.

11. COMMITMENTS AND CONTINGENCIES

The Systems are committed to provide cable television services under franchise agreements with remaining terms of up to eighteen years. Franchise fees of up to 5% of gross revenues are payable under these agreements.

Current FCC regulations require that cable television operators obtain permission to retransmit major network and certain local television station signals. The Systems have entered into long-term retransmission agreements with all applicable stations in exchange for in-kind and/or other consideration.

InterMedia has been named in purported and certified class actions in various jurisdictions concerning late fee charges and practices. Certain cable systems owned by InterMedia charge late fees to customers who do not pay their cable bills on time. These late fee cases challenge the amount of the late fees and the practices under which they are imposed. The Plaintiffs raise claims under state consumer protection statutes, other state statutes, and common law. Plaintiffs generally allege that the late fees charged by InterMedia's cable systems, including the Systems in the States of Tennessee, South Carolina and Georgia are not reasonably related to the costs incurred by the cable systems as a result of the late payment. Plaintiffs seek to require cable systems to reduce their late fees on a prospective basis and to provide compensation for alleged excessive late fee charges for past periods. These cases are either at the early stages of the litigation process or are subject to a case management order that sets forth a process leading to mediation. Based upon the facts available management believes that, although no assurances can be given as to the outcome of these actions, the ultimate disposition of these matters should not have a material adverse effect upon the financial condition of the Systems.

Under existing Tennessee laws and regulations, the Systems pay an Amusement Tax in the form of a sales tax on programming service revenues generated in Tennessee in excess of charges for the basic and expanded basic levels of service. Under the existing statute, only the service charges or fees in excess of the charges for the "basic cable" television service package are exempt from the Amusement Tax. Related regulations clarify the definition of basic cable to include two tiers of service, which InterMedia's management and other operators in Tennessee have interpreted to mean both the basic and expanded basic level of services.

The Tennessee Department of Revenue ("TDOR") has proposed legislation which would replace the Amusement Tax under the existing statute with a new sales tax on all cable service revenues in excess of twelve dollars per month. The new tax would be computed at a rate approximately equal to the existing effective tax rate.

Unless InterMedia and other cable operators in Tennessee support the proposed legislation, the TDOR has suggested that it would assess additional taxes on prior years' expanded basic service revenues. The TDOR can issue an assessment for prior periods up to three years. Management estimates that the amount of such an assessment for the Systems, if made for all

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periods not previously audited, would be approximately $5.4 million. InterMedia's management believes that it is possible but not likely that the TDOR can make such an assessment and prevail in defending it.

InterMedia's management believes it has made a valid interpretation of the current Tennessee statute and regulations and that it has properly determined and paid all sales taxes due. InterMedia further believes that the legislative history of the current statute and related regulations, as well as the TDOR's history of not making assessments based on audits of prior periods, support InterMedia's interpretation. InterMedia and other cable operators in Tennessee are aggressively defending their past practices on calculation and payment of the Amusement Tax and are discussing with the TDOR modifications to their proposed legislation which would clarify the statute and would minimize the impact of such legislation on the Systems' results of operations.

The Systems are subject to other claims and litigation in the ordinary course of business. In the opinion of management, the ultimate outcome of any existing litigation or other claims will not have a material effect on the Systems' financial position or results of operations.

The Systems have entered into pole rental agreements and lease certain of its facilities and equipment under non-cancelable operating leases. Minimum rental commitments at December 31, 1998 for the next five years and thereafter under non-cancelable operating leases related to the Systems are as follows:

1999	$155
2000	144
2001	136
2002	35
2003	7
	$477

Rent expense, including pole rental agreements, for the years ended December 31, 1998 and 1997 was $2,817 and $2,828, respectively.

12. INCOME TAXES

Income tax (expense) benefit consists of the following:

	DECEMBER 31, 1998	DECEMBER 31, 1997
Current federal	$ --	$ (285)
Deferred federal	(1,454)	3,813
Deferred state	(169)	498
	$(1,623)	$4,026

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Deferred income taxes relate to temporary differences as follows:

	DECEMBER 31,	
	1998	1997
Property and equipment	$ (7,258)	$ (6,786)
Intangible assets	(12,930)	(8,336)
	(20,188)	(15,122)
Loss carryforward - federal	31,547	29,058
Loss carryforward - state	297	--
Other	942	285
	$ 12,598	$ 14,221

At December 31, 1998, RMG had net operating loss carryforwards for federal income tax purposes aggregating $92,785, which expire through 2018. RMG is a loss corporation as defined in Section 382 of the Internal Revenue Code. Therefore, if certain substantial changes in RMG's ownership should occur, there could be a significant annual limitation on the amount of loss carryforwards which can be utilized.

InterMedia's management has not established a valuation allowance to reduce the deferred tax assets related to RMG's unexpired net operating loss carryforwards. Due to an excess of appreciated asset value over the tax basis of RMG's net assets, management believes it is more likely than not that the deferred tax assets related to unexpired net operating losses will be realized.

A reconciliation of the tax benefit computed at the statutory federal rate and the tax (expense) benefit reported in the accompanying combined statements of operations is as follows:

	DECEMBER 31,	
	1998	1997
Tax benefit at federal statutory rate	$ 626	$ 4,454
State taxes, net of federal benefit	73	498
Goodwill amortization	(2,309)	(2,056)
Realization of acquired tax benefit	--	346
Other	(13)	784
	$(1,623)	$ 4,026

13. CHANNEL LAUNCH REVENUE

During the years ended December 31, 1998 and 1997, the Systems were credited $2,646 and $5,072, respectively, representing their share of payments received by IP-I and ICP-IV from certain programmers to launch and promote their new channels. Also, during 1998 the Systems recorded a receivable from a programmer, of which $1,791 remains outstanding at December 31, 1998, for the launch and promotion of its new channel. Of the total amount credited the Systems recognized advertising revenue of $586 and $1,182 during the year ended December 31, 1998 and 1997, respectively, for advertisements provided by the Systems to promote the new channels. The remaining payments and receivable credited from the programmers are being amortized over the respective terms of the program agreements which range between five and ten years. For the years ended December 31, 1998 and 1997, the Systems amortized and recorded as other service revenue $956 and $894 respectively.

(DOLLARS IN THOUSANDS)

14. SUPPLEMENTAL DISCLOSURES TO CONSOLIDATED STATEMENTS OF CASH FLOWS

In connection with RMG's sale of its cable television assets located in Royston and Toccoa, Georgia in December 1997, as described in Note 3 -- "Sale and Exchange of Cable Properties," net cash proceeds received were as follows:

Proceeds from sale	$11,212
Receivable from buyer	(55)
Net proceeds received from buyer	$11,157

In connection with the exchange of certain cable assets in and around western and eastern Tennessee on December 31, 1998, as described in Note 3, the Systems paid cash of $398.

In December 1998, IP-IV contributed its 4.99% partner interest in a limited partnership to RMG. The book value of the investment at the time of the contribution was $1,147.

Total accretion on RMG's Redeemable Preferred Stock for the years ended December 31, 1998 and 1997 amounted to $945 and $882, respectively.

15. EMPLOYEE BENEFIT PLANS

The Systems participate in the InterMedia Partners Tax Deferred Savings Plan which covers all full-time employees who have completed at least six months of employment. The plan provides for a base employee contribution of 1% and a maximum of 15% of compensation. The Systems' matching contributions under the plan are at the rate of 50% of the employee's contribution, up to a maximum of 5% of compensation.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Partners of
Rifkin Cable Income Partners L.P.

In our opinion, the accompanying balance sheet and the related statements of operations, of partners' equity (deficit) and of cash flows present fairly, in all material respects, the financial position of Rifkin Cable Income Partners L.P. (the "Partnership") at December 31, 1997 and 1998, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1998, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Partnership's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

/s/ PRICEWATERHOUSECOOPERS LLP

Denver, Colorado
March 19, 1999

RIFKIN CABLE INCOME PARTNERS L. P.

BALANCE SHEET

	12/31/97	12/31/98
ASSETS		
Cash and cash equivalents	$ 381,378	$ 65,699
Customer accounts receivable, net of allowance for doubtful accounts of $12,455 in 1997 and $18,278 in 1998	49,585	51,523
Other receivables	123,828	133,278
Prepaid expenses and deposits	81,114	70,675
Property, plant and equipment, at cost:		
Cable television transmission and distribution systems and related equipment	8,536,060	8,758,525
Land, buildings, vehicles and furniture and fixtures	618,671	623,281
	9,154,731	9,381,806
Less accumulated depreciation	(3,847,679)	(4,354,685)
Net property, plant and equipment	5,307,052	5,027,121
Franchise costs and other intangible assets, net of accumulated amortization of $1,819,324 in 1997 and $2,033,405 in 1998	2,005,342	1,772,345
Total assets	$ 7,948,299	$ 7,120,641
LIABILITIES AND PARTNERS' EQUITY		
Accounts payable and accrued liabilities	$ 365,392	$ 396,605
Customer deposits and prepayments	177,307	126,212
Interest payable	58,093	--
Long-term debt	4,914,000	--
Interpartnership debt	--	2,865,426
Total liabilities	5,514,792	3,388,243
Commitments and contingencies (Notes 4 and 8)		
Partners' equity:		
General partner	263,171	822,837
Limited partners	2,170,336	2,909,561
Total partner's equity	2,433,507	3,732,398
Total liabilities and partners' equity	$ 7,948,299	$ 7,120,641

The accompanying notes are an integral part of the financial statements.

RIFKIN CABLE INCOME PARTNERS L.P.

STATEMENT OF OPERATIONS

	YEARS ENDED		
	12/31/96	12/31/97	12/31/98
REVENUE:			
Service	$4,104,841	$4,491,983	$4,790,052
Installation and other	206,044	239,402	345,484
Total revenue	4,310,885	4,731,385	5,135,536
COSTS AND EXPENSES:			
Operating expense	643,950	691,700	671,968
Programming expense	787,124	879,939	1,077,540
Selling, general and administrative expense	683,571	663,903	622,774
Depreciation	535,559	602,863	628,515
Amortization	377,749	332,770	199,854
Management fees	215,544	236,569	256,777
Loss (gain) on disposal of assets	1,530	2,980	(2,138)
Total costs and expenses	3,245,027	3,410,724	3,455,290
Operating income	1,065,858	1,320,661	1,680,246
Interest expense	533,294	448,530	362,439
Net income before extraordinary item	532,564	872,131	1,317,807
Extraordinary item -- Loss on early retirement of debt (Note 1)	--	--	18,916
Net income	$ 532,564	$ 872,131	$1,298,891

The accompanying notes are an integral part of the financial statements.

RIFKIN CABLE INCOME PARTNERS L.P.

STATEMENT OF PARTNERS' EQUITY (DEFICIT)

	GENERAL PARTNER	LIMITED PARTNERS	TOTAL
Partners' equity (deficit), December 31, 1995...	$(299,131)	$1,427,630	$1,128,499
Net income.....................................	229,471	303,093	532,564
Equity distribution............................	(42,953)	(56,734)	(99,687)
Partners' equity (deficit), December 31, 1996...	(112,613)	1,673,989	1,561,376
Net income.....................................	375,784	496,347	872,131
Partners' equity, December 31, 1997............	263,171	2,170,336	2,433,507
Net income.....................................	559,666	739,225	1,298,891
Partners' equity December 31, 1998.............	$ 822,837	$2,909,561	$3,732,398

The partners' capital accounts for financial reporting purposes vary from the tax capital accounts.

The accompanying notes are an integral part of the financial statements.

RIFKIN CABLE INCOME PARTNERS L.P.

STATEMENT OF CASH FLOWS

	YEARS ENDED		
	12/31/96	12/31/97	12/31/98
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 532,564	$ 872,131	$ 1,298,891
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	913,308	935,633	828,369
Amortization of deferred loan cost	18,970	18,970	14,228
Loss on early retirement of debt	--	--	18,916
Loss (gain) on disposal of fixed assets	1,530	2,980	(2,138)
Decrease (increase) in customer accounts receivables	521	(5,729)	(1,938)
Increase in other receivables	(45,274)	(56,059)	(9,450)
Decrease in prepaid expense and other	40,737	13,230	10,439
Increase (decrease) in accounts payable and accrued liabilities	(207,035)	61,625	31,213
Increase (decrease) in customer deposits and prepayment	673	(63,524)	(51,095)
Increase (decrease) in interest payable	35,638	(3,145)	(58,093)
Net cash provided by operating activities	1,291,632	1,776,112	2,079,342
CASH FLOWS FROM INVESTING ACTIVITIES:			
Additions to property, plant and equipment	(824,359)	(679,394)	(415,534)
Additions to other intangible assets, net of refranchises	--	(112)	--
Net proceeds from the sale of assets	18,255	57,113	69,087
Sales tax related to Florida assets sold in 1994	(14,694)	--	--
Net cash used in investing activities	(820,798)	(622,393)	(346,447)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from interpartnership debt	--	--	4,265,426
Payments of long-term debt	(715,000)	(871,000)	(4,914,000)
Payments of interpartnership debt	--	--	(1,400,000)
Partners' capital distributions	(99,687)	--	--
Net cash used in financing activities	(814,687)	(871,000)	(2,048,574)
Net increase (decrease) in cash and cash equivalents	(343,853)	282,719	(315,679)
Cash and cash equivalents at beginning of period	442,512	98,659	381,378
Cash and cash equivalents at end of period	$ 98,659	$ 381,378	$ 65,699
SUPPLEMENTAL CASH FLOW INFORMATION:			
Interest paid	$ 455,124	$ 431,722	$ 406,304

The accompanying notes are an integral part of the financial statements.

RIFKIN CABLE INCOME PARTNERS L.P.

NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

Rifkin Cable Income Partners L.P. (the "Partnership") was formed in 1986 as a limited partnership under the laws of the State of Delaware. The Partnership owns, operates and develops cable television systems in Missouri and New Mexico. Rifkin Cable Management Partners L.P., an affiliate of Rifkin & Associates, Inc. (Note 3), is the general partner of the Partnership.

The Partnership Agreement (the "Agreement") establishes the respective rights, obligations and interests of the partners. The Agreement provides that net income or loss, certain capital events, and cash distributions (all as defined in the Agreement) are generally allocated 43% to the general partner and 57% to the limited partners.

ACQUISITION BY INTERLINK COMMUNICATIONS PARTNERS, LLLP

During 1998, Interlink Communications Partners, LLLP ("ICP") agreed to purchase all of the interests of the Partnership. ICP acquired the limited partner interests, effective December 31, 1998, and is currently in the process of obtaining the necessary consents to transfer all of the Partnership's franchises to ICP. Once obtained, ICP will then purchase the general partner interest in the Partnership, and the Partnership will, by operation of law, be consolidated into ICP.

REVENUE RECOGNITION

Customer fees are recorded as revenue in the period the service is provided. The cost to acquire the rights to the programming generally is recorded when the product is initially available to be viewed by the customer.

ADVERTISING AND PROMOTION EXPENSES

Advertising and promotion expenses are charged to income during the year in which they are incurred and were not significant for the periods shown.

PROPERTY, PLANT AND EQUIPMENT

Additions to property, plant and equipment are recorded at cost, which in the case of assets constructed includes amounts for material, labor, overhead and capitalized interest, if applicable. Upon sale or retirement of an asset, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is recognized.

Depreciation expense is calculated using the straight-line method over the estimated useful lives of the assets as follows:

Buildings..	21-30 years
Cable television transmission and distribution systems and related equipment......................................	3-15 years
Vehicles and furniture and fixtures.......................	3-5 years

FRANCHISE COSTS

Franchise costs are amortized using the straight-line method over the remaining lives of the franchises as of the date they were acquired, ranging from eight to twenty-five years. The

RIFKIN CABLE INCOME PARTNERS L.P.

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)

carrying value of intangibles is assessed for recoverability by management based on an analysis of undiscounted expected future cash flows. The Partnership's management believes that there has been no impairment thereof as of December 31, 1998.

OTHER INTANGIBLE ASSETS

Loan costs of the Partnership have been deferred and have been amortized to interest expense utilizing the straight-line method over the term of the related debt. Use of the straight-line method approximates the results of the application of the interest method. The net amount remaining at December 31, 1997 was $37,886.

On December 30, 1998, the loan with a financial institution was paid in full (Note 2). The related deferred loan costs and associated accumulated amortization were written off and an extraordinary loss of $18,916 was recorded.

CASH AND CASH EQUIVALENTS

All highly liquid debt instruments purchased with an original maturity of three months or less are considered to be cash equivalents.

INCOME TAXES

No provision for Federal or State income taxes is necessary in the financial statements of the Partnership, because as a partnership, it is not subject to Federal or State income tax as the tax effect of its activities accrues to the partners.

USE OF ESTIMATES

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NEW ACCOUNTING PRONOUNCEMENT

In April 1998, the Accounting Standards Executive Committee issued Statement of Position (SOP) 98-5 "Reporting on the Costs of Start-Up Activities," which requires the Partnership to expense all start up costs related to opening a new facility, introduction of anew product or service, or conducting business with a new class of customer or in a new territory. This standard is effective for the Partnership's 1999 fiscal year. Management believes that SOP 98-5 will have no material effect on its financial position or the results of operations.

RECLASSIFICATION OF FINANCIAL STATEMENT PRESENTATION

Certain reclassifications have been made to the 1996 and 1997 financial statements to conform with the 1998 financial statement presentation.

2. DEBT

The Partnership had a term loan with a financial institution which required varying quarterly payments. At December 31, 1997, the term loan had a balance of $4,914,000. At December 30, 1998, the term loan had a balance of $4,216,875; at that date, the total balance and accrued interest were paid in full.

On that same date, the Partnership obtained a new interpartnership loan with ICP (Note 1). Borrowing under the interpartnership loan, as well as interest and principle payments are due at the discretion of the management of ICP, resulting in no minimum required annual principle payments. The balance of the interpartnership loan at December 31, 1998 was $2,865,426. The effective interest rate at December 31, 1998 was 8.5%.

3. MANAGEMENT AGREEMENT

The Partnership has entered into a management agreement with Rifkin and Associates, Inc. (Rifkin). The management agreement provides that Rifkin shall act as manager of the Partnership's CATV systems, and shall be entitled to annual compensation of 5% of the Partnership's CATV revenues, net of certain CATV programming costs. Effective September 1, 1998, Rifkin conveyed its CATV management business to R & A Management, LLC (RML). The result of this transaction included the conveyance of the Rifkin management agreement (Rifkin Agreement) to RML (RML Agreement). Expenses incurred pursuant to the Rifkin Agreement and the RML Agreement are disclosed in total on the Statement of Operations.

4. COMMITMENTS AND RENTAL EXPENSE

The Partnership leases certain real and personal property under noncancelable operating leases expiring through the year 2001. Future minimum lease payments under such noncancelable leases as of December 31, 1998 are: $30,000 for each year 1999, 2000 and 2001, totaling $90,000.

Total rental expense for the years ended December 31, 1996, 1997 and 1998 was $60,323, $68,593 and $68,776, respectively, including $27,442, $36,822 and $36,716, respectively, relating to cancelable pole rental agreements.

5. RETIREMENT BENEFITS

The Partnership has a 401(k) plan for its employees that have been employed by the Partnership for at least one year. Employees of the Partnership can contribute up to 15% of their salary, on a before-tax basis, with a maximum 1998 contribution of $10,000 (as set by the Internal Revenue Service). The Partnership matches participant contributions up to a maximum of 50% of the first 3% of a participant's salary contributed. All participant contributions and earnings are fully vested upon contribution and Partnership contributions and earnings vest 20% per year of employment with the Partnership, becoming fully vested after five years. The Partnership's matching contributions for the years ended December 31, 1996, 1997 and 1998 were $2,693, $3,653 and $2,680, respectively.

6. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Partnership has a number of financial instruments, none of which are held for trading purposes. The following method and assumptions were used by the Partnership to estimate the fair values of financial instruments as disclosed herein:

Cash and Cash Equivalents, Customer Accounts Receivable, Other Receivables, Accounts Payable and Accrued Liabilities and Customer Deposits and Prepayments: The carrying value amount approximates fair value because of the short period to maturity.

RIFKIN CABLE INCOME PARTNERS L.P.

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)

Debt: The carrying value amount approximates the fair value because the Partnership's interpartnership debt was obtained on December 30, 1998.

7. CABLE REREGULATION

Congress enacted the Cable Television Consumer Protection and Competition Act of 1992 (the Cable Act) and has amended it at various times since.

The total effects of the present law are, at this time, still unknown. However, one provision of the present law further redefines a small cable system, and exempts these systems from rate regulation on the upper tiers of cable service. The Partnership is awaiting an FCC rulemaking implementing the present law to determine whether its systems qualify as small cable systems.

8. LITIGATION

The Partnership could possibly be named as defendant in various actions and proceedings arising from the normal course of business. In all such cases, the Partnership will vigorously defend itself against the litigation and, where appropriate, will file counterclaims. Although the eventual outcome of potential lawsuits cannot be predicted, it is management's opinion that any such lawsuit will not result in liabilities that would have a material affect on the Partnership's financial position or results of operations.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Partners of
Rifkin Acquisition Partners, L.L.L.P.

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of operations, partners' capital (deficit) and cash flows present fairly, in all material respects, the financial position of Rifkin Acquisition Partners, L.L.L.P. and its subsidiaries (the "Company") at December 31, 1998 and 1997, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1998 in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

/s/ PRICEWATERHOUSECOOPERS LLP

Denver, Colorado
March 19, 1999

RIFKIN ACQUISITION PARTNERS, L.L.L.P.

CONSOLIDATED BALANCE SHEET

	12/31/98	12/31/97
ASSETS		
Cash and cash equivalents	$ 2,324,892	$ 1,902,555
Customer accounts receivable, net of allowance for doubtful accounts of $444,839 in 1998 and $425,843 in 1997	1,932,140	1,371,050
Other receivables	5,637,771	4,615,089
Prepaid expenses and other	2,398,528	1,753,257
Property, plant and equipment at cost:		
Cable television transmission and distribution systems and related equipment	149,376,914	131,806,310
Land, buildings, vehicles and furniture and fixtures	7,421,960	7,123,429
	156,798,874	138,929,739
Less accumulated depreciation	(35,226,773)	(26,591,458)
Net property, plant and equipment	121,572,101	112,338,281
Franchise costs and other intangible assets, net of accumulated amortization of $67,857,545 in 1998 and $53,449,637 in 1997	183,438,197	180,059,655
Total assets	$317,303,629	$302,039,887
LIABILITIES AND PARTNERS' CAPITAL		
Accounts payable and accrued liabilities	$ 11,684,594	$ 11,690,894
Customer deposits and prepayments	1,676,900	1,503,449
Interest payable	7,242,954	7,384,509
Deferred tax liability, net	7,942,000	12,138,000
Notes payable	224,575,000	229,500,000
Total liabilities	253,121,448	262,216,852
Commitments and contingencies (Notes 8 and 14)		
Redeemable partners' interests	10,180,400	7,387,360
Partners' capital (deficit):		
General partner	(1,991,018)	(1,885,480)
Limited partners	55,570,041	34,044,912
Preferred equity interest	422,758	276,243
Total partners' capital	54,001,781	32,435,675
Total liabilities and partners' capital	$317,303,629	$302,039,887

The accompanying notes are an integral part of the consolidated financial statements.

RIFKIN ACQUISITION PARTNERS, L.L.L.P.

CONSOLIDATED STATEMENT OF OPERATIONS

	YEARS ENDED		
	12/31/98	12/31/97	12/31/96
REVENUE:			
Service	$82,498,638	$ 78,588,503	$ 66,433,321
Installation and other	7,422,675	5,736,412	4,852,124
Total revenue	89,921,313	84,324,915	71,285,445
COSTS AND EXPENSES:			
Operating expense	13,305,376	14,147,031	10,362,671
Programming expense	18,020,812	15,678,977	14,109,527
Selling, general and administrative expense	13,757,090	12,695,176	11,352,870
Depreciation	15,109,327	14,422,631	11,725,246
Amortization	22,104,249	24,208,169	23,572,457
Management fees	3,147,246	2,951,372	2,475,381
Loss on disposal of assets	3,436,739	7,834,968	1,357,180
Total costs and expenses	88,880,839	91,938,324	74,955,332
Operating income (loss)	1,040,474	(7,613,409)	(3,669,887)
Gain from the sale of assets (Note 4)	(42,863,060)	--	--
Interest expense	23,662,248	23,765,239	21,607,174
Income (loss) before income taxes	20,241,286	(31,378,648)	(25,277,061)
Income tax benefit	(4,177,925)	(5,335,000)	(3,645,719)
Net income (loss)	$24,419,211	$(26,043,648)	$(21,631,342)

The accompanying notes are an integral part of the consolidated financial statements.

RIFKIN ACQUISITION PARTNERS, L.L.L.P.

CONSOLIDATED STATEMENT OF CASH FLOWS

	YEARS ENDED 12/31/98	12/31/97	12/31/96
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	$ 24,419,211	$(26,043,648)	$(21,631,342)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation and amortization	37,213,576	38,630,800	35,297,703
Amortization of deferred loan costs	989,760	989,760	970,753
Gain on sale of assets (Note 4)	(42,863,060)	--	--
Loss on disposal of fixed assets	3,436,739	7,834,968	1,357,180
Deferred tax benefit	(4,196,000)	(5,335,000)	(3,654,000)
Increase in customer accounts receivables	(300,823)	(186,976)	(117,278)
Increase in other receivables	(474,599)	(1,992,714)	(994,681)
(Increase) decrease in prepaid expenses and other	(684,643)	23,015	(494,252)
Increase in accounts payable and accrued liabilities	34,073	1,753,656	3,245,736
Increase (decrease) in customer deposits and prepayments	(86,648)	231,170	164,824
Increase (decrease) in interest payable	(141,555)	600,248	6,692,988
Net cash provided by operating activities	17,346,031	16,505,279	20,837,631
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of cable systems, net (Note 3)	(2,212,958)	(19,359,755)	(71,797,038)
Additions to property, plant and equipment	(26,354,756)	(28,009,253)	(16,896,582)
Additions to cable television franchises, net of retirements	(151,695)	72,162	(1,182,311)
Net proceeds from the sale of cable systems (Note 4)	16,533,564	--	--
Net proceeds from the other sales of assets	247,216	306,890	197,523
Net cash used in investing activities	(11,938,629)	(46,989,956)	(89,678,408)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from isssuance of senior subordinated notes	--	--	125,000,000
Proceeds from long-term bank debt	22,500,000	38,000,000	18,000,000
Deferred loan costs	--	--	(6,090,011)
Payments of long-term bank debt	(27,425,000)	(7,000,000)	(82,000,000)
Partners' capital contributions	--	--	15,000,000
Equity distributions to partners	(60,065)	--	--
Net cash provided by (used in) financing activities	(4,985,065)	31,000,000	69,909,989
Net increase in cash	422,337	515,323	1,069,212
Cash and cash equivalents at beginning of period	1,902,555	1,387,232	318,020
Cash and cash equivalents at end of period	$ 2,324,892	$ 1,902,555	$ 1,387,232
SUPPLEMENTAL CASH FLOW INFORMATION:			
Interest paid	$ 22,737,443	$ 22,098,732	$ 13,866,995
Noncash investing activities:			
Proceeds from the sale of Michigan assets held in escrow	$ 500,000	$ --	$ --
Trade value related to the trade sale of Tennessee assets	$ 46,668,000	$ --	$ --
Trade value related to trade acquisition of Tennessee assets	$(46,668,000)	$ --	$ --

The accompanying notes are an integral part of the consolidated financial statements.

RIFKIN ACQUISITION PARTNERS, L.L.L.P.

CONSOLIDATED STATEMENT OF PARTNERS' CAPITAL (DEFICIT)

	PREFERRED EQUITY INTEREST	GENERAL PARTNER	LIMITED PARTNERS	TOTAL
Partners' capital (deficit) at December 31, 1995	$ 562,293	$(1,085,311)	$ 69,421,043	$ 68,898,025
Partners' capital contributions	--	150,000	14,850,000	15,000,000
Accretion of redeemable partners' interest	--	(157,730)	(1,104,110)	(1,261,840)
Net loss	(129,788)	(216,313)	(21,285,241)	(21,631,342)
Partners' capital (deficit) at December 31, 1996	432,505	(1,309,354)	61,881,692	61,004,843
Accretion of redeemable partners' interest	--	(315,690)	(2,209,830)	(2,525,520)
Net loss	(156,262)	(260,436)	(25,626,950)	(26,043,648)
Partners' capital (deficit) at December 31, 1997	276,243	(1,885,480)	34,044,912	32,435,675
Accretion of redeemable partners' interest	--	(349,130)	(2,443,910)	(2,793,040)
Net income	146,515	244,192	24,028,504	24,419,211
Partners' equity distribution	--	(600)	(59,465)	(60,065)
Partners' capital (deficit) at December 31, 1998	$ 422,758	$(1,991,018)	$ 55,570,041	$ 54,001,781

The Partners' capital accounts for financial reporting purposes vary from the tax capital accounts.

The accompanying notes are an integral part of the consolidated financial statements.

RIFKIN ACQUISITION PARTNERS, L.L.L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

GENERAL INFORMATION

Rifkin Acquisition Partners, L.L.L.P. ("the Partnership") was formed pursuant to the laws of the State of Colorado. The Partnership and its subsidiaries are hereinafter referred to on a consolidated basis as the "Company." The Company owns, operates, and develops cable television systems in Georgia, Tennessee, and Illinois. Rifkin Acquisition Management, L.P., an affiliate of Rifkin & Associates, Inc. (Note 7), is the general partner of the Partnership ("General Partner").

The Partnership operates under a limited liability limited partnership agreement (the "Partnership Agreement") which establishes contribution requirements, enumerates the rights and responsibilities of the partners and advisory committee, provides for allocations of income, losses and distributions, and defines certain items relating thereto. The Partnership Agreement provides that net income or loss, certain defined capital events, and cash distributions, all as defined in the Partnership Agreement, are generally allocated 99% to the limited partners and 1% to the general partner.

BASIS OF PRESENTATION

The consolidated financial statements include the accounts of the following entities:

- Rifkin Acquisition Partners, L.L.L.P.
- Cable Equities of Colorado Management Corp. (CEM)
- Cable Equities of Colorado, Ltd. (CEC)
- Cable Equities, Inc. (CEI)
- Rifkin Acquisition Capital Corp. (RACC)

The financial statements for 1997 and 1996 also included the following entities:

- Rifkin/Tennessee, Ltd. (RTL)
- FNI Management Corp. (FNI)

Effective January 1, 1998, both the RTL and FNI entities were dissolved and the assets were transferred to the Partnership.

All significant intercompany accounts and transactions have been eliminated.

REVENUE AND PROGRAMMING

Customer fees are recorded as revenue in the period the service is provided. The cost to acquire the rights to the programming generally is recorded when the product is initially available to be viewed by the customer.

ADVERTISING AND PROMOTION EXPENSES

Advertising and promotion expenses are charged to income during the year in which they are incurred and were not significant for the periods shown.

PROPERTY, PLANT AND EQUIPMENT

Additions to property, plant and equipment are recorded at cost, which in the case of assets constructed, includes amounts for material, labor, overhead and interest, if applicable. Upon sale or retirement of an asset, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is recognized. Capitalized interest was not significant for the periods shown.

Depreciation expense is calculated using the straight-line method over the estimated useful lives of the assets as follows:

Buildings	27-30 years
Cable television transmission and distribution systems and related equipment	3-15 years
Vehicles and furniture and fixtures	3-5 years

Expenditures for maintenance and repairs are expensed as incurred.

FRANCHISE COSTS

Franchise costs are amortized using the straight-line method over the remaining lives of the franchises as of the date they were acquired, ranging from one to twenty years. The carrying value of franchise costs is assessed for recoverability by management based on an analysis of undiscounted future expected cash flows from the underlying operations of the Company. Management believes that there has been no impairment thereof as of December 31, 1998.

OTHER INTANGIBLE ASSETS

Certain loan costs have been deferred and are amortized to interest expense utilizing the straight-line method over the remaining term of the related debt. Use of the straight-line method approximates the results of the application of the interest method. The net amounts remaining at December 31, 1998 and 1997 were $6,176,690 and $7,166,450, respectively.

CASH AND CASH EQUIVALENTS

All highly liquid debt instruments purchased with an original maturity of three months or less are considered to be cash equivalents.

REDEEMABLE PARTNERS' INTERESTS

The Partnership Agreement provides that if a certain partner dies or becomes disabled, that partner (or his personal representative) shall have the option, exercisable by notice given to the partners at any time within 270 days after his death or disability (except that if that partner dies or becomes disabled prior to August 31, 2000, the option may not be exercised until August 31, 2000 and then by notice by that partner or his personal representative given to the partners within 270 days after August 31, 2000) to sell, and require the General Partner and certain trusts controlled by that partner to sell, and the Partnership to purchase, up to 50% of the partnership interests owned by any of such partners and certain current and former members of management of Rifkin & Associates, Inc. that requests to sell their interest, for a purchase price equal to the fair market value of those interests determined by appraisal in accordance with the Partnership Agreement. Accordingly, the current fair value of such partnership interests have been reclassified outside of partners' capital.

USE OF ESTIMATES

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of

RIFKIN ACQUISITION PARTNERS, L.L.L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NEW ACCOUNTING PRONOUNCEMENT

In April 1998, the Accounting Standards Executive Committee issued Statement of Position (SOP) 98-5 "Reporting on the Costs of Start-Up Activities," which requires the Partnership to expense all start up costs related to organizing a new business. This new standard also includes one-time activities related to opening a new facility, introduction of a new product or service, or conducting business with a new class of customer or in a new territory. This standard is effective for the Partnership's 1999 fiscal year. Management believes that SOP 98-5 will have no material effect on its financial position or the results of operations.

RECLASSIFICATION OF FINANCIAL STATEMENT PRESENTATION

Certain reclassifications have been made to the 1997 and 1996 financial statements to conform with the 1998 financial statement presentation. Such reclassification had no effect on the net loss as previously stated.

2. SUBSEQUENT EVENT

On February 12, 1999, the Company signed a letter of intent for the partners to sell all of their partnership interests to Charter Communications ("Charter"). The Company and Charter are expected to sign a purchase agreement and complete the sale during the third quarter of 1999.

3. ACQUISITION OF CABLE PROPERTIES

1998 ACQUISITIONS

At various times during the second half of 1998, the Company completed three separate acquisitions of cable operating assets. Two of the acquisitions serve communities in Gwinnett County, Georgia (the "Georgia Systems"). These acquisitions were accounted for using the purchase method of accounting.

The third acquisition resulted from a trade of the Company's systems serving the communities of Paris and Piney Flats, Tennessee for the operating assets of another cable operator serving primarily the communities of Lewisburg and Crossville, Tennessee (the "Tennessee Trade"). The trade was for cable systems that are similar in size and was accounted for based on fair market value. Fair market value was established at $3,000 per customer relinquished, which was based on recent sales transactions of similar cable systems. The transaction included the payment of approximately $719,000, net, of additional cash (Note 4).

RIFKIN ACQUISITION PARTNERS, L.L.L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

The combined purchase price was allocated based on estimated fair values from an independent appraisal to property, plant and equipment and franchise cost as follows (dollars in thousands):

	GEORGIA SYSTEMS	TENNESSEE TRADE	TOTAL
Fair value of assets relinquished (Note 4)	$ --	$46,668	$46,668
Cash paid	1,392	719	2,111
Acquisition Costs (appraisal, transfer fees and direct costs)	26	76	102
Total acquisition cost	$1,418	$47,463	$48,881
Allocation:			
Current assets	$ (2)	$ 447	$ 445
Current liabilities	(1)	(397)	(398)
Property, plant and equipment	333	11,811	12,144
Franchise Cost	1,088	35,602	36,690
Total cost allocated	$1,418	$47,463	$48,881

The fair value of assets relinquished from the Tennessee Trade was treated as a noncash transaction on the Consolidated Statement of Cash Flows. The cash acquisition costs were funded by proceeds from the Company's reducing revolving loan with a financial institution.

The following combined pro forma information presents a summary of consolidated results of operations for the Company as if the Tennessee Trade acquisitions had occurred at the beginning of 1997, with pro forma adjustments to show the effect on depreciation and amortization for the acquired assets, management fees on additional revenues and interest expense on additional debt (dollars in thousands):

	YEARS ENDED	
	12/31/98	12/31/97
		(UNAUDITED)
Total revenues	$89,921	$ 84,325
Net income (loss)	19,447	(29,631)

The pro forma financial information is not necessarily indicative of the operating results that would have occurred had the Tennessee Trade actually been acquired on January 1, 1997.

1997 ACQUISITIONS

On April 1, 1997, the Company acquired the cable operating assets of two cable systems serving the Tennessee communities of Shelbyville and Manchester (the "Manchester Systems"), for an aggregate purchase price of approximately $19.7 million of which $495,000 was paid as escrow in 1996. The acquisition was accounted for using the purchase method of accounting, and was funded by proceeds from the Company's reducing revolving loan with a financial institution. No pro forma information giving the effect of the acquisitions is shown due to the results being immaterial.

RIFKIN ACQUISITION PARTNERS, L.L.L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

1996 ACQUISITIONS

On March 1, 1996, the Company acquired certain cable operating assets ("Mid-Tennessee Systems") from Mid-Tennessee CATV, L.P., and on April 1, 1996 acquired the cable operating assets ("RCT Systems") from Rifkin Cablevision of Tennessee, Ltd. Both Mid-Tennessee CATV, L.P. and Rifkin Cablevision of Tennessee, Ltd. were affiliates of the General Partner. The acquisition costs were funded by $15 million of additional partner contributions and the remainder from a portion of the proceeds received from the issuance of $125 million of 11 1/8% Senior Subordinated Notes due 2006 (see Note 6).

The acquisitions were recorded using the purchase method of accounting. The results of operations of the Mid-Tennessee Systems have been included in the consolidated financial statements since March 1, 1996, and the results of the RCT Systems have been included in the consolidated financial statements since April 1, 1996. The combined purchase price was allocated based on estimated fair values from an independent appraisal to property, plant and equipment and franchise cost as follows (dollars in thousands):

Cash paid, net of acquired cash	$71,582
Acquisition costs (appraisal, transfer fees, and direct costs)	215
Total acquisition cost	$71,797
Allocation:	
Current assets	$ 624
Current liabilities	(969)
Property, plant and equipment	24,033
Franchise cost and other intangible assets	48,109
Total cost allocated	$71,797

The following combined pro forma information presents a summary of consolidated results of operations for the Company as if the Mid-Tennessee Systems and the RCT Systems acquisitions had occurred at the beginning of 1996, with pro forma adjustments to show the effect on depreciation and amortization for the acquired assets, management fees on additional revenues and interest expense on additional debt (dollars in thousands):

	YEAR ENDED 12/31/96 (UNAUDITED)
Total revenues	$ 74,346
Net loss	(22,558)

The pro forma financial information is not necessarily indicative of the operating results that would have occurred had the Mid-Tennessee Systems and the RCT Systems actually been acquired on January 1, 1996.

4. SALE OF ASSETS

On February 4, 1998, the Company sold all of its operating assets in the state of Michigan (the "Michigan Sale") to another cable operator for cash. In addition, on December 31, 1998, the Company traded certain cable systems in Tennessee (the "Tennessee Trade") for similar-sized cable systems (Note 3). Both sales resulted in a gain recognized by the Company as follows (dollars in thousands):

	MICHIGAN SALE	TENNESSEE TRADE	TOTAL
Fair value of assets relinquished	$ --	$46,668	$46,668
Original cash proceeds	16,931	--	16,931
Adjustments for value of assets and liabilities assumed	120	(17)	103
Net proceeds	17,051	46,651	63,702
Net book value of assets sold	11,061	9,778	20,839
Net gain from sale	$ 5,990	$36,873	$42,863

The Michigan Sale proceeds amount includes $500,000 that is currently being held in escrow. This amount and the fair value of assets relinquished, related to the Tennessee Trade, were both treated as noncash transactions on the Consolidated Statement of Cash Flows.

The cash proceeds from the Michigan Sale were used by the Company to reduce its revolving and term loans with a financial institution.

5. INCOME TAXES

Although the Partnership is not a taxable entity, two corporations (the "subsidiaries") are included in the consolidated financial statements. These subsidiaries are required to pay taxes on their taxable income, if any.

RIFKIN ACQUISITION PARTNERS, L.L.L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

The following represents a reconciliation of pre-tax losses as reported in accordance with generally accepted accounting principles and the losses attributable to the partners and included in their individual income tax returns:

	YEAR ENDED 12/31/98	YEAR ENDED 12/31/97	YEAR ENDED 12/31/96
Pre-tax income (loss) as reported	$ 20,241,286	$(31,378,648)	$(25,277,061)
(Increase) decrease due to:			
Separately taxed book results of corporate subsidiaries	9,397,000	15,512,000	9,716,000
Effect of different depreciation and amortization methods for tax and book purposes	(1,360,000)	(2,973,000)	(3,833,000)
Additional tax gain from the sale of Michigan(Note 4)	2,068,000	--	--
Book gain from trade sale of Tennessee assets(Note 4)	(36,873,000)	--	--
Additional tax loss from dissolution of FNI stock	(7,235,000)	--	--
Other	81,714	(45,052)	(22,539)
Tax loss attributed to the partners	$(13,680,000)	$(18,884,700)	$(19,416,600)

The Company accounts for income taxes under the liability method. Under this method, deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse.

As a result of a change in control in 1995, the book value of the Company's net assets was increased to reflect their fair market value. In connection with this revaluation, a deferred income tax liability in the amount of $22,801,000 was established to provide for future taxes payable on the revised valuation of the net assets. A deferred tax benefit of $4,196,000, $5,335,000 and $3,654,000 was recognized for the years ended December 31, 1998, 1997 and 1996, respectively, reducing the liability to $7,942,000.

Deferred tax assets (liabilities) were comprised of the following at December 31, 1998 and 1997:

	12/31/98	12/31/97
Deferred tax assets resulting from loss carryforwards	$ 11,458,000	$ 9,499,000
Deferred tax liabilities resulting from depreciation and amortization	(19,400,000)	(21,637,000)
Net deferred tax liability	$ (7,942,000)	$(12,138,000)

As of December 31, 1998 and 1997, the subsidiaries have net operating loss carryforwards ("NOLs") for income tax purposes of $30,317,000 and $25,264,000, respectively, substantially all of which are limited. The NOLs will expire at various times between the years 2000 and 2013.

In 1998, one of the corporate entities was dissolved. The existing NOL's were used to offset taxable income down to $87,751, resulting in a current tax for 1998 of $18,075.

Under the Internal Revenue Code of 1986, as amended (the "Code"), the subsidiaries generally would be entitled to reduce their future federal income tax liabilities by carrying the unused NOLs forward for a period of 15 years to offset their future income taxes. The subsidiaries' ability to utilize any NOLs in future years may be restricted, however, in the event the subsidiaries undergo an "ownership change" as defined in Section 382 of the Code. In the event of an ownership change, the amount of NOLs attributable to the period prior to the ownership change that may be used to offset taxable income in any year thereafter generally may not exceed the fair market value of the subsidiary immediately before the ownership change (subject to certain adjustments) multiplied by the applicable long-term, tax exempt rate published by the Internal Revenue Service for the date of the ownership change. Two of the subsidiaries underwent an ownership change on September 1, 1995 pursuant to Section 382 of the Code. As such, the NOLs of the subsidiaries are subject to limitation from that date forward. It is the opinion of management that the NOLs will be released from this limitation prior to their expiration dates and, as such, have not been limited in their calculation of deferred taxes.

The provision for income tax expense (benefit) differs from the amount which would be computed by applying the statutory federal income tax rate of 35% to pre-tax income before extraordinary loss as a result of the following:

	YEARS ENDED		
	12/31/98	12/31/97	12/31/96
Tax expense (benefit) computed at statutory rate	$ 7,084,450	$(10,982,527)	$(8,846,971)
Increase (decrease) due to:			
Tax benefit (expense) for non-corporate loss	(10,373,252)	5,900,546	5,446,721
Permanent differences between financial statement income and taxable income	(36,200)	84,500	48,270
State income tax	(247,000)	(377,500)	(252,590)
Tax benefit from dissolved corporation	(148,925)	--	--
Other	(456,998)	39,981	(41,149)
Income Tax Benefit	$ (4,177,925)	$ (5,335,000)	$(3,645,719)

RIFKIN ACQUISITION PARTNERS, L.L.L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

6. NOTES PAYABLE

Debt consisted of the following:

	DECEMBER 31, 1998	DECEMBER 31, 1997
Senior Subordinated Notes	$125,000,000	$125,000,000
Tranche A Term Loan	21,575,000	25,000,000
Tranche B Term Loan	40,000,000	40,000,000
Reducing Revolving Loan	35,000,000	36,500,000
Senior Subordinated Debt	3,000,000	3,000,000
	$224,575,000	$229,500,000

The Notes and loans are collateralized by substantially all of the assets of the Company.

On January 26, 1996, the Company and its wholly-owned subsidiary, RACC (the "Issuers"), co-issued $125,000,000 of 11 1/8% Senior Subordinated Notes (the "Notes") to institutional investors. These notes were subsequently exchanged on June 18, 1996 for publicly registered notes with identical terms. Interest on the Notes is payable semi-annually on January 15 and July 15 of each year. The Notes, which mature on January 15, 2006, can be redeemed in whole or in part, at the Issuers' option, at any time on or after January 15, 2001, at redeemable prices contained in the Notes plus accrued interest. In addition, at any time on or prior to January 15, 1999, the Issuers, at their option, may redeem up to 25% of the principle amount of the Notes issued to institutional investors of not less than $25,000,000. At December 31, 1998 and 1997, all of the Notes were outstanding (see also Note 10).

The Company has a $25,000,000 Tranche A term loan with a financial institution. This loan requires quarterly payments of $1,875,000 plus interest commencing on March 31, 2000. Any unpaid balance is due March 31, 2003. The agreement requires that what it defines as excess proceeds from the sale of a cable system be used to retire Tranche A term debt. As a result of the Michigan sale (Note 4), there was $3,425,000 of excess proceeds used to pay principal in 1998. The interest rate on the Tranche A term loan is either the bank's prime rate plus .25% to 1.75% or LIBOR plus 1.5% to 2.75%.

The specific rate is dependent upon the senior funded debt ratio which is recalculated quarterly. The weighted average effective interest rate at December 31, 1998 and 1997 was 7.59% and 8.24%, respectively.

In addition, the Company has a $40,000,000 Tranche B term loan, which requires principal payments of $2,000,000 on March 31, 2002, $18,000,000 on March 31, 2003, and $20,000,000 on March 31, 2004. The Tranche B term loan bears an interest rate of 9.75% and is payable quarterly.

The Company also has a reducing revolving loan providing for borrowing up to $20,000,000 at the Company's discretion, subject to certain restrictions, and an additional $60,000,000 available to finance acquisitions subject to certain restrictions. On March 4, 1998, the reducing revolving loan agreement was amended to revise the scheduled reduction in revolving commitments. The additional financing amounts available at December 31, 1998 and 1997 were $45,000,000 and $52,500,000, respectively. At December 31, 1998, the full $20,000,000 available had been borrowed, and $15,000,000 had been drawn against the $45,000,000 commitment. At

December 31, 1997, the full $20,000,000 available had been borrowed, and $16,500,000 had been drawn against the $52,500,000 commitment. The amount available for borrowing will decrease annually during its term with changes over the four years following December 31, 1998 as follows: 1999 -- $2,500,000 reduction per quarter, and 2000 through 2002 -- $3,625,000 per quarter. Any unpaid balance is due on March 31, 2003. The revolving loan bears an interest rate of either the bank's prime rate plus .25% to 1.75% or LIBOR plus 1.5% to 2.75%. The specific rate is dependent upon the senior funded debt ratio which is recalculated quarterly. The weighted average effective interest rates at December 31, 1998 and 1997 was 8.08% and 8.29%, respectively. The reducing revolving loan includes a commitment fee of 1/2% per annum on the unborrowed balance.

Certain mandatory prepayments may also be required, commencing in fiscal 1997, on the Tranche A term loan, the Tranche B term loan, and the reducing revolving credit based on the Company's cash flow calculations, proceeds from the sale of a cable system or equity contributions. Based on the 1998 calculation and the Michigan sale, $3,425,000 of prepayments were required. Optional prepayments are allowed, subject to certain restrictions. The related loan agreement contains covenants limiting additional indebtedness, dispositions of assets, investments in securities, distribution to partners, management fees and capital expenditures. In addition, the Company must maintain certain financial levels and ratios. At December 31, 1998, the Company was in compliance with these covenants.

The Company also has $3,000,000 of senior subordinated debt payable to a Rifkin Partner. The debt has a scheduled maturity, interest rate and interest payment schedule identical to that of the Notes, as discussed above.

Based on the outstanding debt as of December 31, 1998, the minimum aggregate maturities for the five years following 1998 are none in 1999, $7,500,000 in 2000, $16,500,000 in 2001, $23,075,000 in 2002 and $29,500,000 in 2003.

7. RELATED PARTY TRANSACTIONS

The Company entered into a management agreement with Rifkin & Associates, Inc. (Rifkin). The management agreement provides that Rifkin will act as manager of the Company's CATV systems and be entitled to annual compensation of 3.5% of the Company's revenue. Effective September 1, 1998, Rifkin conveyed its CATV management business to R & A Management, LLC (RML). The result of this transaction included the conveyance of the Rifkin management agreement (Rifkin Agreement) to RML (RML Agreement). Expenses incurred pursuant to the Rifkin Agreement and the RML Agreement are disclosed in total on the Consolidated Statement of Operations.

The Company is associated with a company to purchase certain cable television programming at a discount. Rifkin acted as the agent and held the deposit funds required for the Company to participate.

Effective September 1, 1998, Rifkin conveyed this contract and deposit amount to RML. The deposit amount recorded at December 31, 1998 and 1997 was $2,139,274 and $1,225,274, respectively. The Company subsequently received $1,225,274 of the December 31, 1998 balance.

The Company paid approximately $550,000 to a law firm in connection with the public offering in 1996. A partner of this law firm is a relative of one of the Company's partners.

8. COMMITMENTS AND RENTAL EXPENSE

The Company leases certain real and personal property under noncancelable operating leases expiring through the year 2007. Future minimum lease payments under such noncancelable leases as of December 31, 1998 are: $316,091 in 1999; $249,179 in 2000; $225,768 in 2001; $222,669 in 2002; and $139,910 in 2003; and $344,153 thereafter, totaling $1,497,770.

Total rental expense and the amount included therein which pertains to cancelable pole rental agreements were as follows for the periods indicated:

PERIOD	TOTAL RENTAL EXPENSE	CANCELABLE POLE RENTAL EXPENSE
Year Ended December 31, 1998	$1,592,080	$1,109,544
Year Ended December 31, 1997	$1,577,743	$1,061,722
Year Ended December 31, 1996	$1,294,084	$ 874,778

9. COMPENSATION PLANS AND RETIREMENT PLANS

EQUITY INCENTIVE PLAN

In 1996, the Company implemented an Equity Incentive Plan (the "Plan") in which certain Rifkin & Associates' executive officers and key employees, and certain key employees of the Company are eligible to participate. Plan participants in the aggregate, have the right to receive (i) cash payments of up to 2.0% of the aggregate value of all partnership interests of the Company (the "Maximum Incentive Percentage"), based upon the achievement of certain annual Operating Cash Flow (as defined in the Plan) targets for the Company for each of the calendar years 1996 through 2000, and (ii) an additional cash payment equal to up to 0.5% of the aggregate value of all partnership interests of the Company (the "Additional Incentive Percentage"), based upon the achievement of certain cumulative Operating Cash Flow targets for the Company for the five-year period ended December 31, 2000. Subject to the achievement of such annual targets and the satisfaction of certain other criteria based on the Company's operating performance, up to 20% of the Maximum Incentive Percentage will vest in each such year; provided, that in certain events vesting may accelerate. Payments under the Plan are subject to certain restrictive covenants contained in the Notes.

No amounts are payable under the Plan except upon (i) the sale of substantially all of the assets or partnership interests of the Company or (ii) termination of a Plan participant's employment with Rifkin & Associates or the Company, as applicable, due to (a) the decision of the Advisory Committee to terminate such participant's employment due to disability, (b) the retirement of such participant with the Advisory Committee's approval or (c) the death of such Participant. The value of amounts payable pursuant to clause (i) above will be based upon the aggregate net proceeds received by the holders of all of the partnership interests in the Company, as determined by the Advisory Committee, and the amounts payable pursuant to clause (ii) above will be based upon the Enterprise Value determined at the time of such payment. For purposes of the Plan, Enterprise Value generally is defined as Operating Cash Flow for the immediately preceding calendar year times a specified multiple and adjusted based on the Company's working capital.

The amount expensed for the years ended December 31, 1998, 1997 and 1996 relating to this plan were $1,119,996, $859,992 and $660,000, respectively.

RETIREMENT BENEFITS

The Company has a 401(k) plan for employees that have been employed by the Company for at least one year. Employees of the Company can contribute up to 15% of their salary, on a before-tax basis, with a maximum 1998 contribution of $10,000 (as set by the Internal Revenue Service). The Company matches participant contributions up to a maximum of 50% of the first 3% of a participant's salary contributed. All participant contributions and earnings are fully vested upon contribution and Company contributions and earnings vest 20% per year of employment with the Company, becoming fully vested after five years. The Company's matching contributions for the years ended December 31, 1998, 1997 and 1996 were $50,335, $72,707 and $42,636, respectively.

10. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company has a number of financial instruments, none of which are held for trading purposes. The following method and assumptions were used by the Company to estimate the fair values of financial instruments as disclosed herein:

Cash and Cash Equivalents, Customer Accounts Receivable, Other Receivables, Accounts Payable and Accrued Liabilities and Customer Deposits and Prepayments: The carrying value amount approximates fair value because of the short period to maturity.

Debt: The fair value of bank debt is estimated based on interest rates for the same or similar debt offered to the Company having the same or similar remaining maturities and collateral requirements. The fair value of public Senior Subordinated Notes is based on the market quoted trading value. The fair value of the Company's debt is estimated at $236,137,500 and is carried on the balance sheet at $224,575,000.

11. CABLE REREGULATION

Congress enacted the Cable Television Consumer Protection and Competition Act of 1992 (the Cable Act) and has amended it at various times since.

The total effects of the present law are, at this time, still unknown. However, one provision of the present law further redefines a small cable system, and exempts these systems from rate regulation on the upper tiers of cable service. The Partnership is awaiting an FCC rulemaking implementing the present law to determine whether its systems qualify as small cable systems.

12. SUMMARIZED FINANCIAL INFORMATION

CEM, CEI and CEC (collective, the "Guarantors") are all wholly-owned subsidiaries of the Company and, together with RACC, constitute all of the Partnership's direct and indirect subsidiaries. As discussed in Note 1, RTL and FNI were dissolved on January 1, 1998 and the assets were transferred to the Company, however, prior thereto, RTL and FNI, as wholly-owned subsidiaries of the Company, were Guarantors. Each of the Guarantors provides a full, unconditional, joint and several guaranty of the obligations under the Notes discussed in Note 6. Separate financial statements of the Guarantors are not presented because management has determined that they would not be material to investors.

RIFKIN ACQUISITION PARTNERS, L.L.L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

The following tables present summarized financial information of the Guarantors on a combined basis as of December 31, 1998 and 1997 and for the years ended December 31, 1998, and 1997 and 1996.

BALANCE SHEET	12/31/98	12/31/97
Cash	$ 373,543	$ 780,368
Accounts and other receivables, net	3,125,830	3,012,571
Prepaid expenses	791,492	970,154
Property, plant and equipment net	48,614,536	66,509,120
Franchise costs and other intangible assets, net	56,965,148	103,293,631
Accounts payable and accrued liabilities	22,843,354	18,040,588
Other liabilities	980,536	1,122,404
Deferred taxes payable	7,942,000	12,138,000
Notes payable	140,050,373	167,200,500
Equity (deficit)	(61,945,714)	(23,935,648)

STATEMENTS OF OPERATIONS	YEAR ENDED 12/31/98	YEAR ENDED 12/31/97	YEAR ENDED 12/31/96
Total revenue	$ 29,845,826	$ 47,523,592	$ 42,845,044
Total costs and expenses	(31,190,388)	(53,049,962)	(43,578,178)
Interest expense	(14,398,939)	(17,868,497)	(16,238,221)
Income tax benefit	4,177,925	5,335,000	3,645,719
Net loss	$(11,565,576)	$(18,059,867)	$(13,325,636)

13. QUARTERLY INFORMATION (UNAUDITED)

The following interim financial information of the Company presents the 1998 and 1997 consolidated results of operations on a quarterly basis (in thousands):

	QUARTERS ENDED 1998			
	MARCH 31(A)	JUNE 30	SEPT. 30	DEC. 31(B)
Revenue	$22,006	$22,296	$22,335	$23,284
Operating income (loss)	295	511	(1,522)	1,756
Net income (loss)	1,437	(4,458)	(5,907)	33,347

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(a) First quarter includes a $5,900 gain from the sale of Michigan assets (Note 4).

(b) Fourth quarter includes a $36,873 gain from the trade sale of certain Tennessee assets (Note 4).

RIFKIN ACQUISITION PARTNERS, L.L.L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

	QUARTERS ENDED 1997			
	MARCH 31	JUNE 30	SEPT. 30	DEC. 31
Revenue	$19,337	$21,331	$21,458	$22,199
Operating loss	(1,220)	(2,818)	(2,777)	(798)
Net loss	(5,998)	(6,890)	(8,127)	(5,029)

14. LITIGATION

The Company could possibly be named as defendant in various actions and proceedings arising from the normal course of business. In all such cases, the Company will vigorously defend itself against the litigation and, where appropriate, will file counterclaims. Although the eventual outcome of potential lawsuits cannot be predicted, it is management's opinion that any such lawsuit will not result in liabilities that would have a material affect on the Company's financial position or results of operations.

REPORT OF INDEPENDENT AUDITORS

The Partners
Indiana Cable Associates, Ltd.

We have audited the accompanying balance sheet of Indiana Cable Associates, Ltd. as of December 31, 1997 and 1998, and the related statements of operations, partners' deficit and cash flows for the years ended December 31, 1996, 1997 and 1998. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Indiana Cable Associates, Ltd. at December 31, 1997 and 1998, and the results of its operations and its cash flows for the years ended December 31, 1996, 1997 and 1998 in conformity with generally accepted accounting principles.

/s/ Ernst & Young LLP

Denver, Colorado
February 19, 1999

INDIANA CABLE ASSOCIATES, LTD.

BALANCE SHEET
DECEMBER 31, 1997 AND 1998

	1997	1998
ASSETS (PLEDGED)		
Cash and cash equivalents	$ 82,684	$ 108,619
Customer accounts receivable, less allowance for doubtful accounts of $18,311 in 1997 and $24,729 in 1998	87,154	85,795
Other receivables	257,236	295,023
Prepaid expenses and deposits	172,614	152,575
Property, plant and equipment, at cost:		
Buildings	78,740	91,682
Transmission and distribution systems and related equipment	10,174,650	11,336,892
Office furniture and equipment	144,137	161,327
Spare parts and construction inventory	435,554	742,022
	10,833,081	12,331,923
Less accumulated depreciation	7,624,570	8,008,158
Net property, plant and equipment	3,208,511	4,323,765
Other assets, at cost less accumulated amortization (Note 3)	5,817,422	5,083,029
Total assets	$ 9,625,621	$10,048,806
LIABILITIES AND PARTNERS' DEFICIT		
Liabilities:		
Accounts payable and accrued liabilities	$ 718,716	$ 897,773
Customer prepayments	50,693	47,458
Interest payable	32,475	--
Long-term debt (Note 4)	10,650,000	--
Interpartnership debt (Note 4)	--	9,606,630
Total liabilities	11,451,884	10,551,861
Commitments (Notes 5 and 6)		
Partners' deficit:		
General partner	(66,418)	(20,106)
Limited partner	(1,759,845)	(482,949)
Total partners' deficit	(1,826,263)	(503,055)
Total liabilities and partners' deficit	$ 9,625,621	$10,048,806

See accompanying notes.

INDIANA CABLE ASSOCIATES, LTD.

STATEMENT OF OPERATIONS

	YEARS ENDED		
	12/31/96	12/31/97	12/31/98
REVENUE:			
Service	$6,272,049	$6,827,504	$7,165,843
Installation and other	538,158	622,699	773,283
Total revenue	6,810,207	7,450,203	7,939,126
COSTS AND EXPENSES:			
Operating expense	989,456	1,142,932	974,617
Programming expense	1,474,067	1,485,943	1,727,089
Selling, general and administrative expense	1,112,441	1,142,247	1,128,957
Depreciation	889,854	602,554	537,884
Amortization	718,334	718,335	707,539
Management fees	340,510	372,510	396,956
Loss on disposal of assets	6,266	639	74,714
Total costs and expenses	5,530,928	5,465,160	5,547,756
Operating income	1,279,279	1,985,043	2,391,370
Interest expense	1,361,415	1,292,469	970,160
Net income (loss) before extraordinary item	(82,136)	692,574	1,421,210
Extraordinary item--loss on early retirement of debt (Note 3 and 4)	--	--	98,002
Net income (loss)	$ (82,136)	$ 692,574	$1,323,208

See accompanying notes.

INDIANA CABLE ASSOCIATES, LTD.

STATEMENT OF PARTNERS' DEFICIT

	GENERAL PARTNERS	LIMITED PARTNERS	TOTAL
Partners' deficit at December 31, 1995	$(87,783)	$(2,348,918)	$(2,436,701)
Net loss for the year ended December 31, 1996	(2,875)	(79,261)	(82,136)
Partners' deficit at December 31, 1996	(90,658)	(2,428,179)	(2,518,837)
Net income for the year ended December 31, 1997	24,240	668,334	692,574
Partners' deficit at December 31, 1997	(66,418)	(1,759,845)	(1,826,263)
Net income for the year ended December 31, 1998	46,312	1,276,896	1,323,208
Partners' deficit at December 31, 1998	$(20,106)	$ (482,949)	$ (503,055)

The partners' capital accounts for financial reporting purposes vary from the tax capital accounts.

See accompanying notes.

INDIANA CABLE ASSOCIATES, LTD.

STATEMENT OF CASH FLOWS

	YEARS ENDED 12/31/96	12/31/97	12/31/98
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	$ (82,136)	$ 692,574	$ 1,323,208
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	1,608,188	1,320,889	1,245,423
Amortization of deferred loan costs	48,764	72,922	23,149
Loss on disposal of assets	6,266	639	74,714
Loss on write-off of deferred loan cost associated with early retirement of debt	--	--	95,832
Decrease (increase) in customer accounts receivable	(13,110)	1,536	1,359
Increase in other receivables	(80,843)	(108,256)	(37,787)
Decrease (increase) in prepaid expenses and deposits	(53,259)	(5,928)	20,039
Increase (decrease) in accounts payable and accrued liabilities	(190,357)	(147,971)	179,057
Increase (decrease) in customer prepayments	16,355	(13,190)	(3,235)
Decrease in interest payable	(12,314)	(39,471)	(32,475)
Net cash provided by operating activities	1,247,554	1,773,744	2,889,284
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property, plant and equipment	(675,244)	(592,685)	(1,732,831)
Proceeds from sale of assets	227,025	23,662	4,979
Net cash used in investing activities	(448,219)	(569,023)	(1,727,852)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from long-term debt	2,000,000	1,450,000	10,636,421
Proceeds from interpartnership debt	--	--	9,606,630
Deferred loan cost	(70,000)	(29,776)	(92,127)
Payments of long-term debt	(2,200,000)	(3,100,000)	(21,286,421)
Net cash used in financing activities	(270,000)	(1,679,776)	(1,135,497)
Net increase (decrease) in cash and cash equivalents	529,335	(475,055)	25,935
Cash and cash equivalents at beginning of year	28,404	557,739	82,684
Cash and cash equivalents at end of year	$ 557,739	$ 82,684	$ 108,619
SUPPLEMENTAL CASH FLOW INFORMATION:			
Interest paid	$ 1,324,965	$ 1,258,078	$ 947,606

See accompanying notes.

INDIANA CABLE ASSOCIATES, LTD.

NOTES TO FINANCIAL STATEMENTS

1. GENERAL INFORMATION

GENERAL INFORMATION:

Indiana Cable Associates, Ltd. (the "Partnership"), a Colorado limited partnership, was organized in March 1987 for the purpose of acquiring and operating cable television systems and related operations in Indiana and Illinois.

For financial reporting purposes, Partnership profits or losses are allocated 3.5% to the general partners and 96.5% to the limited partners. Limited partners are not required to fund any losses in excess of their capital contributions.

ACQUISITION BY INTERLINK COMMUNICATIONS PARTNERS, LLLP:

Interlink Communications Partners, LLLP ("ICP") agreed to purchase all of the interests of the Partnership. ICP acquired all of the limited partner interests, effective December 31, 1998, and is currently in the process of obtaining the necessary consents to transfer all of the Partnership's franchises to ICP. Once these are obtained, ICP will then purchase the general partner interest in the Partnership, and the Partnership will, by operation of law, be consolidated into ICP.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PROPERTY, PLANT AND EQUIPMENT:

The Partnership records additions to property, plant and equipment at cost, which in the case of assets constructed includes amounts for material, labor, overhead and capitalized interest, if applicable.

For financial reporting purposes, the Partnership uses the straight-line method of depreciation over the estimated useful lives of the assets as follows:

Buildings and improvements	5-30 years
Transmission and distribution systems and related equipment	3-15 years
Office furniture and equipment	5 years

OTHER ASSETS:

Other assets are carried at cost and are amortized on a straight-line basis over the following lives:

Franchises	-- the terms of the franchises (10-19 1/2 years)
Goodwill	-- the term of the Partnership agreement (12 3/4 years)
Deferred loan costs	-- the term of the debt (1-6 years)
Organization costs	-- 5 years

INDIANA CABLE ASSOCIATES, LTD.

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)

INCOME TAXES:

No provision for the payment or refund of income taxes has been provided for the Partnership since the partners are responsible for reporting their distributive share of Partnership net income or loss in their personal capacities.

CASH AND CASH EQUIVALENTS:

The Partnership considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

REVENUE RECOGNITION:

Customer fees are recorded as revenue in the period the service is provided.

FAIR VALUE OF FINANCIAL INVESTMENTS:

The carrying values of cash and cash equivalents, customer accounts receivable, accounts payable and interpartnership debt approximate fair value.

USE OF ESTIMATES:

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

IMPACT OF YEAR 2000 (UNAUDITED):

The Partnership recognizes that certain of its time-sensitive computer programs and product distribution equipment may be affected by conversion to the year 2000. During 1998, management began their evaluation of the information systems, product distribution facilities, and vendor and supplier readiness. To date, considerable progress has been made to complete the evaluation process, to integrate and test compliance installations, and to prepare contingency plans. In addition, third party suppliers are either fully compliant or are expected to be compliant by December 31, 1999. Management expects to have all systems compliant, or have a contingency plan in effect that will result in minimal impact on the operations.

NEW ACCOUNTING PRONOUNCEMENT:

In April 1998, the Accounting Standards Executive Committee issued Statement of Position (SOP) 98-5 "Reporting on the Costs of Start-Up Activities," which requires the Partnerships to expense all start-up costs related to organizing a new business. This new standard also includes one-time activities related to opening a new facility, introduction of a new product or service, or conducting business with a new class of customer or in a new territory. This standard is effective for the Partnerships' 1999 fiscal year. Organization costs are all fully amortized resulting in SOP 98-5 having no material effect on its financial position or the results of operations.

RECLASSIFICATION OF FINANCIAL STATEMENT PRESENTATION:

Certain reclassifications have been made to the 1996 and 1997 financial statements to conform with the 1998 financial statement presentation. Such reclassifications had no effect on the net income or loss as previously stated.

INDIANA CABLE ASSOCIATES, LTD.

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)

3. OTHER ASSETS

At December 31, 1997 and 1998, other assets consisted of the following:

	1997	1998
Franchises	$13,144,332	$12,996,580
Goodwill	378,336	378,336
Deferred loan costs	26,854	--
Organization costs	63,393	63,393
	13,612,915	13,438,309
Less accumulated amortization	7,795,493	8,355,280
	$ 5,817,422	$ 5,083,029

On December 31, 1997, the loan agreement with a financial institution was amended (Note 4). At that time, the original loan's costs, which were fully amortized, and the accumulated amortization were written off. The bank loan amendment required the payment of additional loan costs which will be amortized over the remaining term of the bank loan.

On August 31, 1998, the loan with a financial institution and the subordinated debt loan with two investor groups were paid in full (Note 4). The related deferred loan costs and associated accumulated amortization were written off and $9,263 was recorded as an extraordinary loss. On December 30, 1998, the new loan agreement with a financial institution was paid in full (Note 4). The related deferred loan costs and associated accumulated amortization were written off and $86,569 was recorded as an extraordinary loss.

4. DEBT

The Partnership had a revolving credit agreement with a financial institution which provided for borrowing up to $7,000,000 with a maturity date of December 31, 1997, at which time the balance of the loan was $4,650,000. On December 31, 1997, the credit agreement was amended to reduce the amount available to borrow to $5,200,000 and extend the maturity date to December 31, 1998. The Partnership also had subordinated term notes with two investors totalling $6,000,000 at December 31, 1997. Total outstanding loans at December 31, 1997 were $10,650,000. On August 31, 1998, the revolving credit loan and subordinated term notes had a balance of $3,450,000 and $6,000,000, respectively; at that date, the total balance of $10,650,000 and accrued interest were paid in full. On that same date, the Partnership obtained a new credit agreement with a financial institution. The new credit agreement provided for a senior term note payable in the amount of $7,500,000 and a revolving credit loan which provided for borrowing up to $7,500,000. At December 30, 1998, the term note and revolving credit had a balance of $7,500,000 and $1,950,000, respectively; at that date, the total balance of $9,450,000 and accrued interest were paid in full. The Partnership also incurred a LIBOR break fee of $2,170 in conjunction with the retirement of debt which was recorded as an extraordinary item.

Also on December 30, 1998, the Partnership obtained a new interpartnership loan agreement with ICP (Note 1). Borrowing under the interpartnership loan, as well as interest and principal payments are due at the discretion of the management of ICP, resulting in no minimum required annual principal payments. The balance of the interpartnership loan at December 31, 1998 was $9,606,630. The effective interest rate at December 31, 1998 was 8.5%.

INDIANA CABLE ASSOCIATES, LTD.

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)

5. MANAGEMENT AGREEMENT

The Partnership has entered into a management agreement with Rifkin and Associates, Inc., (Rifkin) whose sole stockholder is affiliated with a general partner of the Partnership. The agreement provides that Rifkin shall manage the Partnership and shall receive annual compensation equal to 2 1/2% of gross revenues and an additional 2 1/2% if a defined cash flow level is met. Effective September 1, 1998, Rifkin conveyed its CATV management business to R & A Management, LLC (RML). The result of this transaction was the conveyance of the Rifkin management agreement (Rifkin Agreement) to RML (RML Agreement). Expenses incurred pursuant to the Rifkin Agreement and the RML Agreement are disclosed on the Statement of Operations.

6. LEASE COMMITMENTS

At December 31, 1998, the Partnership had lease commitments under long-term operating leases as follows:

1999	$27,408
2000	6,300
2001	2,700
2002	1,500
2003	1,500
Thereafter	10,500
Total	$49,908

Rent expense, including pole rent, was as follows for the periods indicated:

PERIOD	TOTAL RENTAL EXPENSE
Year Ended December 31, 1996	$105,590
Year Ended December 31, 1997	98,693
Year Ended December 31, 1998	104,155

7. RETIREMENT BENEFITS

The Partnership has a 401(k) plan for its employees that have been employed by the Partnership for at least one year. Employees of the Partnership can contribute up to 15% of their salary, on a before-tax basis, with a maximum 1998 contribution of $10,000 (as set by the Internal Revenue Service). The Partnership matches participant contributions up to a maximum of 50% of the first 3% of a participant's salary contributed. All participant contributions and earnings are fully vested upon contribution and Partnership contributions and earnings vest 20% per year of employment with the Partnership, becoming fully vested after five years. The Partnership's matching contributions for the years ended December 31, 1996, 1997 and 1998 were $4,723, $8,769 and $8,639, respectively.

REPORT OF INDEPENDENT AUDITORS

The Partners
R/N South Florida Cable Management
Limited Partnership

We have audited the accompanying consolidated balance sheet of R/N South Florida Cable Management Limited Partnership as of December 31, 1997 and 1998, and the related consolidated statements of operations, partners' equity (deficit) and cash flows for the years ended December 31, 1996, 1997 and 1998. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of R/N South Florida Cable Management Limited Partnership at December 31, 1997 and 1998, and the consolidated results of its operations and its cash flows for the years ended December 31, 1996, 1997 and 1998 in conformity with generally accepted accounting principles.

/s/ ERNST & YOUNG LLP

Denver, Colorado
February 19, 1999

R/N SOUTH FLORIDA CABLE MANAGEMENT LIMITED PARTNERSHIP

CONSOLIDATED BALANCE SHEET
DECEMBER 31, 1997 AND 1998

	1997	1998
ASSETS (PLEDGED)		
Cash and cash equivalents	$ 362,619	$ 678,739
Customer accounts receivable, less allowance for doubtful accounts of $85,867 in 1997 and $84,474 in 1998	569,296	455,339
Other receivables	1,180,507	1,691,593
Prepaid expenses and deposits	416,455	393,022
Property, plant and equipment, at cost:		
Transmission and distribution system and related equipment	22,836,588	27,981,959
Office furniture and equipment	704,135	755,398
Leasehold improvements	546,909	549,969
Construction in process and spare parts inventory	718,165	744,806
	24,805,797	30,032,132
Less accumulated depreciation	9,530,513	11,368,764
Net property, plant and equipment	15,275,284	18,663,368
Other assets, at cost less accumulated amortization (Note 2)	6,806,578	5,181,012
Total assets	$24,610,739	$27,063,073
LIABILITIES AND PARTNERS' EQUITY (DEFICIT)		
Liabilities:		
Accounts payable and accrued liabilities	$ 2,994,797	$ 2,356,540
Interest payable	287,343	--
Customer prepayments	699,332	690,365
Long-term debt (Note 3)	29,437,500	--
Interpartnership debt (Note 3)	--	31,222,436
Total liabilities	33,418,972	34,269,341
Commitments (Notes 4 and 5)		
Partners' equity (deficit):		
General partner	(96,602)	(81,688)
Limited partner	(9,582,050)	(8,104,718)
Special limited partner	870,419	980,138
Total partners' equity (deficit)	(8,808,233)	(7,206,268)
Total liabilities and partners' deficit	$24,610,739	$27,063,073

See accompanying notes.

R/N SOUTH FLORIDA CABLE MANAGEMENT LIMITED PARTNERSHIP

CONSOLIDATED STATEMENT OF OPERATIONS

	YEARS ENDED		
	12/31/96	12/31/97	12/31/98
REVENUES:			
Service	$16,615,767	$17,520,883	$18,890,202
Installation and other	1,732,681	2,425,742	3,158,742
	18,348,448	19,946,625	22,048,944
COSTS AND EXPENSES:			
Operating expense	2,758,704	3,489,285	3,707,802
Programming expense	4,075,555	4,014,850	4,573,296
Selling, general and administrative expense	3,979,002	4,087,845	4,537,535
Depreciation	1,787,003	1,912,905	2,256,765
Amortization	1,350,195	1,287,588	1,293,674
Management fees	733,938	797,863	881,958
Loss on disposal of assets	373,860	513,177	178,142
Total costs and expenses	15,058,257	16,103,513	17,429,172
Operating income	3,290,191	3,843,112	4,619,772
Interest expense	2,528,617	2,571,976	2,583,338
Net income before extraordinary item	761,574	1,271,136	2,036,434
Extraordinary item -- loss on early retirement of debt (Note 2)	--	--	434,469
Net income	$ 761,574	$ 1,271,136	$ 1,601,965

See accompanying notes.

R/N SOUTH FLORIDA CABLE MANAGEMENT LIMITED PARTNERSHIP

CONSOLIDATED STATEMENT OF PARTNERS' EQUITY (DEFICIT)

	GENERAL PARTNERS	LIMITED PARTNERS	SPECIAL LIMITED PARTNERS	TOTAL
Partners' equity (deficit) at December 31, 1995	$(115,526)	$(11,456,616)	$731,199	$(10,840,943)
Net income for the year ended December 31, 1996	7,090	702,324	52,160	761,574
Partners' equity (deficit) at December 31, 1996	(108,436)	(10,754,292)	783,359	(10,079,369)
Net income for the year ended December 31, 1997	11,834	1,172,242	87,060	1,271,136
Partners' equity (deficit) at December 31, 1997	(96,602)	(9,582,050)	870,419	(8,808,233)
Net income for the year ended December 31, 1998	14,914	1,477,332	109,719	1,601,965
Partners' equity (deficit) at December 31, 1998	$ (81,688)	$ (8,104,718)	$980,138	$ (7,206,268)

The partners' capital accounts for financial reporting purposes vary from the tax capital accounts.

See accompanying notes.

R/N SOUTH FLORIDA CABLE MANAGEMENT LIMITED PARTNERSHIP

CONSOLIDATED STATEMENT OF CASH FLOWS

	YEARS ENDED 12/31/96	12/31/97	12/31/98
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$ 761,574	$ 1,271,136	$ 1,601,965
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	3,137,198	3,200,493	3,550,439
Amortization of deferred loan cost	68,898	79,108	89,788
Loss on early retirement of debt	--	--	434,469
Loss on disposal of assets	373,860	513,177	178,142
Decrease (increase) in customer accounts receivable	1,420	(152,229)	113,957
Increase in other receivables	(377,553)	(506,325)	(511,086)
Decrease (increase) in prepaid expenses and deposits	(114,720)	115,734	23,433
Increase (decrease) in accounts payable and accrued liabilities	122,512	513,839	(638,257)
Increase (decrease) in customer prepayments	362	208,021	(8,967)
Increase (decrease) in interest payable	180	16,207	(287,343)
Net cash provided by operating activities	3,973,731	5,259,161	4,546,540
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property, plant and equipment	(4,000,631)	(4,288,776)	(5,915,434)
Additions to other assets, net of refranchises	(10,600)	(164,560)	(186,790)
Proceeds from the sale of assets	16,674	70,865	92,443
Net cash used in investing activities	(3,994,557)	(4,382,471)	(6,009,781)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from long-term debt	2,750,000	3,850,000	5,550,000
Proceeds from interpartnership debt	--	--	31,222,436
Payments of long-term debt	(2,604,913)	(4,562,500)	(34,987,500)
Deferred loan costs	--	(132,727)	(5,575)
Net cash provided by (used in) financing activities	145,087	(845,227)	1,779,361
Net increase in cash and cash equivalents	124,261	31,463	316,120
Cash and cash equivalents at beginning of the year	206,895	331,156	362,619
Cash and cash equivalents at end of year	$ 331,156	$ 362,619	$ 678,739
SUPPLEMENTAL CASH FLOW INFORMATION:			
Interest paid	$ 2,412,038	$ 2,441,662	$ 2,780,893

See accompanying notes

R/N SOUTH FLORIDA CABLE MANAGEMENT LIMITED PARTNERSHIP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION AND ORGANIZATION:

The accompanying consolidated financial statements include the accounts of R/N South Florida Cable Management Limited Partnership (the "Partnership") and its substantially wholly-owned subsidiary Rifkin/Narragansett South Florida CATV Limited Partnership (the "Operating Partnership"). Each partnership is a Florida Limited Partnership. The Partnership was organized in 1988 for the purpose of being the general partner to the Operating Partnership which is engaged in the installation, ownership, operation and management of cable television systems in Florida.

In 1992, the Partnership adopted an amendment to the Partnership agreement (the "Amendment") and entered into a Partnership Interest Purchase Agreement whereby certain Special Limited Partnership interests were issued in the aggregate amount of $1,250,000. These new Special Limited Partners are affiliated with the current General and Limited Partners of the Partnership. The Amendment provides for the methods under which the gains, losses, adjustments and distributions are allocated to the accounts of the Special Limited Partners.

For financial reporting purposes, partnership profits or losses are allocated to the limited partners, special limited partners and general partners in the following ratios: 92.22%, 6.849% and .931%, respectively. Limited partners and special limited partners are not required to fund any losses in excess of their capital contributions.

ACQUISITION BY INTERLINK COMMUNICATIONS PARTNERS, LLLP:

InterLink Communications Partners, LLLP ("ICP") agreed to purchase all of the interests of the Partnerships. ICP acquired all of the limited partner interests of the Operating Partnership, effective December 31, 1998, and is currently in the process of obtaining the necessary consents to transfer all of the Operating Partnership's franchises to ICP. Once obtained, ICP will then purchase the general partner interest, and the Partnership, by operation of law, will consolidate into ICP.

PROPERTY, PLANT AND EQUIPMENT:

Property, plant and equipment additions are recorded at cost, which in the case of assets constructed includes amounts for material, labor, overhead and capitalized interest, if applicable.

For financial reporting purposes, the Operating Partnership uses the straight-line method of depreciation over the estimated useful lives of the assets as follows:

Transmission and distribution systems and related equipment...	15 years
Office furniture and equipment...........................	3-15 years
Leasehold improvements...................................	5-8 years

OTHER ASSETS:

Other assets are carried at cost and are amortized on a straight-line basis over the following lives:

Franchises..................	-- the terms of the franchises (3-13 years)
Goodwill....................	-- 40 years
Organization costs...........	-- 5 years
Deferred loan costs..........	-- the term of the debt (8 years)

R/N SOUTH FLORIDA CABLE MANAGEMENT LIMITED PARTNERSHIP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

INCOME TAXES:

No provision for the payment or refund of income taxes has been provided since the partners are responsible for reporting their distributive share of partnerships net income or loss in their personal capacities.

CASH AND CASH EQUIVALENTS:

The Partnerships consider all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

REVENUE RECOGNITION:

Customer fees are recorded as revenue in the period the service is provided.

FAIR VALUE OF FINANCIAL INSTRUMENTS:

The carrying values of cash and cash equivalents, customer accounts receivable, accounts payable and interpartnership debt approximate fair value.

USE OF ESTIMATES:

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

IMPACT OF YEAR 2000 (UNAUDITED):

The Partnerships recognize that certain of its time-sensitive computer programs and product distribution equipment may be affected by conversion to the year 2000. During 1998, management began their evaluation of the information systems, product distribution facilities, and vendor and supplier readiness. To date, considerable progress has been made to complete the evaluation process, to integrate and test compliance installations, and to prepare contingency plans. In addition, third party suppliers are either fully compliant or are expected to be compliant by December 31, 1999. Management expects to have all systems compliant, or have a contingency plan in effect that will result in minimal impact on the operations.

NEW ACCOUNTING PRONOUNCEMENT:

In April 1998, the Accounting Standards Executive Committee issued Statement of Position (SOP) 98-5 "Reporting on the costs of Start-Up Activities," which requires the Partnerships to expense all start-up costs related to organizing a new business. This new standard also includes one-time activities related to opening a new facility, introduction of a new product or service, or conducting business with a new class of customer or in a new territory. This standard is effective for the Partnerships' 1999 fiscal year. The organization costs are fully amortized, resulting in SOP 98-5 having no material effect on its financial position or the results of operations.

RECLASSIFICATION OF FINANCIAL STATEMENT PRESENTATION:

Certain reclassifications have been made to the 1996 and 1997 financial statements to conform with the 1998 financial statement presentation. Such reclassifications had no effect on the net income as previously stated.

R/N SOUTH FLORIDA CABLE MANAGEMENT LIMITED PARTNERSHIP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

2. OTHER ASSETS

At December 31, 1997 and 1998, other assets consisted of the following:

	1997	1998
Franchises and other	$14,348,984	$14,535,774
Goodwill	3,429,845	3,429,845
Deferred loan costs	694,819	--
Organization costs	23,218	23,218
	18,496,866	17,988,837
Less accumulated amortization	11,690,288	12,807,825
	$ 6,806,578	$ 5,181,012

On December 30, 1998, the Partnerships' loan with a financial institution was paid in full (Note 3). The related deferred loan costs and associated accumulated amortization were written off and an extraordinary loss of $434,469 was recorded.

3. DEBT

The Partnerships had senior term note payable and a revolving credit loan agreement with a financial institution. The senior term note payable was a $29,500,000 loan which required varying quarterly payments which commenced on September 30, 1996. On June 30, 1997, the loan agreement was amended to defer the June 30, 1997 and September 30, 1997 principal payments and restructured the required principal payment amounts due through December 31, 2003. The revolving credit loan provided for borrowing up to $3,000,000 at the discretion of the Partnerships. On June 30, 1997, the loan agreement was amended to increase the amount provided for borrowing under the revolving credit loan to $3,750,000. At December 31, 1997, the term notes and the revolving credit loan had a balance of $28,387,500 and $1,050,000, respectively, with a total balance of $29,437,500. At December 30, 1998, the term notes and the revolving credit loan had a balance of $27,637,500 and $3,300,000, respectively; at that date, the total balance of $30,937,500 and accrued interest were paid in full.

Also on December 30, 1998, the Partnerships obtained a new interpartnership loan agreement with ICP (Note 1). Borrowing under the interpartnership loan, as well as interest and principal payments are due at the discretion of the management of ICP, resulting in no minimum required annual principal payments. The balance of the interpartnership loan at December 31, 1998 was $31,222,436. The effective interest rate at December 31, 1998 was 8.5%.

4. MANAGEMENT AGREEMENT

The Partnerships have entered into a management agreement with Rifkin & Associates, Inc. (Rifkin). The management agreement provides that Rifkin shall manage the Operating Partnership and shall be entitled to annual compensation of 4% of gross revenues. Effective September 1, 1998, Rifkin conveyed its CATV management business to R & A Management, LLC (RML). The result of this transaction was the conveyance of the Rifkin management agreement (Rifkin Agreement) to RML (RML Agreement). Expenses incurred pursuant to the Rifkin Agreement and the RML Agreement are disclosed on the Consolidated Statement of Operations.

5. LEASE COMMITMENTS

At December 31, 1998, the Operating Partnership had lease commitments under long-term operating leases as follows:

1999	$195,437
2000	189,643
2001	116,837
Total	$501,917

Rent expense, including pole rent, was as follows for the periods indicated:

PERIOD	TOTAL RENTAL EXPENSE
Year Ended December 31, 1996	$262,231
Year Ended December 31, 1997	279,655
Year Ended December 31, 1998	295,107

6. RETIREMENT BENEFITS

The Operating Partnership has a 401(k) plan for its employees that have been employed by the Operating Partnership for at least one year. Employees of the Operating Partnership can contribute up to 15% of their salary, on a before-tax basis, with a maximum 1998 contribution of $10,000 (as set by the Internal Revenue Service). The Operating Partnership matches participant contributions up to a maximum of 50% of the first 3% of a participant's salary contributed. All participant contributions and earnings are fully vested upon contribution and Operating Partnership contributions and earnings vest 20% per year of employment with the Operating Partnership, becoming fully vested after five years. The Operating Partnership's matching contributions for the years ended December 31, 1996, 1997 and 1998 were $15,549, $23,292 and $20,652, respectively.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Charter Communications Holdings, LLC:

We have audited the accompanying statements of operations and changes in net assets and cash flows of Sonic Communications Cable Television Systems for the period from April 1, 1998, through May 20, 1998. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the results of operations and cash flows of Sonic Communications Cable Television Systems for the period from April 1, 1998, through May 20, 1998, in conformity with generally accepted accounting principles.

/s/ ARTHUR ANDERSEN LLP

St. Louis, Missouri,
February 5, 1999

SONIC COMMUNICATIONS CABLE TELEVISION SYSTEMS

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE PERIOD FROM APRIL 1, 1998, THROUGH MAY 20, 1998

REVENUES	$ 6,343,226
OPERATING EXPENSES:	
Operating costs	1,768,393
General and administrative	1,731,471
Depreciation and amortization	1,112,057
	4,611,921
Income from operations	1,731,305
INTEREST EXPENSE	289,687
Income before provision for income taxes	1,441,618
PROVISION IN LIEU OF INCOME TAXES	602,090
Net income	839,528
NET ASSETS, April 1, 1998	55,089,511
NET ASSETS, May 20, 1998	$55,929,039

The accompanying notes are an integral part of this statement.

SONIC COMMUNICATIONS CABLE TELEVISION SYSTEMS

STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM APRIL 1, 1998, THROUGH MAY 20, 1998

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income	$ 839,528
Adjustments to reconcile net loss to net cash provided by operating activities --	
Depreciation and amortization	1,112,057
Changes in assets and liabilities --	
Accounts receivable, net	49,980
Prepaid expenses and other	171,474
Accounts payable and accrued expenses	(1,479,682)
Net cash provided by operating activities	693,357
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of property, plant and equipment	(470,530)
Payments of franchise costs	(166,183)
Net cash used in investing activities	(636,713)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Payments on long-term debt	(41,144)
Net cash used in financing activities	(41,144)
NET INCREASE IN CASH AND CASH EQUIVALENTS	15,500
CASH AND CASH EQUIVALENTS, beginning of period	532,238
CASH AND CASH EQUIVALENTS, end of period	$ 547,738

The accompanying notes are an integral part of this statement.

SONIC COMMUNICATIONS CABLE TELEVISION SYSTEMS

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

ORGANIZATION AND BASIS OF PRESENTATION

Sonic Communications Cable Television Systems (the Company) operates cable television systems in California and Utah.

Effective May 21, 1998, the Company's net assets were acquired by Charter Communications Holdings, LLC.

CASH EQUIVALENTS

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

PROPERTY, PLANT AND EQUIPMENT

The Company depreciates its cable distribution systems using the straight-line method over estimated useful lives of 5 to 15 years for systems acquired on or after April 1, 1981. Systems acquired before April 1, 1981, are depreciated using the declining balance method over estimated useful lives of 8 to 20 years.

Vehicles, machinery, office, and data processing equipment and buildings are depreciated using the straight-line or declining balance method over estimated useful lives of 3 to 25 years. Capital leases and leasehold improvements are amortized using the straight-line or declining balance method over the shorter of the lease term or the estimated useful life of the asset.

INTANGIBLES

The excess of amounts paid over the fair values of tangible and identifiable intangible assets acquired in business combinations are amortized using the straight-line method over the life of the franchise. Identifiable intangible assets such as franchise rights, noncompete agreements and subscriber lists are amortized using the straight-line method over their useful lives, generally 3 to 15 years.

REVENUES

Cable television revenues from basic and premium services are recognized when the related services are provided.

Installation revenues are recognized to the extent of direct selling costs incurred. The remainder, if any, is deferred and amortized to income over the estimated average period that customers are expected to remain connected to the cable television system. As of May 20, 1998, no installation revenue has been deferred, as direct selling costs exceeded installation revenue.

INTEREST EXPENSE

Interest expense relates to a note payable to a stockholder of the Company, which accrues interest at 7.8% per annum.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported

amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. COMMITMENTS AND CONTINGENCIES:

FRANCHISES

The Company has committed to provide cable television services under franchise agreements with various governmental bodies for remaining terms up to 13 years. Franchise fees of up to 5% of gross revenues are payable under these agreements.

LEASES

The Company leases certain facilities and equipment under noncancelable operating leases. Leases and rental costs charged to expense for the period from April 1, 1998, through May 20, 1998, were $59,199.

The Company also rents utility poles in its operations. Generally, pole rentals are cancelable on short notice, but the Company anticipates that such rentals will recur. Rent expense incurred for pole rental attachments for the period from April 1, 1998, through May 20, 1998, was $64,159.

3. INCOME TAXES:

The results of the Company are included in the consolidated federal income tax return of its parent, Sonic Enterprises, Inc., which is responsible for tax payments applicable to the Company. The financial statements reflect a provision in lieu of income taxes as if the Company was filing on a separate company basis. Accordingly, the Company has included the provision in lieu of income taxes in the accompanying statement of operations.

The provision in lieu of income taxes approximates the amount of tax computed using U.S. statutory rates, after reflecting state income tax expense of $132,510 for the period from April 1, 1998, through May 20, 1998.

4. REGULATION IN THE CABLE TELEVISION INDUSTRY:

The cable television industry is subject to extensive regulation at the federal, local and, in some instances, state levels. The Cable Communications Policy Act of 1984 (the "1984 Cable Act"), the Cable Television Consumer Protection and Competition Act of 1992 (the "1992 Cable Act") and together with the 1984 Cable Act, the "Cable Acts"), and the Telecommunications Act of 1996 (the "1996 Telecom Act"), establish a national policy to guide the development and regulation of cable television systems. The Federal Communications Commission (FCC) has principal responsibility for implementing the policies of the Cable Acts. Many aspects of such regulation are currently the subject to judicial proceeding and administrative or legislative proposals. Legislation and regulations continue to change, and the Company cannot predict the impact of future developments on the cable television industry.

The 1992 Cable Act and the FCC's rules implementing that act generally have increased the administrative and operational expenses of cable television systems and have resulted in additional regulatory oversight by the FCC and local or state franchise authorities. The Cable Acts and the corresponding FCC regulations have established rate regulations.

SONIC COMMUNICATIONS CABLE TELEVISION SYSTEMS

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)

The 1992 Cable Act permits certified local franchising authorities to order refunds of basic service tier rates paid in the previous twelve-month period determined to be in excess of the maximum permitted rates. For the period from April 1, 1998, through May 20, 1998, the amount refunded by the Company has been insignificant. The Company may be required to refund additional amounts in the future.

The Company believes that it has complied in all material respects with the ownership of the 1992 Cable Act, including the rate setting provisions promulgated by the FCC. However, in jurisdictions that have chosen not to certify, refunds covering the previous twelve-month period may be ordered upon certification if the Company are unable to justify its basic rates. The Company is unable to estimate at this time the amount of refunds, if any, that may be payable by the Company in the event certain of its rates are successfully challenged by franchising authorities or found to be unreasonable by the FCC. The Company does not believe that the amount of any such refunds would have a material adverse effect on the financial position or results of operations of the Company.

The 1996 Telecom Act, among other things, immediately deregulated the rates for certain small cable operators and in certain limited circumstances rates on the basic service tier, and as of March 31, 1999, deregulates rates on the cable programming service tier (CPST). The FCC is currently developing permanent regulations to implement the rate deregulation provisions of the 1996 Telecom Act. The Company cannot predict the ultimate effect of the 1996 Telecom Act on the Company's financial position or results of operations.

The FCC may further restrict the ability of cable television operators to implement rate increases or the United States Congress may enact legislation that could delay or suspend the scheduled March 1999 termination of CPST rate regulation. This continued rate regulation, if adopted, could limit the rates charged by the Systems.

A number of states subject cable television systems to the jurisdiction of centralized state governmental agencies, some of which impose regulation of a character similar to that of a public utility. State governmental agencies are required to follow FCC rules when prescribing rate regulation, and thus, state regulation of cable television rates is not allowed to be more restrictive than the federal or local regulation.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Long Beach Acquisition Corp.:

We have audited the accompanying statements of operations, stockholder's equity and cash flows of Long Beach Acquisition Corp. (a Delaware corporation) for the period from April 1, 1997, through May 23, 1997. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the results of operations and cash flows of Long Beach Acquisition Corp. for the period from April 1, 1997, through May 23, 1997, in conformity with generally accepted accounting principles.

/s/ ARTHUR ANDERSEN LLP

St. Louis, Missouri,
July 31, 1998

LONG BEACH ACQUISITION CORP.

STATEMENT OF OPERATIONS
FOR THE PERIOD FROM APRIL 1, 1997, THROUGH MAY 23, 1997

SERVICE REVENUES	$ 5,313,282
EXPENSES:	
Operating costs	1,743,493
General and administrative	1,064,841
Depreciation and amortization	3,576,166
Management fees -- related parties	230,271
	6,614,771
Loss from operations	(1,301,489)
INTEREST EXPENSE	753,491
Net loss	$(2,054,980)

The accompanying notes are an integral part of this statement.

LONG BEACH ACQUISITION CORP.

STATEMENT OF STOCKHOLDER'S EQUITY
FOR THE PERIOD FROM APRIL 1, 1997, THROUGH MAY 23, 1997

	CLASS A, VOTING COMMON STOCK	SENIOR REDEEMABLE PREFERRED STOCK	ADDITIONAL PAID-IN CAPITAL	ACCUMULATED DEFICIT	TOTAL STOCKHOLDER'S EQUITY
BALANCE, April 1, 1997...........	$100	$11,000,000	$33,258,723	$(51,789,655)	$(7,530,832)
Net loss................	--	--	--	(2,054,980)	(2,054,980)
BALANCE, May 23, 1997............	$100	$11,000,000	$33,258,723	$(53,844,635)	$(9,585,812)

The accompanying notes are an integral part of this statement.

LONG BEACH ACQUISITION CORP.

STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM APRIL 1, 1997, THROUGH MAY 23, 1997

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net loss	$(2,054,980)
Adjustments to reconcile net loss to net cash provided by operating activities-	
Depreciation and amortization	3,576,166
Changes in assets and liabilities, net of effects from acquisition-	
Accounts receivable, net	(830,725)
Prepaid expenses and other	(19,583)
Accounts payable and accrued expenses	(528,534)
Other current liabilities	203,282
Net cash provided by operating activities	345,626
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of property, plant and equipment	(596,603)
Net cash used in investing activities	(596,603)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(250,977)
CASH AND CASH EQUIVALENTS, beginning of period	3,544,462
CASH AND CASH EQUIVALENTS, end of period	$ 3,293,485
CASH PAID FOR INTEREST	$ 1,316,462

The accompanying notes are an integral part of this statement.

LONG BEACH ACQUISITION CORP.

NOTES TO FINANCIAL STATEMENTS
MAY 23, 1997

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

ORGANIZATION AND BASIS OF PRESENTATION

Long Beach Acquisition Corp. (LBAC or the "Company") was a wholly owned corporation of KC Cable Associates, L.P., a partnership formed through a joint venture agreement between Kohlberg, Kravis, Roberts & Co. (KKR) and Cablevision Industries Corporation (CVI). The Company was formed to acquire cable television systems serving Long Beach, California, and surrounding areas.

On May 23, 1997, the Company executed a stock purchase agreement with Charter Communications Long Beach, Inc. (CC-LB) whereby CC-LB purchased all of the outstanding stock of the Company for an aggregate purchase price, net of cash acquired, of $150.9 million. Concurrent with this stock purchase, CC-LB was acquired by Charter Communications, Inc. (Charter) and Kelso Investment Associates V, L.P., an investment fund (Kelso).

As of May 23, 1997, LBAC provided cable television service to subscribers in southern California.

CASH AND CASH EQUIVALENTS

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is recorded at cost, including all direct and certain indirect costs associated with the construction of cable transmission and distribution facilities, and the cost of new customer installation. The costs of disconnecting a customer are charged to expense in the period incurred. Expenditures for repairs and maintenance are charged to expense as incurred, and equipment replacement costs and betterments are capitalized.

Depreciation is provided on a straight-line basis over the estimated useful life of the related asset as follows:

Leasehold improvements..................................	Life of respective lease
Cable systems and equipment.............................	5-10 years
Subscriber devices......................................	5 years
Vehicles..	5 years
Furniture, fixtures and office equipment................	5-10 years

FRANCHISES

Franchises include the assigned fair value of the franchise from purchased cable television systems. These franchises are amortized on a straight-line basis over six years, the remaining life of the franchise at acquisition.

INTANGIBLE ASSETS

Intangible assets include goodwill, which is amortized over fifteen years; subscriber lists, which are amortized over seven years; a covenant not to compete which is amortized over five

LONG BEACH ACQUISITION CORP.

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)

years; organization costs which are amortized over five years and debt issuance costs which are amortized over ten years, the life of the loan.

IMPAIRMENT OF ASSETS

If facts and circumstances suggest that a long-lived asset may be impaired, the carrying value is reviewed. If a review indicates that the carrying value of such asset is not recoverable based on projected undiscounted cash flows related to the asset over its remaining life, the carrying value of such asset is reduced to its estimated fair value.

REVENUES

Cable television revenues from basic and premium services are recognized when the related services are provided.

Installation revenues are recognized to the extent of direct selling costs incurred. The remainder, if any, is deferred and amortized to income over the average estimated period that customers are expected to remain connected to the cable television system. As of May 23, 1997, no installation revenue has been deferred, as direct selling costs have exceeded installation service revenues.

INCOME TAXES

LBAC's income taxes are recorded in accordance with SFAS No. 109, "Accounting for Income Taxes."

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. STOCKHOLDER'S EQUITY:

For the period from April 1, 1997, through May 23, 1997, stockholder's equity consisted of the following:

Stockholder's (deficit) equity:	
Common stock -- Class A, voting $1 par value, 100 shares authorized, issued and outstanding	$ 100
Common stock -- Class B, nonvoting, $1 par value, 1,000 shares authorized, no shares issued	--
Senior redeemable preferred stock, no par value, 110,000 shares authorized, issued and outstanding, stated at redemption value	11,000,000
Additional paid-in capital	33,258,723
Accumulated deficit	(53,844,635)
Total stockholder's (deficit) equity	$ (9,585,812)

LONG BEACH ACQUISITION CORP.

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)

3. INTEREST EXPENSE:

The Company has the option of paying interest at either the Base Rate of the Eurodollar rate, as defined, plus a margin which is based on the attainment of certain financial ratios. The weighted average interest rate for the period from April 1, 1997, through May 23, 1997, was 7.3%.

4. REGULATION IN THE CABLE TELEVISION INDUSTRY:

The cable television industry is subject to extensive regulation at the federal, local and, in some instances, state levels. The Cable Communications Policy Act of 1984 (the "1984 Cable Act"), the Cable Television Consumer Protection and Competition Act of 1992 (the "1992 Cable Act") and together with the 1984 Cable Act, the "Cable Acts"), and the Telecommunications Act of 1996 (the "1996 Telecom Act"), establish a national policy to guide the development and regulation of cable television systems. The Federal Communications Commission (FCC) has principal responsibility for implementing the policies of the Cable Acts. Many aspects of such regulation are currently the subject to judicial proceeding and administrative or legislative proposals. Legislation and regulations continue to change, and the Company cannot predict the impact of future developments on the cable television industry.

The 1992 Cable Act and the FCC's rules implementing that act generally have increased the administrative and operational expenses of cable television systems and have resulted in additional regulatory oversight by the FCC and local or state franchise authorities. The Cable Acts and the corresponding FCC regulations have established rate regulations.

The 1992 Cable Act permits certified local franchising authorities to order refunds of basic service tier rates paid in the previous twelve-month period determined to be in excess of the maximum permitted rates. As of May 23, 1997, the amount refunded by the Company has been insignificant. The Company may be required to refund additional amounts in the future.

The Company believes that it has complied in all material respects with the ownership of the 1992 Cable Act, including the rate setting provisions promulgated by the FCC. However, in jurisdictions that have chosen not to certify, refunds covering the previous twelve-month period may be ordered upon certification if the Company are unable to justify its basic rates. The Company is unable to estimate at this time the amount of refunds, if any, that may be payable by the Company in the event certain of its rates are successfully challenged by franchising authorities or found to be unreasonable by the FCC. The Company does not believe that the amount of any such refunds would have a material adverse effect on the financial position or results of operations of the Company.

The 1996 Telecom Act, among other things, immediately deregulated the rates for certain small cable operators and in certain limited circumstances rates on the basic service tier, and as of March 31, 1999, deregulates rates on the cable programming service tier (CPST). The FCC is currently developing permanent regulations to implement the rate deregulation provisions of the 1996 Telecom Act. The Company cannot predict the ultimate effect of the 1996 Telecom Act on the Company's financial position or results of operations.

The FCC may further restrict the ability of cable television operators to implement rate increases or the United States Congress may enact legislation that could delay or suspend the scheduled March 1999 termination of CPST rate regulation. This continued rate regulation, if adopted, could limit the rates charged by the Company.

LONG BEACH ACQUISITION CORP.

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)

A number of states subject cable television systems to the jurisdiction of centralized state governmental agencies, some of which impose regulation of a character similar to that of a public utility. State governmental agencies are required to follow FCC rules when prescribing rate regulation, and thus, state regulation of cable television rates is not allowed to be more restrictive than the federal or local regulation.

5. RELATED-PARTY TRANSACTIONS:

The Company has entered into a management agreement (the "Management Agreement") with CVI under which CVI manages the operations of the Company for an annual management fee equal to 4% of gross operating revenues, as defined. Management fees under this agreement amounted to $210,100 for the period from April 1, 1997, through May 23, 1997. In addition, the Company has agreed to pay a monitoring fee of two dollars per basic subscriber, as defined, per year for services provided by KKR. Monitoring fees amounted to $20,171 for the period from April 1, 1997, through May 23, 1997.

6. COMMITMENTS AND CONTINGENCIES:

LEASES

The Company leases certain facilities and equipment under noncancelable operating leases. Rent expense incurred under these leases for the period from April 1, 1997, through May 23, 1997, was $67,600.

The Company rents utility poles in its operations. Generally, pole rental agreements are short term, but LBAC anticipates that such rentals will recur. Rent expense for pole attachments for the period from April 1, 1997, through May 23, 1997, was $12,700.

LITIGATION

The Company is a party to lawsuits which are generally incidental to its business. In the opinion of management, after consulting with legal counsel, the outcome of these lawsuits will not have a material adverse effect on the Company's financial position or results of operations.

7. INCOME TAXES:

The Company has not recognized the tax benefit associated with its taxable loss for the period from April 1, 1997, through May 23, 1997, as the Company believes the benefit will likely not be realized.

8. EMPLOYEE BENEFIT PLANS:

Substantially all employees of the Company are eligible to participate in a defined contribution plan containing a qualified cash or deferred arrangement pursuant to IRC Section 401(k). The plan provides that eligible employees may contribute up to 10% of their compensation to the plan. The Company made no contributions to the plan for the period from April 1, 1997, through May 23, 1997.

CHARTER COMMUNICATIONS HOLDING COMPANY, LLC AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS
(DOLLARS IN THOUSANDS)

	SUCCESSOR	
	JUNE 30, 1999	DECEMBER 31, 1998
	(UNAUDITED)	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 109,626	$ 9,573
Accounts receivable, net of allowance for doubtful accounts of $3,833 and $1,728, respectively	32,487	15,108
Prepaid expenses and other	10,181	2,519
Total current assets	152,294	27,200
INVESTMENT IN CABLE TELEVISION PROPERTIES:		
Property, plant and equipment	1,764,499	716,242
Franchises	6,591,972	3,590,054
	8,356,471	4,306,296
OTHER ASSETS	178,709	2,031
	$8,687,474	$4,335,527
LIABILITIES AND MEMBER'S EQUITY		
CURRENT LIABILITIES:		
Current maturities of long-term debt	$ --	$ 10,450
Accounts payable and accrued expenses	273,987	127,586
Payables to manager of cable television systems - related party	4,741	4,334
Total current liabilities	278,728	142,370
LONG-TERM DEBT	5,134,310	1,991,756
DEFERRED MANAGEMENT FEES - RELATED PARTY	17,004	15,561
OTHER LONG-TERM LIABILITIES	53,310	38,461
MEMBER'S EQUITY - 217,585,246 UNITS ISSUED AND OUTSTANDING	3,204,122	2,147,379
	$8,687,474	$4,335,527

The accompanying notes are an integral part of these condensed consolidated statements.

CHARTER COMMUNICATIONS HOLDING COMPANY, LLC AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)
(DOLLARS IN THOUSANDS)

	SIX MONTHS ENDED JUNE 30	
	1999 SUCCESSOR	1998 PREDECESSOR
REVENUES	$ 468,993	$15,129
OPERATING EXPENSES:		
Operating, general and administrative	241,341	8,378
Depreciation and amortization	249,952	5,312
Stock option compensation expense	38,194	--
Corporate expense charges -- related party	11,073	628
	540,560	14,318
(Loss) income from operations	(71,567)	811
OTHER INCOME (EXPENSE):		
Interest expense	(157,669)	(5,618)
Interest income	10,085	14
Other, net	2,840	3
	(144,744)	(5,601)
Loss before extraordinary item	(216,311)	(4,790)
EXTRAORDINARY ITEM- Loss from early extinguishment of debt	7,794	--
Net loss	$(224,105)	$(4,790)

The accompanying notes are an integral part of these condensed consolidated statements.

CHARTER COMMUNICATIONS HOLDING COMPANY, LLC AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(DOLLARS IN THOUSANDS)

	SIX MONTHS ENDED JUNE 30	
	1999 SUCCESSOR	1998 PREDECESSOR
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (224,105)	$ (4,790)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	249,952	5,312
Stock option compensation expense	38,194	--
Amortization of non-cash interest expense	42,166	802
Gain on disposal of property, plant and equipment	(1,806)	--
Loss from early extinguishment of debt	7,794	--
Changes in assets and liabilities, net of effects from acquisitions --		
Accounts receivable, net	1,180	(1,291)
Prepaid expenses and other	(282)	(78)
Accounts payable and accrued expenses	19,384	10,068
Payables to manager of cable television systems, including deferred management fees	14,592	356
Other operating activities	(1,245)	--
Net cash provided by operating activities	145,824	10,379
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	(205,450)	(2,240)
Payments for acquisitions, net of cash required	(1,135,074)	(167,484)
Loan to Marcus Cable Holdings	(1,680,142)	--
Other investing activities	(8,684)	--
Net cash used in investing activities	(3,029,350)	(169,724)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings of long-term debt	5,129,188	201,200
Repayments of long-term debt	(2,028,330)	(44,800)
Payments for debt issuance costs	(107,562)	(3,439)
Capital contributions	--	7,000
Distributions	(9,717)	--
Net cash provided by financing activities	2,983,579	159,961
NET INCREASE IN CASH AND CASH EQUIVALENTS	100,053	616
CASH AND CASH EQUIVALENTS, beginning of period	9,573	626
CASH AND CASH EQUIVALENTS, end of period	$ 109,626	$ 1,242
CASH PAID FOR INTEREST	$ 91,672	$ 3,518
NON CASH TRANSACTION -- Transfer of net assets of Marcus Holdings to the Company (see Note 1)	$1,252,370	--

The accompanying notes are an integral part of these condensed consolidated statements.

CHARTER COMMUNICATIONS HOLDING COMPANY, LLC AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
(DOLLARS IN THOUSANDS)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

ORGANIZATION AND BASIS OF PRESENTATION

Charter Communications Holding Company, LLC (CCHC), a Delaware limited liability company, was formed in 1999 as a wholly owned subsidiary of Charter Investment, Inc. (Charter), formerly Charter Communications, Inc. Charter, through its wholly owned cable television operating subsidiary, Charter Communications Properties, LLC (CCP), commenced operations with the acquisition of a cable television system on September 30, 1995.

Effective December 23, 1998, through a series of transactions, Paul G. Allen acquired approximately 94% of Charter for an aggregate purchase price of $2.2 billion, excluding $2.0 billion in debt assumed (the "Paul Allen Transaction"). In conjunction with the Paul Allen Transaction, Charter acquired 100% of the interests it did not already own in CharterComm Holdings, LLC (CharterComm Holdings) and CCA Group (comprised of CCA Holdings Corp., CCT Holdings Corp. and Charter Communications Long Beach, Inc.), all cable television operating companies, for $2.0 billion, excluding $1.8 billion in debt assumed from unrelated third parties for fair value. Charter previously managed and owned minority interests in these companies. These acquisitions were accounted for using the purchase method of accounting, and accordingly, results of operations of CharterComm Holdings and CCA Group are included in the financial statements from the date of acquisition. In February 1999, Charter transferred all of its cable television operating subsidiaries to a wholly owned subsidiary of Charter Communication Holdings, LLC, (Charter Holdings), Charter Communications Operating, LLC (Charter Operating). Charter Holdings is a wholly owned subsidiary of CHCC. This transfer was accounted for as a reorganization of entities under common control similar to a pooling of interests.

As a result of the change in ownership of CCP, CharterComm Holdings and CCA Group, CCHC has applied push-down accounting in the preparation of the consolidated financial statements. Accordingly, CCHC increased its members' equity by $2.2 billion to reflect the amounts paid by Paul G. Allen and Charter. The purchase price was allocated to assets acquired and liabilities assumed based on their relative fair values, including amounts assigned to franchises of $3.6 billion. The allocation of the purchase price is based, in part, on preliminary information which is subject to adjustment upon obtaining complete appraisal and valuation information of intangible assets. The valuation information is expected to be finalized in the third quarter of 1999. Management believes that finalization of the purchase price will not have a material impact on the results of operations or financial position of CCHC.

On April 23, 1998, Paul G. Allen and a company controlled by Paul G. Allen, (the "Paul G. Allen Companies") purchased substantially all of the outstanding partnership interests in Marcus Cable Company, L.L.C. (Marcus Cable) for $1.4 billion, excluding $1.8 billion in assumed liabilities. The owner of the remaining partnership interest retained voting control of Marcus Cable. In February 1999, Marcus Cable Holdings, LLC (Marcus Holdings) was formed and Mr. Allen's interests in Marcus Cable were transferred to Marcus Holdings. On March 31, 1999, Paul G. Allen purchased the remaining partnership interests in Marcus Cable, including voting control. On April 7, 1999, Marcus Holdings was merged into Charter Holdings and Marcus Cable was transferred to Charter Holdings. For financial reporting purposes, the merger was accounted for as an acquisition of Marcus Cable effective March 31, 1999, the date Paul G. Allen obtained voting control of Marcus Cable. Accordingly, the results of operations of Marcus Cable have been included in the financial statements from April 1, 1999. The assets and liabilities of Marcus Cable have been recorded in the financial statements using historical carrying values reflected in the accounts of the Paul G. Allen Companies. Total member's equity increased by $1.3 billion as a result of the Marcus Cable acquisition. Previously, on April 23, 1998, the Paul G. Allen Companies recorded the assets acquired and liabilities assumed of Marcus Cable based on their relative fair values.

The consolidated financial statements of CCHC include the accounts of Charter Operating and CCP, the accounts of CharterComm Holdings and CCA Group and their subsidiaries since December 23, 1998 (date acquired by Charter), and the accounts of Marcus since March 31, 1999, and are collectively referred to as the "Company" herein. All subsidiaries are wholly owned. All material intercompany transactions and balances have been eliminated.

As a result of the Paul Allen Transaction and application of push-down accounting, the financial information of the Company in the accompanying financial statements and notes thereto as of December 31, 1998, and June 30, 1999, and for the Successor Period (January 1, 1999, through June 30, 1999) is presented on a different cost basis than the financial information of the Company for the Predecessor Period (January 1, 1998, through June 30, 1998) and therefore, such information is not comparable.

The accompanying unaudited financial statements of the Company have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission. Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted.

2. RESPONSIBILITY FOR INTERIM FINANCIAL STATEMENTS:

The accompanying financial statements are unaudited; however, in the opinion of management, such statements include all adjustments necessary for a fair presentation of the results for the periods presented. The interim financial statements should be read in conjunction with the financial statements and notes thereto as of and for the period ended December 31, 1998. Interim results are not necessarily indicative of results for a full year.

3. ACQUISITIONS:

In addition to the Paul Allen Transaction and the acquisitions by Charter of CharterComm Holdings, CCA Group and Marcus Holdings, the Company acquired cable television systems for an aggregate purchase price, net of cash acquired, of $291,800 in 1998, and completed the sale of certain cable television systems for an aggregate sales price of $405,000 in 1998, all prior to December 24, 1998. Through June 30, 1999, the Company has acquired cable systems in three separate transactions for an aggregate purchase price, net of cash acquired of $1.1 billion, excluding debt assumed $111 million. The purchase price was allocated to assets acquired and liabilities assumed based on their relative far values, including amounts assigned to franchises of $1.1 billion. The allocation of the purchase price is based, in part, on preliminary information which is subject to adjustment upon obtaining complete valuation information. The valuation information is expected to be finalized by the first quarter of 2000. Management believes that finalization of the purchase price will not have a material impact on the results of operations or financial position of the Company.

The above acquisitions were accounted for using the purchase method of accounting, and accordingly, results of operations of the acquired assets have been included in the financial statements from the dates of acquisition. The purchase prices were allocated to tangible and intangible assets based on estimated fair values at the acquisition dates.

Unaudited pro forma operating results as though the acquisitions and dispositions discussed above, including the Paul Allen Transaction and the acquisition of Marcus Holdings, and the refinancing discussed herein, had occurred on January 1, 1998, with adjustments to give effect to amortization of franchises, interest expense and certain other adjustments are as follows:

	SIX MONTHS ENDED JUNE 30,	
	1999	1998
Revenues	$ 669,228	$ 615,916
Loss from operations	(65,912)	(79,274)
Net loss	(251,731)	(264,336)

The unaudited pro forma information has been presented for comparative purposes and does not purport to be indicative of the results of operations had these transactions been completed as of the assumed date or which may be obtained in the future.

4. LONG-TERM DEBT:

Long-term debt consists of the following:

	JUNE 30, 1999	DECEMBER 31, 1998
Charter:		
Credit Agreements (including CCP, CCA Group and CharterComm Holdings)	$ --	$1,726,500
Senior Secured Discount Debentures	--	109,152
11 1/4% Senior Notes	--	125,000
Marcus:		
Senior Credit Facility	--	--
13 1/2% Senior Subordinated Discount Notes	1,010	--
14 1/4% Senior Discount Notes	--	--
Charter Holdings:		
8.250% Senior Notes	600,000	--
8.625% Senior Notes	1,500,000	--
9.920% Senior Discount Notes	1,475,000	--
CCO Credit Agreement	2,025,000	--
Renaissance:		
10.0% Senior Discount Notes	114,413	--
	5,715,423	1,960,652
Current maturities	--	(10,450)
Unamortized net premium (discount)	(581,113)	41,554
	$5,134,310	$1,991,756

In March 1999, the Company extinguished substantially all existing long-term debt, excluding borrowings of the Company under its credit agreements, and refinanced substantially all existing credit agreements at various subsidiaries with a new credit agreement entered into by Charter Operating (the "CCO Credit Agreement"). The excess of the amount paid over the carrying value of the Company's long-term debt was recorded as Extraordinary item -- loss on early extinguishment of debt in the accompanying statement of operations.

CCH NOTES

In March 1999, the Company issued $600.0 million 8.250% Senior Notes due 2007 (the "8.250% Senior Notes") for net proceeds of $598.4 million, $1.5 billion 8.625% Senior Notes due 2009 (the "8.625% Senior Notes") for net proceeds of $1,495.4 million, and $1,475.0 million 9.920% Senior Discount Notes due 2011 (the "9.920% Senior Discount Notes") for net proceeds of $905.6 million, (collectively with the 8.250% Senior Notes and the 8.625% Senior Notes, referred to as the "CCH Notes").

The 8.250% Senior Notes are not redeemable prior to maturity. Interest is payable semiannually in arrears on April 1 and October 1 beginning October 1, 1999 until maturity.

The 8.625% Senior Notes are redeemable at the option of the Company at amounts decreasing from 104.313% to 100% of par beginning on April 1, 2004, plus accrued and unpaid interest, to the date of redemption. At any time prior to April 1, 2002, the Company may redeem up to 35% of the aggregate principal amount of the 8.625% Senior Notes at a redemption price of 108.625% of the principal amount under certain conditions. Interest is payable semiannually in arrears on April 1 and October 1, beginning October 1, 1999 until maturity.

The 9.920% Senior Discount Notes are redeemable at the option of the Company at amounts decreasing from 104.960% to 100% of accreted value beginning April 1, 2004. At any time prior to April 1, 2002, the Company may redeem up to 35% of the aggregate principal amount of the 9.920% Senior Discount Notes at a redemption price of 109.920% of the accreted value under certain conditions. No interest will be payable until April 1, 2004. Thereafter, interest is payable semiannually in arrears on April 1 and October 1 beginning April 1, 2004 until maturity. The discount on the 9.920% Senior Discount Notes is being accreted using the effective interest method at a rate of 9.920% per year. The unamortized discount was $543.4 million at June 30, 1999.

The CCH Notes rank equally with current and future unsecured and unsubordinated indebtedness (including trade payables of the Company). The Company is required to make an offer to purchase all of the CCH Notes, at a price equal to 101% of the aggregate principal or 101% of the accreted value, together with accrued and unpaid interest, upon a Change of Control as defined.

RENAISSANCE NOTES

In connection with the acquisition of Renaissance Media Group LLC (Renaissance) during the second quarter of 1999, the Company assumed $163,175 principal amount of senior discount notes due 2008 (the "Renaissance Notes"). As a result of the change in control of Renaissance, the Company was required to make an offer to purchase the Renaissance Notes at 101% of their accreted value plus accrued interest. In May 1999, the Company made an offer to repurchase the Renaissance Notes pursuant to this requirement, and the holders of the Renaissance Notes tendered an amount representing 30% of the total principal amount for repurchase.

As of June 30, 1999, $114.4 million aggregate principal amount of Renaissance Notes with a carrying value of $82.7 million remains outstanding. Interest on the Renaissance Notes shall be paid semi-annually at a rate of 10% per annum beginning on October 15, 2003.

The Renaissance Notes are redeemable at the option of the Company, in whole or in part, at any time on or after April 15, 2003, initially at 105% of their principal amount at maturity, plus accrued interest, declining to 100% of the principal amount at maturity, plus accrued interest, on or after April 15, 2006. In addition, at any time prior to April 15, 2001, the Company may redeem up to 35% of the original principal amount at maturity with the proceeds of one or more sales of capital stock at 110% of their accreted value plus accrued interest on the redemption date, provided that after any such redemption, at least $106 million aggregate principal amount at maturity remains outstanding.

CCO CREDIT AGREEMENT

The CCO Credit Agreement provides for two term facilities, one with a principal amount of $1.0 billion that matures September 2008 (Term A), and the other with the principal amount of $1.85 billion that matures on March 2009 (Term B). The CCO Credit Agreement also provides for a $1.25 billion revolving credit facility with a maturity date of September 2008. Amounts under the CCO Credit Agreement bear interest at the Base Rate or the Eurodollar rate, as defined, plus a margin up to 2.75%. A quarterly commitment fee of between 0.25% and 0.375% per annum is payable on the unborrowed balance of Term A and the revolving credit facility.

The indentures governing the debt agreements require the Company and/or its subsidiaries to comply with various financial and other covenants, including the maintenance of certain operating and financial ratios. These debt instruments also contain substantial limitations on, or prohibitions of distributions, additional indebtedness, liens, asset sales and certain other items. As a result of limitations and prohibitions of distributions, substantially all of the net assets of the consolidated subsidiaries are restricted for distribution to CCHC, the parent company.

Based upon outstanding indebtedness at June 30, 1999, and the amortization of term and fund loans, and scheduled reductions in available borrowings of the revolving credit facility, aggregate future principal payments on the total borrowings under all debt agreements at June 30, 1999, are as follows:

YEAR	AMOUNT
2000	$ --
2001	--
2002	17,500
2003	17,500
2004	18,510
Thereafter	5,661,913
	$5,715,423

5. RELATED-PARTY TRANSACTIONS:

The Company is charged a management fee equal to 3.5% percent of gross revenues payable quarterly. To the extent management fees charged to the Company are greater (less) than the corporate expenses incurred by Charter, the Company records a distribution to (capital contributions from) parent. For the six months ended June 30, 1999, the Company recorded a distribution of $9,717. As of June 30, 1999, management fees currently payable of $10,015.

6. STOCK OPTION PLAN

In accordance with an employment agreement between the President and Chief Executive Officer of Charter and a related option agreement between CCHC and the President and Chief Executive Officer, an option to purchase 3% of the equity value of CCHC, or 7,044,121 membership interests, was issued to the President and Chief Executive Officer. The option vests over a four year period from the date of grant and expires ten years from the date of grant.

In February 1999, the Company adopted an option plan providing for the grant of options to purchase up to an aggregate of 10% of the equity value of CCHC. The option plan provides for grants of options to employees, officers and directors of CCHC and its affiliates and consultants who provide services to CCHC. Options granted vest over five years from the grant date. However, if there has not been a public offering of the equity interests of CCHC or an affiliate, vesting will occur only upon termination of employment for any reason, other than for cause or disability. Options not exercised accumulate and are exercisable, in whole or in part, in any subsequent period, but not later than ten years from the date of grant.

Following the completion of an initial public offering by Charter Communications, Inc. membership units received upon exercise of the options will be automatically exchanged for shares of Class A common stock of CCI on a one-for-one basis.

Options outstanding as of June 30, 1999, are as follows:

	OPTIONS OUTSTANDING				OPTIONS EXERCISABLE
	NUMBER OF OPTIONS	EXERCISE PRICE	TOTAL DOLLARS	REMAINING CONTRACT LIFE (IN YEARS)	NUMBER OF OPTIONS
Outstanding as of January 1, 1999	7,044,127	$20.00	$140,882,540	9.4	1,761,032
Granted:					
February 9, 1999	9,050,881	20.00	181,017,620	9.5	--
April 5, 1999	443,200	20.73	9,187,536	9.7	--
Outstanding as of June 30, 1999	16,538,208	$20.02	$331,087,696	9.5	1,761,032

The Company follows Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" to account for the option plans. Stock option compensation expense of $38.2 million has been recorded in the financial statements since the exercise prices are less than the estimated fair values of the underlying membership interests on the date of grant. Estimated fair values were determined by the Company using the valuation inherent in the Paul Allen Transaction and valuations of public companies in the cable television industry adjusted for factors specific to the Company. Compensation expense is being accrued over the vesting period of each grant that varies from four to five years. As of June 30, 1999, deferred compensation remaining to be recognized in future periods totalled $126 million. Had compensation expense for the option plans been determined based on the fair value at the grant dates under the provisions of SFAS No. 123, the Company's net loss for the six months ended June 30, 1999, would have been $234.0 million. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: no dividend yield, expected volatility of 44.0%, risk free rate of 5.00%, and expected option lives of 10 years.

7. ACCOUNTING STANDARD NOT YET IMPLEMENTED:

SFAS No. 137 "Accounting for Derivative Instruments and Hedging Activities -- Deferral of the Effective Date of FASB Statement No. 133 -- An Amendment of FASB Statement No. 133" has delayed the effective date of SFAS No. 133 to fiscal years beginning after June 15, 2000. We have not yet quantified the impact of adopting SFAS No. 133 on our consolidated financial statements nor have we determined the timing or method of our adoption of SFAS No. 133. However, SFAS No. 133 could increase volatility in earnings (losses).

8. SUBSEQUENT EVENT:

In the third quarter of 1999, the Company acquired cable television systems in four separate transactions for an aggregate purchase price of $2.2 billion. The Company has also entered into definitive agreements to purchase additional cable television systems, including a exchange of cable television systems, for approximately $10.8 billion. The exchange of cable television systems will be recorded at the fair value of the systems exchanged. The additional acquisitions are expected to close no later than March 31, 2000.

Pursuant to a membership interests purchase agreement, as amended, Vulcan Cable III, a company controlled by Paul G. Allen, contributed $500 million on August 10, 1999 to CCHC, contributed an additional $180.7 million in certain equity interests acquired in connection with the Rifkin acquisition in September 1999 and contributed $644.3 million in September 1999 to CCHC. All funds will be contributed by CCHC to Charter Holdings.

MARCUS CABLE HOLDINGS, LLC, AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)
(DOLLARS IN THOUSANDS)

	THREE MONTHS ENDED MARCH 31 1999	SIX MONTHS ENDED JUNE 30 1998
REVENUES	$ 125,180	$ 254,792
OPERATING EXPENSES:		
Operating costs	45,309	98,031
General and administrative	23,675	39,289
Transaction and severance costs	--	114,167
Management fees	4,381	--
Depreciation and amortization	51,688	105,248
	125,053	356,735
(Loss) income from operations	127	(101,943)
OTHER INCOME (EXPENSE):		
Interest expense	(26,963)	(81,458)
Other, net	(158)	43,662
	(27,121)	(37,796)
Loss before extraordinary item	(26,994)	(139,739)
EXTRAORDINARY ITEM -- Loss from early extinguishment of debt	(107,978)	--
Net loss	$(134,972)	$(139,739)

The accompanying notes are an integral part of these consolidated statements.

MARCUS CABLE HOLDINGS, LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(DOLLARS IN THOUSANDS)

	THREE MONTHS ENDED MARCH 31, 1999	SIX MONTHS ENDED JUNE 30, 1998
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (134,972)	$(139,739)
Adjustments to reconcile net loss to net cash provided by operating activities --		
Depreciation and amortization	51,688	105,248
Gain on sale of assets	--	(43,662)
Loss from early extinguishment of debt	107,978	--
Amortization of debt issuance costs, debt discount and interest rate cap agreements	868	40,134
Changes in assets and liabilities, net of effects from acquisitions --		
Receivables, net	2,650	(3,016)
Prepaid expenses and other	2,882	(2,630)
Accounts payable and accrued expenses	(13,170)	12,830
Other operating activities	9,022	(43)
Net cash used in operating activities	26,946	(30,878)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of cable systems	--	(57,500)
Purchases of property, plant and equipment	(57,057)	(111,031)
Proceeds from sale of assets	--	64,564
Other investing activities	--	(42)
Net cash used in investing activities	(57,057)	(104,009)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings of long-term debt	38,768	51,500
Repayments of long-term debt	(1,680,142)	--
Loan from Charter Holdings	1,680,142	--
Cash contributed by member	--	90,200
Payments of debt issuance costs	--	(99)
Payments of other long-term liabilities	--	(463)
Net cash provided by financing activities	38,768	141,138
NET INCREASE IN CASH AND CASH EQUIVALENTS	8,657	6,251
CASH AND CASH EQUIVALENTS, beginning of period	813	1,607
CASH AND CASH EQUIVALENTS, end of period	$ 9,470	$ 7,858
CASH PAID FOR INTEREST	$ 12,807	$ 41,271

The accompanying notes are an integral part of these consolidated statements.

MARCUS CABLE HOLDINGS, LLC AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
(DOLLARS IN THOUSANDS)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

ORGANIZATION AND BASIS OF PRESENTATION

Marcus Cable Holdings, LLC (MCHLLC) was formed in February 1999 as parent of Marcus Cable Company, L.L.C. (MCCLLC), formerly Marcus Cable Company, L.P. (MCCLP). MCCLP was formed as a Delaware limited partnership and was converted to a Delaware limited liability company on June 9, 1998. MCHLLC and its subsidiaries (collectively, the "Company") derive their primary source of revenues by providing various levels of cable television programming and services to residential and business customers. The Company's operations are conducted through Marcus Cable Operating Company, L.L.C. (MCOC), a wholly owned subsidiary of the Company. The Company has operated its cable television systems primarily in Texas, Wisconsin, Indiana, California and Alabama.

The accompanying consolidated financial statements include the accounts of MCCLLC, which is the predecessor of MCHLLC, and its subsidiary limited liability companies and corporations. All significant intercompany accounts and transactions have been eliminated in consolidation.

On April 23, 1998, Vulcan Cable, Inc. and Paul G. Allen (collectively referred to as "Vulcan") acquired all of the outstanding limited partnership interest and substantially all of the general partner interest in MCCLP for cash payments of $1,392,000 (the "Vulcan Acquisition"). Under the terms of the purchase agreement, the owner of the remaining 0.6% general partner interest in the Company, (the "Minority Interest"), which represents 100% of the voting control of the Company, could cause Vulcan to purchase the 0.6% general partner interest under certain conditions, or Vulcan could cause the Minority Interest to sell its interest to Vulcan under certain conditions, at a fair value of not less than $8,000. On March 31, 1999, Vulcan acquired voting control of the Company by its acquisition of the Minority Interest for cash consideration.

Effective December 23, 1998, through a series of transactions, Paul G. Allen acquired approximately 94% of Charter Communications, Inc. (Charter). Beginning in October 1998, Charter managed the operations of the Company.

In March 1999, Charter transferred all of its cable television operating subsidiaries to a subsidiary, Charter Communications Holdings, LLC (Charter Holdings) in connection with the issuance of Senior Notes and Senior Discount Notes totaling $3.6 billion. These operating subsidiaries were then transferred to Charter Communications Operating, LLC (Charter Operating). On April 7, 1999, the cable television operating subsidiaries of the Company were transferred to Charter Operating subsequent to the purchase of Paul G. Allen of the Minority Interest.

As a result of the Vulcan Acquisition, the Company recognized severance and stay-on bonus compensation of $16,034, during the fourth quarter of 1998. As of March 31, 1999, 85 employees and officers of the Company had been terminated. The remaining balance of $2,400 is to be paid by April 30, 1999 and an additional $400 in stay-on bonuses will be recorded as compensation in 1999 as the related services are provided.

INTERIM FINANCIAL INFORMATION

The accompanying financial statements are unaudited; however, in the opinion of management, such statements include all adjustments necessary for a fair presentation of the results for the periods presented. The interim financial statements should be read in conjunction with the financial statements and notes thereto as of and for the period ended December 31, 1998. Interim results are not necessarily indicative of results for a full year.

2. ACQUISITIONS AND DISPOSITIONS

On April 1, 1998, the Company completed the acquisition of the Mountain Brook and Shelby Cable System form Mountain Brook and Shelby Cable for an aggregate purchase price of $57,500. The communities served by this system are adjacent to the Company's existing systems in the suburban Birmingham, Alabama area. As of the date of the acquisition, this system served approximately 23,000 basic customers. The excess of the cost of properties acquired over the amounts assigned to net tangible assets and noncompetition agreements as of the date of acquisition was approximately $44,603 and is included in franchises.

Additionally, in 1998, the Company completed the sale of certain cable television systems for an aggregate net sales price of $401,432, resulting in a total gain of $201,278. No gains or losses were recognized on the sale of the cable television systems divested after the Vulcan Acquisition as such amounts are considered to be an adjustment of the purchase price allocation as these systems were designated as assets to be sold at the date of the Vulcan Acquisition.

3. LONG-TERM DEBT:

In March 1999, concurrent with the issuance of Senior Notes and Senior Discount Notes, the combined company (Charter and the Company) extinguished all long-term debt, excluding borrowings of Charter and the Company under their respective credit agreements, and refinanced all existing credit agreements at various subsidiaries of the Company and Charter with a new credit agreement entered into by a wholly owned subsidiary of the combined company. The excess of the amount paid over the carrying value of the Company's long-term debt was recorded as Extraordinary item -- loss on early extinguishment of debt in the accompanying statement of operations

4. RELATED-PARTY TRANSACTIONS:

The Company and Charter entered into a management agreement on October 6, 1998 whereby Charter began to manage the day-to-day operations of the Company. In consideration for the management consulting services provided by Charter, the Company pays Charter an annual fee equal to 3% of the gross revenues of the cable system operations, plus expense. For the three months ended March 31, 1999, management fees under this agreement were $2,432. In connection with the transfer of the Company's operating subsidiaries to Charter Operating, the annual fee paid by the Company to Charter increased to 3.5%, plus expense.

Prior to consummation of the Vulcan Acquisition, affiliates of Goldman Sachs owned limited partnership interests in MCCLP. Maryland Cable Partners, L.P. ("Maryland Cable"), which was controlled by an affiliate of Goldman Sachs, owned the Maryland Cable systems. MCOC managed the Maryland Cable systems under the Maryland Cable agreement. Pursuant to such agreement, MCOC earned a management fee equal to 4.7% of the revenues of Maryland Cable.

Effective January 31, 1997, Maryland Cable was sold to a third party. Although MCOC is no longer involved in the active management of the Maryland Cable systems, MCOC has entered into an agreement with Maryland Cable to oversee the activities, if any, of Maryland Cable through the liquidation of the partnership. Pursuant to such agreement, MCOC earns a nominal monthly fee. During the three months ended March 31, 1999 and 1998, MCOC earned total management fees of $0 and $355, respectively.

5. ACCOUNTING STANDARD NOT YET IMPLEMENTED:

In June 1998, the Financial Accounting Standards Board (FASB) adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 establishes accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded in the balance sheet as either an asset or liability measured at its fair value and that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows a derivative's gains and losses to offset related results on the hedged item in the income statement, and requires that a company must formally document, designate and assess the effectiveness of transactions that receive hedge accounting. In June 1999, the FASB issued SFAS No. 137 "Deferral of the Effective Date of FASB Statement No. 133". SFAS No. 137 delays the effective date of SFAS No. 133 for one year to fiscal years beginning after June 15, 2000 and thus the Company will adopt SFAS No. 133 at that time. The Company has not yet quantified the impacts of adopting SFAS No. 133 on its consolidated financial statements nor has it determined the timing or method of its adoption of SFAS No. 133. However, SFAS No. 133 could increase volatility in earnings (loss).

RENAISSANCE MEDIA GROUP LLC AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	FOUR MONTHS ENDED APRIL 30, 1999	SIX MONTHS ENDED JUNE 30, 1998
	(IN THOUSANDS) (UNAUDITED)	
Revenues	$20,396	$12,921
Cost and expenses:		
Operating, general and administrative	9,382	6,658
Depreciation and amortization	8,912	5,457
Operating income	2,102	806
Interest income	122	60
Interest expense	(6,321)	(4,389)
Loss before provision (benefit) for taxes	(4,097)	(3,523)
Provision (benefit) for taxes	(65)	75
Net loss	$(4,032)	$(3,598)

See accompanying notes to condensed consolidated financial statements.

RENAISSANCE MEDIA GROUP LLC AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	FOUR MONTHS ENDED APRIL 30, 1999	SIX MONTHS ENDED JUNE 30, 1998
	(IN THOUSANDS) (UNAUDITED)	
Operating Activities:		
Net loss	$(4,032)	$ (3,598)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	8,912	5,457
Accretion on senior discount notes and non-cash interest expense	3,850	2,300
Changes in operating assets and liabilities, net of effects from acquisitions:		
Accounts receivable, net	298	(1,422)
Prepaid expenses and other assets	(75)	(360)
Accounts payable and accrued expenses	(5,046)	10,053
Advances from affiliates	(135)	104
Net cash provided by operating activities	3,772	12,534
Investing Activities:		
Acquisitions of cable systems	(2,770)	(309,500)
Escrow deposit	150	--
Capital expenditures	(4,250)	(691)
Cable television franchises	--	(1,235)
Other intangible assets	16	(490)
Net cash used in investing activities	(6,854)	(311,916)
Financing Activities:		
Debt acquisition costs	--	(8,343)
Repayments on bank debt	--	(7,500)
Proceeds from bank debt	--	110,000
Net proceeds from issuance of 10% senior discount notes	--	100,012
Capital contributions	--	108,500
Net cash provided by financing activities	--	302,669
Net increase (decrease) in cash and cash equivalents	(3,082)	3,287
Cash and cash equivalents at beginning of period	8,482	--
Cash and cash equivalents at end of period	$ 5,400	$ 3,287
Cash paid for interest	$ 4,210	$ 312

See accompanying notes to condensed consolidated financial statements.

RENAISSANCE MEDIA GROUP LLC AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(DOLLARS IN THOUSANDS EXCEPT WHERE INDICATED)
(UNAUDITED)

1. ORGANIZATION

Renaissance Media Group LLC ("Group") was formed on March 13, 1998, by Renaissance Media Holdings LLC ("Holdings"). On March 20, 1998, Holdings contributed to Group its membership interests in two wholly owned subsidiaries; Renaissance Media (Louisiana) LLC ("Louisiana") and Renaissance Media (Tennessee) LLC ("Tennessee"). Louisiana and Tennessee acquired a 76% interest and 24% interest, respectively, in Renaissance Media LLC ("Media") from Morgan Stanley Capital Partners III, Inc. ("MSCP III") on February 13, 1998 for a nominal amount. As a result, Media became a subsidiary of Holdings. The transfer was accounted for as a reorganization of entities under common control similar to a pooling of interests since an entity affiliated with MSCP III had a controlling interest in Holdings. Group and its subsidiaries are collectively referred to as the "Company" herein. On April 9, 1998, the Company acquired six cable television systems (the "TWI Acquisition") from TWI Cable, Inc. a subsidiary of Time Warner Inc. ("Time Warner"). Prior to this Acquisition, the Company had no operations other than start-up related activities.

On February 23, 1999, Holdings, Charter Communications, Inc. (now known as Charter Investment, Inc. and referred to herein as "Charter") and Charter Communications, LLC ("CC LLC") executed a purchase agreement, providing for Holdings to sell and CC LLC to purchase, all the outstanding limited liability company membership interests in Group held by Holdings (the "Charter Transaction") subject to certain covenants and restrictions pending closing and satisfaction of certain conditions prior to closing. On April 30, 1999, the Charter Transaction was consummated for a purchase price of $459 million, consisting of $348 million in cash and $111 million in carrying value of debt assumed.

2. BASIS OF PRESENTATION

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles. The interim financial statements are unaudited but include all adjustments, which are of normal recurring nature that the Company considers necessary for a fair presentation of the financial position and the results of operations and cash flows for such periods. Operating results of interim periods are not necessarily indicative of results for a full year.

Additional disclosures and information are included in the Company's Annual Report on Form 10-K for the year ended December 31, 1998.

3. ACQUISITIONS:

On February 3, 1999, Media acquired the cable television assets of Bayou Vision, Inc. and Gulf South Cable, Inc. serving approximately 1,950 subscribers in the Villages of Estherwood, Morse and Mermentau and Acadia and Livingston Parish, Louisiana. The cash purchase price was approximately $2,700 and was paid out of available Company funds.

RENAISSANCE MEDIA GROUP LLC AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

4. DEBT

Media maintained a credit agreement (the "Credit Agreement") with aggregate commitments under the Credit Agreement totaling $150,000, consisting of a $40,000 revolver, $60,000 Tranche A Term Loans and $50,000 Tranche B Term Loans. On April 30, 1999, in connection with the Charter Transaction all amounts outstanding, including accrued interest and fees, under the Credit Agreement were paid in full and the Credit Agreement was terminated.

The Charter Transaction resulted in a "change of control" of the Company. On May 28, 1999, in accordance with the terms and conditions of the indenture governing the 10% senior discount notes (the "Notes"), the Company made an offer (the "Purchase Offer") to purchase any and all of the Notes at 101% of their accreted value, plus accrued and unpaid interest, if any, through June 28, 1999. The Purchase Offer expired on June 23, 1999, and 48,737 notes ($1,000 face amount at maturity) were validly tendered. On June 28, 1999, CC LLC made a capital contribution in the amount of $34,205 enabling the Company to purchase the Notes.

The indenture governing the Notes limits cash payments by the Company to the sum of: i) the amount by which consolidated EBITDA (as defined) exceeds 130% of consolidated interest expense (as defined) determined on a cumulative basis, ii) capital contributions, and iii) an amount equal to the net reduction in investments (as defined). To the extent permitted by the indenture excess cash will be distributed to CC LLC, including repayments of borrowings under Charter Communications Operating, LLC's ("CCO") credit facility (the "CCO Credit Agreement").

The Company and all subsidiaries of CCO have guaranteed payment and performance by CCO of its obligations under the CCO Credit Agreement. In addition, Group and its wholly owned subsidiaries, and all subsidiaries of CCO have pledged their ownership interests as collateral to the CCO Credit Agreement.

5. RELATED PARTY TRANSACTIONS

In connection with the TWI Acquisition, Media entered into an agreement with Time Warner, pursuant to which Time Warner would manage the Company's programming in exchange for providing the Company access to certain Time Warner programming arrangements (the "Time Warner Agreement"). Management believes that these programming rates made available through its relationship with Time Warner are lower than the Company could obtain separately. Such volume rates are not available after the Charter Transaction.

For the four months ended April 30, 1999, the Company incurred $2,716 for programming services under this agreement. For the period from April 9, 1998 to June 30, 1998 the programming services incurred under this agreement were $1,300. In addition, the Company incurred programming costs of $958 and $1,000 for programming services owned directly or indirectly by Time Warner entities for the four months ended April 30, 1999 and for the period from April 9, 1998 to June 30, 1998, respectively.

In connection with the Charter Transaction, the Time Warner Agreement was terminated on April 30, 1999, and Media returned to Time Warner $650 in deferred marketing credits owed to program providers under the programming arrangements.

The Company has utilized the law firm of one of its board members for legal services related to the TWI Acquisition, financing agreements and various ongoing legal matters. These fees totaled approximately $154 and $-0- for the four months ended April 30, 1999 and for the period from April 9, 1998 to June 30, 1998, respectively.

Prior to the consummation of the TWI Acquisition, Media paid fees to six senior managers of the Company who are investors in the Company for services rendered relating to the Acquisition and the Credit Agreement. These fees totaled $287 for the period from April 9, 1998 to June 30, 1998 and were recorded as transaction and financing costs.

6. EMPLOYEE BENEFIT PLAN

Beginning April 9, 1998, the Company sponsored a defined contribution plan that covered substantially all employees (the "Plan"). The Plan provided for contributions from eligible employees up to 15% of their compensation subject to a maximum limit as determined by the Internal Revenue Service. The Company's contribution to the Plan was limited to 50% of each eligible employee's contribution up to 10% of his or her compensation. The Company had the right to change the amount of the Company's matching contribution percentage. The Company matching contributions totaled $54 for the four months ended April 30, 1999 and $32 for the period from April 9, 1998 to June 30, 1998.

In connection with the Charter Transaction, the Plan's assets were frozen as of April 30, 1999, and employees became fully vested. Effective July 1, 1999, the Company's employees with two months of service are eligible to participate in the Charter Communications, Inc. 401(k) Plan (the "Charter Plan"). Employees that qualify for participation in the Charter Plan can contribute up to 15% of their salary, on a before tax basis, subject to a maximum contribution limit as determined by the Internal Revenue Service.

HELICON PARTNERS I, L.P. AND AFFILIATES

UNAUDITED CONDENSED COMBINED BALANCE SHEET
JUNE 30, 1999

ASSETS	
Cash and cash equivalents	$ 6,894,228
Receivables from subscribers	1,858,977
Prepaid expenses and other assets	2,171,812
Property, plant and equipment, net	88,251,876
Intangible assets and deferred costs, net	92,775,247
Due to affiliates, net	5,886
Total assets	$191,958,026
LIABILITIES AND PARTNERS' DEFICIT	
Liabilities:	
Accounts payable	$ 2,598,003
Accrued expenses	7,190,566
Subscriptions received in advance	576,588
Accrued interest	3,922,490
Due to principal owner	5,000,000
Senior secured notes	115,000,000
Loans payable to banks	121,261,571
Senior subordinated loans payable to banks	12,000,000
12% subordinated notes, net of unamortized discount of $2,313,425	45,608,577
Redeemable partnership interests	21,162,288
Other notes payable	5,206,373
Due to affiliates, net	--
Total liabilities	339,526,456
Commitments	
Partners' deficit:	
Preferred limited partners	9,089,226
Accumulated partners' deficit	(156,656,656)
Less capital contribution receivable	(1,000)
Total partners' deficit	(147,568,430)
Total liabilities and partners' deficit	$191,958,026

See accompanying notes to unaudited condensed combined financial statements.

HELICON PARTNERS I, L.P. AND AFFILIATES

UNAUDITED CONDENSED COMBINED STATEMENTS OF OPERATIONS
SIX-MONTH PERIODS ENDED JUNE 30,1998 AND 1999

	1998	1999
Revenues	$ 37,208,700	$ 42,956,363
Operating expenses:		
Operating expenses	11,379,819	13,333,558
General and administrative expenses	6,274,221	6,991,885
Marketing expenses	1,531,302	1,746,092
Depreciation and amortization	11,772,187	13,583,647
Management fee charged by affiliate	1,578,472	2,147,812
Corporate and other expenses	192,155	4,855,873
Total operating expenses	32,728,156	42,658,867
Operating income	4,480,544	297,496
Interest expense	(13,808,274)	(15,831,274)
Interest income	49,515	104,794
	(13,758,759)	(15,726,480)
Net loss	$ (9,278,215)	$(15,428,984)

See accompanying notes to unaudited condensed combined financial statements.

HELICON PARTNERS I, L.P. AND AFFILIATES

UNAUDITED CONDENSED COMBINED STATEMENTS OF
CHANGES IN PARTNERS' DEFICIT
SIX-MONTH PERIOD ENDED JUNE 30, 1999

	PREFERRED LIMITED PARTNERS	PARTNERS' DEFICIT: GENERAL PARTNER	PARTNERS' DEFICIT: CLASS A LIMITED PARTNERS	CAPITAL CONTRIBUTION RECEIVABLE	TOTAL
Balance at December 31, 1998	$8,567,467	$ (989,962)	$(134,807,570)	$(1,000)	$(127,231,065)
Distribution of additional preferred partnership interests	521,759	(5,218)	(516,541)	--	--
Accretion of redeemable partnership interests	--	(49,084)	(4,859,297)	--	(4,908,381)
Net loss	--	(154,290)	(15,274,694)	--	(15,428,984)
Balance at June 30, 1999	$9,089,226	$(1,198,554)	$(155,458,102)	$(1,000)	$(147,568,430)

See accompanying notes to unaudited condensed combined financial statements.

HELICON PARTNERS I, L.P. AND AFFILIATES

UNAUDITED CONDENSED COMBINED STATEMENTS OF CASH FLOWS
SIX-MONTH PERIODS ENDED JUNE 30, 1998 AND 1999

	1998	1999
Cash flows from operating activities:		
Net loss	$(9,278,215)	$(15,428,984)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	11,772,187	13,583,647
Amortization of debt discount and deferred financing costs	460,010	483,210
Gain on sale of equipment	(1,498)	(10,603)
Interest on 12% subordinated notes paid through the issuance of additional notes	2,408,370	2,706,044
Change in operating assets and liabilities:		
Increase in receivables from subscribers	(162,393)	(200,619)
(Increase) decrease in prepaid expenses and other assets	(645,035)	1,300,771
Increase in financing costs incurred	--	--
(Decrease) increase in accounts payable and accrued expenses	(2,396,567)	104,941
Decrease in subscriptions received in advance	(144,134)	(242,975)
Increase in accrued interest	141,755	180,036
Total adjustments	11,432,695	17,904,452
Net cash provided by operating activities	2,154,480	2,475,468
Cash flows from investing activities:		
Purchases of property, plant and equipment	(4,575,109)	(6,127,185)
Proceeds from sale of equipment	91,128	20,355
Cash paid for net assets of cable television systems acquired	--	(6,217,143)
Increase in intangible assets	(69,325)	(238,202)
Net cash used in investing activities	(4,553,306)	(12,562,175)
Cash flows from financing activities:		
Proceeds from bank loans	3,000,000	13,000,000
Repayment of bank loans	(4,834)	(5,351)
Repayment of other notes payable	(574,499)	(651,346)
Advances to affiliates	(3,356,074)	(5,535,838)
Repayments of advances to affiliates	3,309,008	5,282,910
Payment of financing costs	--	(240,000)
Net cash provided by financing activities	2,373,601	11,850,375
Net (decrease) increase in cash and cash equivalents	(25,225)	1,763,668
Cash and cash equivalents at beginning of period	4,372,281	5,130,561
Cash and cash equivalents at end of period	$ 4,347,056	$ 6,894,229
Supplemental cash flow information:		
Interest paid	$10,798,139	$ 12,461,977
Other non-cash items:		
Acquisition of property, plant and equipment through issuance of other notes payable	$ 501,502	$ 389,223

See accompanying notes to unaudited condensed combined financial statements.

HELICON PARTNERS I, L.P AND AFFILIATES

NOTES TO UNAUDITED CONDENSED COMBINED FINANCIAL STATEMENTS
JUNE 30, 1999

1. ORGANIZATION AND NATURE OF BUSINESS

Helicon Partners I, L.P. ("the Partnership") was organized as a limited partnership on November 30, 1994 under the laws of the State of Delaware. On April 8, 1996, Baum Investments, Inc. acquired a 1% general partnership interest in the Partnership through an initial capital contribution of $1,500 and the existing limited partners of The Helicon Group, L.P. ("THGLP"), formed in 1993, exchanged their limited partnership interests in THGLP for all Class A Common Limited Partnership Interests and Preferred Limited Partnership Interests in the Partnership. As a result of this exchange, THGLP became 99% owned by the Partnership. The Partnership now owns all of the limited partnership interests in THGLP and Baum Investments, Inc. ("Baum") continues to be the general partner of THGLP and to own a 1% general partnership interest in THGLP. The Partnership also owns a 99% interest and THGLP a 1% interest in HPI Acquisition Co., LLC ("HPIAC"), a Delaware limited liability company formed on February 7, 1996. The Partnership also owns a 89% limited partnership interest and Baum Investments, Inc. a 1% general partnership interest in Helicon OnLine, L. P. ("HOL"), a Delaware limited partnership formed May 31, 1997. The Partnership, THGLP, HPIAC and HOL are referred to collectively herein as the Company.

The Partnership operates in one business segment offering cable television services in the states of Pennsylvania, West Virginia, North Carolina, South Carolina, Louisiana, Vermont and New Hampshire, Georgia and Tennessee. The Company also offers to customers advanced services, such as paging, cable modems and private data network systems under the name of "Helicon Network Solutions", as well as, dial up internet service in Pennsylvania and Vermont under the name of "Helicon OnLine".

On July 30, 1999, Charter-Helicon, LLC ("Charter-Helicon"), acquired a 1% interest in THGLP previously owned by Baum Investments, Inc. and became the General Partner of THGLP. Concurrently, Charter-Helicon and Charter Communications, LLC ("CC-LLC"), parent of Charter-Helicon, acquired all of the partnership interests of the Partnership. These transactions are collectively referred to as the "Helicon/Charter Deal" herein. In connection with the Helicon/Charter Deal, $228,985,000 of cash was paid to the equity holders; Baum retained a $25,000,000 limited liability company membership interest in Charter-Helicon; debt of $197,447,000 was repaid; debt of $115,000,000 was assumed; and other costs totaling $4,285,000 were incurred. Effective with this change of ownership, the Company will be managed by Charter Investment, Inc.

In the opinion of management, the accompanying unaudited condensed combined financial statements of the Partnership reflect all adjustments, consisting of normal recurring accruals, necessary to present fairly the Partnership's combined financial position as of June 30, 1999, and their results of operations and cash flows for the three-month periods ended June 30, 1998 and 1999. The results of operations for the three-month period ended June 30, 1999 are not necessarily indicative of the results for a full year.

2. ACQUISITIONS

On December 31, 1998, HPIAC acquired the net assets of cable television systems serving approximately 11,225 (unaudited) subscribers primarily in the North Carolina community of Roanoke Rapids. The aggregate purchase price was $26,063,284 including acquisition costs of $535,875 and was allocated to the net assets acquired, which included property, equipment and intangible assets, based on their estimated fair value.

HELICON PARTNERS I, L.P AND AFFILIATES

NOTES TO UNAUDITED CONDENSED COMBINED FINANCIAL STATEMENTS -- (CONTINUED)

On January 7, 1999, THGLP acquired the cable television systems, serving approximately 4,350 (unaudited) subscribers in the North Carolina counties of Carter, Johnson and Unicol. The aggregate purchase price was approximately $5,228,097 and was allocated to the net assets acquired, which included property and equipment and intangible assets.

On March 1, 1999, HPIAC acquired a cable television system serving approximately 551 (unaudited) subscribers in the communities of Abbeville, Donalds and Due West, South Carolina. The aggregate purchase price was approximately $723,356 and was allocated to the net assets acquired, which included property, equipment and intangible assets, based on their estimated fair value.

On April 6, 1999, the HPIAC acquired a cable television system serving approximately 314 (unaudited) subscribers in the communities of Mentone and part of DeKalb, Alabama. The aggregate purchase price was approximately $265,690 and was allocated to the net assets acquired, which included property, equipment and intangible assets, based on their estimated fair value.

The operating results relating to the above acquisitions, effective with their acquisition dates, are included in the accompanying unaudited condensed combined financial statements.

3. LOANS PAYABLE TO BANKS

On January 5, 1999, THGLP entered into a $12,000,000 Senior Subordinated Loan Agreement with Paribas Capital Funding, LLC ("the 1999 Credit Facility"). The Facility is non-amortizing and is due January 5, 2003. Initial borrowings of $7,000,000 under this Facility financed the acquisition of certain cable television assets in North Carolina. On February 19, 1999, the Company borrowed the remaining $5,000,000 available under the 1999 Credit Facility. Interest on the $12,000,000 is payable at 11.5% per annum.

INTERMEDIA CABLE SYSTEMS
(COMPRISED OF COMPONENTS OF INTERMEDIA PARTNERS
AND INTERMEDIA CAPITAL PARTNERS IV, L.P.)

COMBINED BALANCE SHEETS
(DOLLARS IN THOUSANDS)

	JUNE 30, 1999	DECEMBER 31, 1998
	(UNAUDITED)	
ASSETS		
Accounts receivable, net of allowance for doubtful accounts of $1,417 and $899, respectively	$ 16,009	$ 14,425
Receivable from affiliates	5,250	5,623
Prepaid expenses	487	423
Other current assets	232	350
Total current assets	21,978	20,821
Intangible assets, net	226,040	255,356
Property and equipment, net	231,382	218,465
Deferred income taxes	15,288	12,598
Investments and other non-current assets	5,535	2,804
Total assets	$500,223	$510,044
LIABILITIES AND EQUITY		
Accounts payable and accrued liabilities	$ 19,874	$ 19,230
Deferred revenue	11,778	11,104
Payable to affiliates	4,607	3,158
Total current liabilities	36,259	33,492
Note payable to InterMedia Partners IV, L.P.	414,493	396,579
Deferred channel launch revenue	3,492	4,045
Total liabilities	454,244	434,116
Commitments and contingencies		
Mandatorily redeemable preferred shares	14,676	14,184
Equity	31,303	61,744
Total liabilities and equity	$500,223	$510,044

See accompanying notes to the condensed combined financial statements.

INTERMEDIA CABLE SYSTEMS
(COMPRISED OF COMPONENTS OF INTERMEDIA PARTNERS AND
INTERMEDIA CAPITAL PARTNERS IV, L.P.)

COMBINED STATEMENTS OF OPERATIONS
(DOLLARS IN THOUSANDS)

	SIX MONTHS ENDED JUNE 30, 1999	1998
	(UNAUDITED)	
REVENUES		
Basic and cable services	$ 69,705	$ 61,679
Pay service	13,606	11,934
Other service	17,333	12,247
	100,644	85,860
COSTS AND EXPENSES		
Program fees	23,530	19,186
Other direct expenses	10,055	8,253
Selling, general and administrative expenses	21,663	15,752
Management and consulting fees	1,566	1,562
Depreciation and amortization	52,309	41,413
	109,123	86,166
(Loss) income from operations	(8,479)	(306)
OTHER INCOME (EXPENSE)		
Interest expense	(11,757)	(13,440)
Interest and other income	163	137
Other expense	(6)	(24)
	(11,600)	(13,327)
Loss before income tax benefit	(20,079)	(13,633)
Income tax benefit	2,690	2,689
Net loss	(17,389)	(10,944)
OTHER COMPREHENSIVE INCOME		
Unrealized loss on available-for-sale securities	(310)	--
Comprehensive loss	$ (17,699)	$(10,944)

See accompanying notes to the condensed combined financial statements.

INTERMEDIA CABLE SYSTEMS
(COMPRISED OF COMPONENTS OF INTERMEDIA PARTNERS AND
INTERMEDIA CAPITAL PARTNERS IV, L.P.)

COMBINED STATEMENT OF CHANGES IN EQUITY
(DOLLARS IN THOUSANDS)

Balance at January 1, 1998	$ 58,713
Net loss	(3,521)
Accretion for mandatorily redeemable preferred shares	(945)
Net cash contributions from parent	6,350
In-kind contribution from parent	1,147
Balance at December 31, 1998	61,744
Net loss (unaudited)	(17,389)
Accretion for mandatorily redeemable preferred shares (unaudited)	(492)
Net cash distributions to parent (unaudited)	(12,250)
Other comprehensive income (unaudited)	(310)
Balance at June 30, 1999 (unaudited)	$ 31,303

See accompanying notes to the condensed combined financial statements.

INTERMEDIA CABLE SYSTEMS
(COMPRISED OF COMPONENTS OF INTERMEDIA PARTNERS AND
INTERMEDIA CAPITAL PARTNERS IV, L.P.)

COMBINED STATEMENTS OF CASH FLOWS
(DOLLARS IN THOUSANDS)

	SIX MONTHS ENDED JUNE 30,	
	1999	1998
	(UNAUDITED)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$(17,389)	$(10,944)
Adjustments to reconcile net loss to cash flows from operating activities:		
Depreciation and amortization	52,309	41,413
Changes in assets and liabilities:		
Accounts receivable	(1,584)	(398)
Receivables from affiliates	373	(1,794)
Prepaid expenses	(64)	49
Other current assets	118	28
Deferred income taxes	(2,690)	(2,689)
Investments and other non-current assets	(3,041)	148
Accounts payable and accrued liabilities	2,487	(3,406)
Deferred revenue	957	1,248
Payables to affiliates	1,449	(187)
Accrued interest	11,757	13,440
Deferred channel launch revenue	(836)	(350)
Cash flows from operating activities	43,846	36,558
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(37,441)	(36,576)
Intangible assets	(312)	(333)
Cash flows from investing activities	(37,753)	(36,909)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net (distributions) contributions to/from parent	(12,250)	6,768
Net borrowings (repayments) of intercompany debt	6,157	(6,417)
Cash flows from financing activities	(6,093)	351
Net change in cash	--	--
Cash at beginning of period	--	--
Cash at end of period	$ --	$ --

See accompanying notes to the condensed combined financial statements.

INTERMEDIA CABLE SYSTEMS
(COMPRISED OF COMPONENTS OF INTERMEDIA PARTNERS AND
INTERMEDIA CAPITAL PARTNERS IV, L.P.)

NOTES TO CONDENSED COMBINED FINANCIAL STATEMENTS
(DOLLARS IN THOUSANDS)
(UNAUDITED)

1. BASIS OF PRESENTATION

THE CHARTER TRANSACTIONS

InterMedia Partners, a California limited partnership ("IP-I"), and InterMedia Capital Partners IV, L.P., a California limited partnership, ("ICP-IV", together with IP-I, "InterMedia") are affiliated through common control and management. Robin Media Group, Inc., a Nevada corporation, ("RMG") is a majority owned subsidiary of ICP-IV. On April 20, 1999, InterMedia and certain of its affiliates entered into agreements (the "Agreements") with affiliates of Charter Communications, Inc. ("Charter") to sell and exchange certain of their cable television systems ("the Charter Transactions").

Specifically, ICP-IV and its affiliates have agreed to sell certain of their cable television systems in Tennessee and Gainesville, Georgia through a combination of asset sales and the sale of their equity interests in RMG, and to exchange their systems in and around Greenville and Spartanburg, South Carolina for Charter systems located in Indiana, Kentucky, Utah and Montana. Immediately upon Charter's acquisition of RMG, IP-I will exchange its cable television systems in Athens, Georgia, Asheville and Marion, North Carolina and Cleveland, Tennessee for RMG's cable television systems located in middle Tennessee.

The Charter Transactions are expected to close during the third or fourth quarter of 1999. The cable systems retained by Charter upon consummation of the Charter Transactions, together with RMG, are referred to as the "InterMedia Cable Systems," or the "Systems."

PRESENTATION

The Systems being sold or exchanged do not individually or collectively comprise a separate legal entity. Accordingly, the accompanying condensed combined financial statements have been carved-out from the historical accounting records of InterMedia.

The accompanying unaudited interim condensed combined financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information. Accordingly, certain footnote disclosures have been condensed or omitted. In the management's opinion, the interim unaudited condensed combined financial statements reflect all adjustments (consisting of only normal recurring adjustments) necessary for a fair presentation of the Systems' financial position as of June 30, 1999, and their results of operations for the six months ended June 30, 1999 and 1998 and cash flows for the six months ended June 30, 1999 and 1998. The results of operations for these periods are not necessarily indicative of results that may be expected for the year ending December 31, 1999. These condensed combined financial statements should be read in conjunction with the Systems' audited combined financial statements and notes thereto for the year ended December 31, 1998 contained elsewhere in this document.

CARVE-OUT METHODOLOGY

Throughout the periods covered by the condensed combined financial statements, the individual cable systems were operated and accounted for separately. However, the Charter Transactions exclude certain systems (the "Excluded Systems") which were operated as part of the Marion, North Carolina and western Tennessee systems throughout 1998 and 1999. For purposes of carving out and excluding the results of operations and financial position of the Excluded Systems from the condensed combined financial statements, management has estimated the revenues, expenses, assets and liabilities associated with each Excluded System based on the ratio of each Excluded System's basic subscribers to the total basic subscribers served by the Marion, North Carolina and western Tennessee systems, respectively. Management believes the basis used for these allocations is reasonable. The Systems' results of operations are not necessarily indicative of future operating results or the results that would have occurred if the Systems were a separate legal entity.

Management and consulting fees represent an allocation of management fees charged to IP-I and ICP-IV by InterMedia Capital Management, a California limited partnership ("ICM") and InterMedia Management, Inc. ("IMI"), respectively. ICM is a limited partner of IP-I. IMI is the managing member of each of the general partners of IP-I and ICP-IV. These fees are charged at a fixed amount per annum pursuant to a management agreement and have been allocated to the Systems based upon the allocated contributed capital of the individual systems as compared to the total contributed capital of InterMedia's subsidiaries.

As more fully described in Note 4 -- "Related Party Transactions," certain administrative services are also provided by IMI and are charged to all affiliates based on relative basic subscriber percentages.

CASH AND INTERCOMPANY ACCOUNTS

Under InterMedia's centralized cash management system, cash requirements of its individual operating units were generally provided directly by InterMedia and the cash generated or used by the Systems is transferred to/from InterMedia, as appropriate, through intercompany accounts. The intercompany account balances between InterMedia and the individual operating units, except RMG's intercompany note payable to InterMedia Partners IV, L.P. ("IP-IV"), as described in Note 3 -- "Note Payable to InterMedia Partners IV, L.P.," are not intended to be settled. Accordingly, the balances, other than RMG's note payable to IP-IV, are included in equity and all net cash generated from operations, investing activities and financing activities have been included in the Systems' net (distributions) contributions to/from parent in the combined statements of cash flows.

IP-I and ICP-IV or its subsidiaries maintain all external debt to fund and manage InterMedia's operations on a centralized basis. The condensed combined financial statements present only the debt and related interest expense of RMG, which is to be assumed and repaid by Charter pursuant to the Charter Transactions. See Note 3 -- "Note Payable to InterMedia Partners IV, L.P." Debt, unamortized debt issue costs and interest expense related to the financing of the cable systems not owned by RMG have not been allocated to the InterMedia Cable Systems. As such, the level of debt, unamortized debt issue costs and related interest expense presented in the condensed combined financial statements are not representative of the debt that would be required or interest expense incurred if the InterMedia Cable Systems were a separate legal entity.

INTERMEDIA CABLE SYSTEMS
(COMPRISED OF COMPONENTS OF INTERMEDIA PARTNERS AND
INTERMEDIA CAPITAL PARTNERS IV, L.P.)

NOTES TO CONDENSED COMBINED FINANCIAL STATEMENTS -- CONTINUED
(DOLLARS IN THOUSANDS)
(UNAUDITED)

USE OF ESTIMATES IN THE PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

2. EXCHANGE OF CABLE PROPERTIES

EXCHANGE

On December 31, 1998, certain of the Systems' cable television assets located in and around western and eastern Tennessee ("Exchanged Assets"), serving approximately 10,600 (unaudited) basic subscribers, plus cash of $398 were exchanged for other cable television assets located in and around western and eastern Tennessee, serving approximately 10,000 (unaudited) basic subscribers.

The exchange resulted in a gain of $26,218 calculated as the difference between the fair value of the assets received and the net book value of the Exchanged Assets less cash paid of $398.

3. NOTE PAYABLE TO INTERMEDIA PARTNERS IV, L.P.

RMG's note payable to IP-IV consists of the following:

	JUNE 30, 1999	DECEMBER 31, 1998
Intercompany revolving credit facility, $1,200,000 commitment as of June 30, 1999, interest currently at 6.57% payable on maturity, matures December 31, 2006	$414,493	$396,579

RMG's debt is outstanding under an intercompany revolving credit facility executed with IP-IV. The revolving credit facility currently provides for $1,200,000 of available credit.

RMG's intercompany revolving credit facility requires repayment of the outstanding principal and accrued interest on the earlier of (i) December 31, 2006, or (ii) acceleration of any of IP-IV's obligations to repay its bank debt outstanding under its revolving credit facility ("IP-IV Revolving Credit Facility") and term loan agreement ("IP-IV Term Loan", together with the IP-IV Revolving Credit Facility, the "IP-IV Bank Facility") dated July 30, 1996.

Interest rates under RMG's intercompany revolving credit facility are calculated monthly and are referenced to those made available under the IP-IV Bank Facility. Interest rates ranged from 6.24% to 6.84% during the six months ended June 30, 1999.

Charter has an obligation to assume and repay RMG's intercompany revolving credit facility pursuant to the Charter Transactions.

INTERMEDIA CABLE SYSTEMS
(COMPRISED OF COMPONENTS OF INTERMEDIA PARTNERS AND
INTERMEDIA CAPITAL PARTNERS IV, L.P.)

NOTES TO CONDENSED COMBINED FINANCIAL STATEMENTS -- CONTINUED
(DOLLARS IN THOUSANDS)
(UNAUDITED)

Advances under the IP-IV Bank Facility are available under interest rate options related to the base rate of the administrative agent for the IP-IV Bank Facility ("ABR") or LIBOR. Interest rates on borrowings under the IP-IV Term Loan vary from LIBOR plus 1.75% to LIBOR plus 2.00% or ABR plus 0.50% to ABR plus 0.75% based on IP-IV's ratio of debt outstanding to annualized quarterly operating cash flow ("Senior Debt Ratio"). Interest rates on borrowings under the IP-IV Revolving Credit Facility also vary from LIBOR plus 0.625% to LIBOR plus 1.50% or ABR to ABR plus 0.25% based on IP-IV's Senior Debt Ratio. The IP-IV Bank Facility requires quarterly payment of fees on the unused portion of the IP-IV Revolving Credit Facility of 0.375% per annum when the Senior Debt Ratio is greater than 4.0:1.0 and at 0.25% when the Senior Debt Ratio is less than or equal to 4.0:1.0.

The terms and conditions of RMG's intercompany debt agreement are not necessarily indicative of the terms and conditions which would be available if the Systems were a separate legal entity.

4. RELATED PARTY TRANSACTIONS

ICM and IMI provide certain management services to IP-I and ICP-IV, respectively, for per annum fixed fees, of which 20% per annum is deferred and payable in each following year in order to support InterMedia's debt. Management fees charged to InterMedia were $2,706 for the six months ended June 30, 1999 and 1998. Of the fees charged to InterMedia, $1,566 and $1,562 were charged to the Systems for the six months ended June 30, 1999 and 1998, respectively.

IMI has entered into agreements with both IP-I and ICP-IV to provide accounting and administrative services at cost. Under the terms of the agreements, the expenses associated with rendering these services are charged to the Systems and other affiliates based upon relative basic subscriber percentages. Management believes this method to be reflective of the actual cost. Administrative fees charged by IMI were $2,009 and $2,070 for the six months ended June 30, 1999 and 1998, respectively. Receivable from affiliates at June 30, 1999 and December 31, 1998 include $45 and $52, respectively, of advances to IMI, net of administrative fees charged by IMI and operating expenses paid by IMI on behalf of the Systems.

IP-I is majority-owned, and ICP-IV is owned in part, by AT&T Broadband & Internet Services ("AT&TBIS"), formerly Tele-Communications, Inc. As affiliates of AT&TBIS, IP-I and ICP-IV are able to purchase programming services from a subsidiary of AT&TBIS. Management believes that the overall programming rates made available through this relationship are lower than the Systems could obtain separately. Such volume rates may not continue to be available in the future should AT&TBIS's ownership interest in InterMedia significantly decrease. Programming fees charged by the AT&TBIS subsidiary to the Systems for the six months ended June 30, 1999 and 1998 amounted to $17,276 and $14,399, respectively. Payable to affiliates includes programming fees payable to the AT&TBIS subsidiary of $3,151 and $2,918 at June 30, 1999 and December 31, 1998, respectively.

On January 1, 1998 an affiliate of AT&TBIS entered into agreements with InterMedia to manage the Systems' advertising business and related services for an annual fixed fee per advertising sales subscriber, as defined by the agreements. In addition to the annual fixed fee AT&TBIS is entitled to varying percentage shares of the incremental growth in annual cash flows

INTERMEDIA CABLE SYSTEMS
(COMPRISED OF COMPONENTS OF INTERMEDIA PARTNERS AND
INTERMEDIA CAPITAL PARTNERS IV, L.P.)

NOTES TO CONDENSED COMBINED FINANCIAL STATEMENTS -- CONTINUED
(DOLLARS IN THOUSANDS)
(UNAUDITED)

from advertising sales above specified targets. Management fees charged by the AT&TBIS subsidiary for the six months ended June 30, 1999 amounted to $202. Receivable from affiliates at June 30, 1999 and December 31, 1998 includes $5,069 and $3,437, respectively, of receivables from AT&TBIS for advertising sales.

As part of its normal course of business the Systems are involved in transactions with affiliates of InterMedia which own and operate cable television systems. Such transactions include purchases and sales at cost of inventories used in construction of cable plant. Receivable from affiliates at June 30, 1999 and December 31, 1998 include $136 and $2,134, respectively, of receivables from affiliated systems. Payable to affiliates at June 30, 1999 and December 31, 1998 includes $1,410 and $208, respectively, of payables to affiliated systems.

5. COMMITMENTS AND CONTINGENCIES

The Systems are committed to provide cable television services under franchise agreements with remaining terms of up to twenty years. Franchise fees of up to 5% of gross revenues are payable under these agreements.

Current Federal Communications Commission ("FCC") regulations require that cable television operators obtain permission to retransmit major network and certain local television station signals. The Systems have entered into retransmission agreements with all applicable stations in exchange for in-kind and/or other consideration.

InterMedia has been named in several certified class actions in various jurisdictions concerning its late fee charges and practices. Certain cable systems owned by InterMedia charge late fees to customers who do not pay their cable bills on time. These late fee cases challenge the amount of the late fees and the practices under which they are imposed. The Plaintiffs raise claims under state consumer protection statutes, other state statutes and common law. Plaintiffs generally allege that the late fees charged by InterMedia's cable systems in the States of Tennessee, South Carolina and Georgia are not reasonably related to the costs incurred by the cable systems as a result of late payment. Plaintiffs seek to require cable systems to reduce their late fees on a prospective basis and to provide compensation for alleged excessive late fee charges for past periods. These cases are either at the early stages of the litigation process or are subject to a case management order that sets forth a process leading to mediation. Based upon the facts available management believes that, although no assurances can be given as to the outcome of these actions, the ultimate disposition of these matters should not have a material adverse effect upon the financial condition of the Systems.

Under existing Tennessee laws and regulations, the Systems paid an Amusement Tax in the form of a sales tax on programming service revenues generated in Tennessee in excess of charges for the basic and expanded basic levels of service. Under the existing statute, only the service charges or fees in excess of the charges for the "basic cable" television service package were not exempt from the Amusement Tax. Related regulations clarify the definition of basic cable to include two tiers of service, which InterMedia's management and other operators in Tennessee have interpreted to mean both the basic and expanded basic levels of service.

In the Spring of 1999 Tennessee Department of Revenue ("TDOR") proposed legislation that was passed by the Tennessee State Legislature which replaced the current Amusement Tax

INTERMEDIA CABLE SYSTEMS
(COMPRISED OF COMPONENTS OF INTERMEDIA PARTNERS AND
INTERMEDIA CAPITAL PARTNERS IV, L.P.)

NOTES TO CONDENSED COMBINED FINANCIAL STATEMENTS -- CONTINUED
(DOLLARS IN THOUSANDS)
(UNAUDITED)

with a new sales tax on all cable service revenues in excess of fifteen dollars per month effective September 1, 1999. The new tax would be computed at a rate approximately equal to the existing effective tax rate.

Prior to the passage of the new sales tax legislation, the TDOR suggested that unless InterMedia and other cable operators in Tennessee support the proposed legislation, it would assess additional taxes on prior years' expanded basic service revenue. The TDOR can issue an assessment for prior periods up to three years. Management estimates that the amount of such an assessment, if made for all periods not previously audited, would be approximately $5.4 million. InterMedia's management believes that it is possible but not likely that the TDOR can make such an assessment and prevail in defending it. Management also believes that such an assessment is not likely based on the passage of the new sales tax legislation.

InterMedia's management believes it has made a valid interpretation of the current Tennessee statute and regulations and that it has properly determined and paid all sales tax due. InterMedia further believes that the legislative history of the current statute and related regulations, as well as the TDOR's history of not making assessments based on audits of prior periods, support InterMedia's interpretation. InterMedia and other cable operators in Tennessee are aggressively defending their past practices on calculation and payment of the Amusement Tax.

The Systems are subject to other claims and litigation in the ordinary course of business. In the opinion of management, the ultimate outcome of any existing litigation or other claims will not have a material adverse effect on the Systems' financial position or results of operations.

6. CHANNEL LAUNCH REVENUE

During 1997 and 1998, the Systems were credited with amounts representing their share of payments received or to be received by InterMedia from certain programmers to launch and promote their new channels. Of the total amount credited, the Systems recognized advertising revenue of $333 during the six months ended June 30, 1999 for advertisements provided by the Systems to promote the new channels. No advertising revenue was recognized for the six-month period ended June 30, 1998 related to the promotion of these new channels. The remaining amounts credited to the Systems are being amortized over the respective terms of the program agreements which range between five and ten years. The Systems amortized and recorded as other service revenues of $316 and $350 for the six months ended June 30, 1999 and 1998, respectively.

7. SUPPLEMENTAL DISCLOSURES TO CONSOLIDATED STATEMENTS OF CASH FLOWS

Total accretion on RMG's Redeemable Preferred Stock for the six months ended June 30, 1999 and 1998 amounted to $492 and $459, respectively.

RIFKIN CABLE INCOME PARTNERS L. P.

BALANCE SHEET
(UNAUDITED)

	12/31/98	6/30/99
ASSETS		
Cash and cash equivalents	$ 65,699	$ 43,982
Customer accounts receivable, net of allowance for doubtful accounts of $18,278 in 1998 and $12,047 in 1999	51,523	47,580
Other receivables	133,278	72,684
Prepaid expenses and deposits	70,675	22,997
Property, plant and equipment, at cost:		
Cable television transmission and distribution system and related equipment	8,758,525	11,051,767
Land, buildings, vehicles and furniture and fixtures	623,281	468,694
	9,381,806	11,520,461
Less accumulated depreciation	(4,354,685)	(588,674)
Net property, plant and equipment	5,027,121	10,931,787
Franchise costs and other intangible assets, net of accumulated amortization of $2,033,405 in 1998 and $563,545 in 1999	1,772,345	12,920,055
Total assets	$ 7,120,641	$24,039,085
LIABILITIES AND PARTNERS' EQUITY		
Accounts payable and accrued liabilities	$ 396,605	$ 421,834
Customer deposits and prepayments	126,212	121,878
Interest payable	--	3,539
Interpartnership debt	2,865,426	1,585,851
Total liabilities	3,388,243	2,133,102
Partners' equity:		
General partner	822,837	8,796,860
Limited partners	2,909,561	13,109,123
Total partners' equity	3,732,398	21,905,983
Total liabilities and partners' equity	$ 7,120,641	$24,039,085

The accompanying notes are an integral part of the financial statements.

RIFKIN CABLE INCOME PARTNERS L.P.

STATEMENT OF OPERATIONS
(UNAUDITED)

	SIX MONTHS ENDED	
	6/30/98	6/30/99
REVENUE:		
Service	$2,380,813	$2,506,608
Installation and other	166,952	201,478
Total revenue	2,547,765	2,708,086
COSTS AND EXPENSES:		
Operating expense	387,727	291,302
Programming expense	503,809	599,910
Selling, general and administrative expense	298,255	337,492
Depreciation	311,649	589,613
Amortization	100,145	563,545
Management fees	127,388	135,335
Loss (gain) on disposal of assets	(420)	25,109
Total costs and expenses	1,728,553	2,542,306
Operating income	819,212	165,780
Interest expense	193,502	96,891
Net income	$ 625,710	$ 68,889

The accompanying notes are an integral part of the financial statements.

RIFKIN CABLE INCOME PARTNERS L.P.

STATEMENT OF PARTNERS' EQUITY
(UNAUDITED)

	GENERAL PARTNER	LIMITED PARTNERS	TOTAL
Partners' equity, December 31, 1997	$ 263,171	$ 2,170,336	$ 2,433,507
Net income	269,606	356,104	625,710
Partners' equity, June 30, 1998	$ 532,777	$ 2,526,440	$ 3,059,217
Partners' equity, December 31, 1998	$ 822,837	$ 2,909,561	$ 3,732,398
Partners' contribution	7,944,340	10,160,356	18,104,696
Net income	29,683	39,206	68,889
Partners' equity, June 30, 1999	$8,796,860	$13,109,123	$21,905,983

The partners' capital accounts for financial reporting purposes vary from the tax capital accounts.

The accompanying notes are an integral part of the financial statements.

RIFKIN CABLE INCOME PARTNERS L.P.

STATEMENT OF CASH FLOWS
(UNAUDITED)

	SIX MONTHS ENDED 6/30/98	SIX MONTHS ENDED 6/30/99
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 625,710	$ 68,889
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	411,794	1,153,158
Amortization of deferred loan cost	9,485	--
Loss (gain) on disposal of fixed assets	(420)	25,109
Decrease (increase) in customer accounts receivable	(1,563)	3,943
Decrease in other receivables	65,289	60,594
Decrease (increase) in prepaid expenses and other	(5,196)	47,677
Increase (decrease) in accounts payable and accrued liabilities	(17,175)	25,229
Decrease in customer deposits and prepayments	(45,512)	(4,334)
Increase (decrease) in interest payable	(4,216)	3,539
Net cash provided by operating activities	1,038,196	1,383,804
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to property, plant and equipment	(199,764)	(122,490)
Additions to other intangible assets	--	(4,956)
Proceeds from the sale of assets	2,812	1,500
Net cash used in investing activities	(196,952)	(125,946)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments of long-term debt	(464,750)	--
Change in interpartnership debt, net	--	(1,279,575)
Net cash used in financing activities	(464,750)	(1,279,575)
Net increase (decrease) in cash and cash equivalent	376,494	(21,717)
Cash and cash equivalents at beginning of period	381,378	65,699
Cash and cash equivalents at end of period	$ 757,872	$ 43,982
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	$ 188,234	$ 93,352

The accompanying notes are an integral part of the financial statements.

RIFKIN CABLE INCOME PARTNERS L.P.

NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION

Rifkin Cable Income Partners L.P. (the "Partnership") was formed in 1986 as a limited partnership under the laws of the State of Delaware. The Partnership owns, operates and develops cable television systems in Missouri and New Mexico. Rifkin Cable Management Partners L.P., an affiliate of Rifkin & Associates, Inc., is the general partner of the Partnership.

The Partnership Agreement (the "Agreement") establishes the respective rights, obligations and interests of the partners. The Agreement provides that net income or loss, certain capital events, and cash distributions (all as defined in the Agreement) are generally allocated 43% to the general partner and 57% to the limited partners.

ACQUISITION BY INTERLINK COMMUNICATIONS PARTNERS, LLLP

Effective December 31, 1998, InterLink Communications Partners, LLLP ("ICP") acquired 100% of the Partnership. This transaction was accounted for as a purchase, as such, assets and liabilities were written up to their fair market value. The December 31, 1998 audited financial statements represent the Partnership just prior to this transaction. The June 30, 1999 unaudited financial statements represent the new basis of accounting as property, plant and equipment and franchise cost which were written up by $6,398,400 and $11,701600, respectively.

Accordingly, the June 30, 1999 unaudited financial statements of the Partnership are not comparable to the December 31, 1998 audited financial statements of the Partnership, which are based upon historic costs.

BASIS OF PRESENTATION

The accompanying consolidated financial statements are unaudited. However, in the opinion of management, the financial statements reflect all adjustments, consisting of normal recurring adjustments, necessary for fair presentation in accordance with generally accepted accounting principles applicable to interim periods. The results of operations for the six months ended June 30, 1999 are not necessarily indicative of the results that may be achieved for the full fiscal year and cannot be used to indicate financial performance for the entire year. The accompanying financial statements should be read in conjunction with the December 31, 1998 audited financial statements of Rifkin Cable Income Partners L.P.

Effective April 1, 1999, ICP completed the purchase of the remaining general partner interest in the Partnership and the Partnership was merged into ICP and ceased to exist as a separate legal entity. The Partnership's financial statements subsequent to that date represent a divisional carve-out from ICP. These financial statements include all the direct costs of operating its business; however, certain assets, liabilities and costs not specifically related to the Partnership's activities were allocated and reflected in the financial position as of June 30, 1999, and the results of its operations and its cash flows for the six months ended June 30, 1999. Management believes these allocations were made on a reasonable basis. Nonetheless, the financial information included herein may not necessarily reflect what the financial position and results of operations of the Partnership would have been as a stand-alone entity.

RIFKIN CABLE INCOME PARTNERS L.P.

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)

ACQUISITION BY CHARTER COMMUNICATIONS HOLDINGS, LLC

On February 12, 1999, ICP signed a letter of intent to sell all of ICP's partnership interests to Charter Communications Holdings, LLC ("Charter"). On April 26, 1999, ICP signed a definitive Purchase and Sale Agreement with Charter for the sale of the individual partners' interest.

2. LITIGATION

The Partnership could possibly be named as defendant in various actions and proceedings arising from the normal course of business. In all such cases, the Partnership will vigorously defend itself against the litigation and, where appropriate, will file counterclaims. Although the eventual outcome of potential lawsuits cannot be predicted, it is management's opinion that any such lawsuit will not result in liabilities that would have a material effect on the Partnership's financial position or results of operations.

3. SUBSEQUENT EVENTS

On September 13, 1999, the Charter transaction discussed above closed.

RIFKIN ACQUISITION PARTNERS, L.L.L.P.

CONSOLIDATED BALANCE SHEET

	JUNE 30, 1999	DECEMBER 31, 1998
	(UNAUDITED)	
ASSETS		
Cash	$ 2,694,050	$ 2,324,892
Subscriber accounts receivable, net of allowance for doubtful accounts of $283,021 in 1999 and $444,839 in 1998	2,044,860	1,932,140
Other receivables	3,813,453	5,637,771
Prepaid expenses and other	1,290,900	2,398,528
Property, plant and equipment at cost:		
Cable television transmission and distribution systems and related equipment	164,389,372	149,376,914
Land, building, vehicles and furniture and fixtures	8,431,453	7,421,960
	172,820,825	156,798,874
Less accumulated depreciation	(42,862,043)	(35,226,773)
Net property, plant and equipment	129,958,782	121,572,101
Franchise costs and other intangible assets, net of accumulated amortization of $78,661,872 in 1999 and $67,857,545 in 1998	170,219,573	183,438,197
Total assets	$310,021,618	$317,303,629
LIABILITIES AND PARTNERS' CAPITAL		
Accounts payable and accrued liabilities	$ 18,385,567	$ 11,684,594
Subscriber deposits and prepayments	1,203,363	1,676,900
Interest payable	7,169,321	7,242,954
Deferred taxes payable	6,703,000	7,942,000
Notes payable	225,575,000	224,575,000
Total liabilities	259,036,251	253,121,448
Commitments:		
Redeemable partners' interests	16,732,480	10,180,400
Partners' capital (deficit):		
General partner	(2,941,996)	(1,991,018)
Limited partners	36,851,306	55,570,041
Preferred equity interest	343,577	422,758
Total partners' capital	34,252,887	54,001,781
Total liabilities and partners' capital	$310,021,618	$317,303,629

See accompanying notes to financial statements.

RIFKIN ACQUISITION PARTNERS, L.L.L.P.

CONSOLIDATED STATEMENT OF OPERATIONS

	SIX MONTHS ENDED JUNE 30,	
	1999	1998
	(UNAUDITED)	
REVENUE:		
Service	$ 44,101,504	$40,840,852
Installation and other	4,482,312	3,460,924
Total revenue	48,583,816	44,301,776
COSTS AND EXPENSES:		
Operating expense	6,644,646	7,005,851
Programming expense	10,639,390	9,249,482
Selling, general and administrative expense	10,744,654	6,357,755
Depreciation	8,246,865	7,409,182
Amortization	12,738,555	11,274,197
Management fees	1,700,434	1,550,562
Loss on disposal of assets	471,021	647,759
Total costs and expenses	51,185,565	43,494,788
Operating income(loss)	(2,601,749)	806,988
Gain on sale of Michigan assets	--	(5,989,846)
Interest expense	11,722,458	11,717,980
Loss before income taxes and cumulative effect of accounting change	(14,324,207)	(4,921,146)
Income tax benefit	(1,239,000)	(1,900,000)
Loss before cumulative effect of accounting change	(13,085,207)	(3,021,146)
Cumulative effect of accounting change for organizational costs	111,607	--
Net loss	$(13,196,814)	$(3,021,146)

See accompanying notes to financial statements.

RIFKIN ACQUISITION PARTNERS, L.L.L.P.

CONSOLIDATED STATEMENT OF CASH FLOW

	SIX MONTHS ENDED JUNE 30, 1999	SIX MONTHS ENDED JUNE 30, 1998
	(UNAUDITED)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$(13,196,814)	$ (3,021,146)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	20,985,420	18,683,379
Amortization of deferred loan cost	483,396	494,880
Gain on sale of Michigan assets	--	(5,989,846)
Loss on disposal of fixed assets	471,021	647,759
Cumulative effect of accounting change for organizational costs	111,607	--
Deferred taxes benefit	(1,239,000)	(1,900,000)
Decrease (increase) in subscriber accounts receivable	(112,720)	269,303
Decrease in other receivables	1,824,318	72,181
Decrease in prepaid expenses and other	1,107,628	201,781
Increase in accounts payable and accrued liabilities	6,700,973	1,135,221
Decrease in subscriber deposits and prepayment	(473,537)	(261,722)
Decrease in interest payable	(73,633)	(272,439)
Net cash provided by operating activities	16,588,659	10,059,351
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to property, plant and equipment	(17,194,454)	(15,876,545)
Additions to cable television franchises, net of retirements and changes in other intangible assets	(114,930)	(757,843)
Net proceeds from sale of Michigan assets	--	17,050,564
Net proceeds from the disposal of assets (other than Michigan assets)	89,883	118,952
Net cash provided by (used in) investing activities	(17,219,501)	535,128
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term bank debt	9,500,000	12,000,000
Payments of long term-bank debt	(8,500,000)	(23,425,000)
Net cash provided by (used in) financing activities	1,000,000	(11,425,000)
NET INCREASE (DECREASE) IN CASH	369,158	(830,521)
CASH AT BEGINNING OF PERIOD	2,324,892	1,902,555
CASH AT END OF PERIOD	$ 2,694,050	$ 1,072,034

See accompanying notes to financial statements.

RIFKIN ACQUISITION PARTNERS, L.L.L.P.

CONSOLIDATED STATEMENT OF PARTNERS' CAPITAL (DEFICIT)
SIX MONTHS ENDED JUNE 30, 1999 AND 1998

	PREFERRED EQUITY INTEREST	GENERAL PARTNER	LIMITED PARTNERS	TOTAL
	(UNAUDITED)			
Partners' capital (deficit) at 12/31/98	$422,758	$(1,991,018)	$55,570,041	$54,001,781
Net loss for the six months ended 6/30/99	(79,181)	(131,968)	(12,985,665)	(13,196,814)
Accretion of redeemable partners' interest	--	(819,010)	(5,733,070)	(6,552,080)
Partners' capital (deficit) at 6/30/99	$343,577	$(2,941,996)	$36,851,306	$34,252,887
Partners' capital (deficit) at 12/31/97	$276,243	$(1,885,480)	$34,044,912	$32,435,675
Net loss for the six months ended 6/30/98	(18,127)	(30,211)	(2,972,808)	(3,021,146)
Accretion of redeemable partners' interest	--	(140,975)	(986,825)	(1,127,800)
Partners' capital (deficit) at 6/30/98	$258,116	$(2,056,666)	$30,085,279	$28,286,729

See accompanying notes to financial statements.

RIFKIN ACQUISITION PARTNERS, L.L.L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Rifkin Acquisition Partners, L.P. ("RAP L.P.") was formed on December 16, 1988, pursuant to the laws of the State of Colorado, for the purpose of acquiring and operating cable television (CATV) systems. On September 1, 1995, RAP L.P. registered as a limited liability limited partnership, Rifkin Acquisition Partners, L.L.L.P. (the "Partnership"), pursuant to the laws of the State of Colorado. Rifkin Acquisition Management, L.P., was the general partner of RAP L.P. and is the general partner of the Partnership ("General Partner"). The Partnership and its subsidiaries are hereinafter referred to on a consolidated basis as the "Company."

The Partnership operates under a limited liability limited partnership agreement (the "Partnership Agreement") which establishes contribution requirements, enumerates the rights and responsibilities of the partners and advisory committee, provides for allocations of income, losses and distributions, and defines certain items relating thereto.

These statements have been completed in conformity with the SEC requirements for unaudited consolidated financial statements for the Company and does not contain all of the necessary footnote disclosures required for a fair presentation of the balance sheets, statements of operations, of partners' capital(deficit), and of cash flows in conformity with generally accepted accounting principles. However, in the opinion of management, this data includes all adjustments, consisting of normal recurring accruals necessary to present fairly the consolidated financial position at June 30, 1999, December 31, 1998 and June 30, 1998, and its consolidated results of operations and cash flows for the six months ended June 30, 1999 and 1998. The consolidated financial statements should be read in conjunction with the Company's annual consolidated financial statements and notes thereto included on Form 10-K, No. 333-3084, for the year ended December 31, 1998.

2. SUBSEQUENT EVENT

On February 12, 1999, the Company signed a letter of intent for the partners to sell their partnership interests to Charter Communications, Inc. ("Charter"). On April 26, 1999, the Company signed a definitive Purchase and Sale Agreement with Charter for the sale of the individual partners' interest. The transaction closed September 13, 1999.

3. ADOPTION OF NEW ACCOUNTING PRONOUNCEMENT

Effective January 1, 1999, the Company adopted the Accounting Standards Executive Committee's Statement of Position (SOP)98-5 "Reporting on the Costs of Start-Up Activities," which requires the Company to expense all start-up costs related to organizing a new business. During the first quarter of 1999, the Company wrote off the organization costs capitalized in prior years along with the accumulated amortization, resulting in the recognition of a cumulative effect of accounting change loss of $111,607.

4. RECLASSIFICATION OF FINANCIAL STATEMENT PRESENTATION

Certain reclassifications have been made to the 1998 Consolidated Statement of Operations to conform with the Audited Consolidated Statement of Operations for the year ended December 31, 1998.

RIFKIN ACQUISITION PARTNERS, L.L.L.P.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

5. SENIOR SUBORDINATED NOTES

On January 26, 1996, the Company and its wholly-owned subsidiary, Rifkin Acquisition Capital Corp (RAC), co-issued a $125 million aggregate principal amount of 11 1/8% Senior Subordinated Notes (the "Notes") to institutional investors. These Notes were subsequently exchanged on June 18, 1996 for publicly registered notes with identical terms. Interest on the Notes is payable in cash, semi-annually on January 15 and July 15 of each year, commencing on July 15, 1996. The Notes, which mature on January 15, 2006, can be redeemed in whole or in part, at the Issuers' option, at any time on or after January 15, 2001, at redeemable prices contained in the Notes plus accrued interest. In addition, at any time on or prior to January 15, 1999, the Issuers, at their option, were allowed to redeem up to 25% of the principle amount of the notes issued to institutional investors of not less than $25 million. Such redemption did not take place. The Senior Subordinated Notes had a balance of $125 million at June 30, 1999 and December 31, 1998.

INDIANA CABLE ASSOCIATES, LTD.

BALANCE SHEET

	12/31/98	6/30/99 (UNAUDITED)
ASSETS		
Cash and cash equivalents	$ 108,619	$ --
Customer accounts receivable, less allowance for doubtful accounts of $24,729 in 1998 and $9,526 in 1999	85,795	87,996
Other receivables	295,023	263,708
Prepaid expenses and deposits	152,575	154,330
Property, plant and equipment:		
Buildings	91,682	32,193
Transmission and distribution systems and related equipment	11,336,892	12,490,384
Office furniture and equipment	161,327	68,003
Spare parts and construction inventory	742,022	223,287
	12,331,923	12,813,867
Less accumulated depreciation	8,008,158	726,498
Net property, plant and equipment	4,323,765	12,087,369
Other assets, less accumulated amortization of $8,355,280 in 1998 and $2,069,935 in 1999	5,083,029	19,769,578
Total assets	$10,048,806	$32,362,981
LIABILITIES AND PARTNERS' EQUITY (DEFICIT)		
Liabilities:		
Accounts payable and accrued liabilities	$ 897,773	$ 652,702
Customer prepayments	47,458	51,444
Interest payable	--	27,281
Interpartnership debt	9,606,630	9,500,071
Total liabilities	10,551,861	10,231,498
Partners' equity (deficit):		
General partner	(20,106)	772,103
Limited partner	(482,949)	21,359,380
Total partners' equity (deficit)	(503,055)	22,131,483
Total liabilities and partners' equity (deficit)	$10,048,806	$32,362,981

See accompanying notes.

INDIANA CABLE ASSOCIATES, LTD.

STATEMENT OF OPERATIONS
(UNAUDITED)

	SIX MONTHS ENDED	
	6/30/98	6/30/99
REVENUE:		
Service	$3,615,421	$ 3,757,873
Installation and other	356,076	493,077
Total revenue	3,971,497	4,250,950
COSTS AND EXPENSES:		
Operating expense	616,355	384,542
Programming expense	886,757	905,063
Selling, general and administrative expense	531,236	584,329
Depreciation	260,229	728,537
Amortization	354,803	2,069,935
Management fees	198,575	212,548
Loss on disposal of assets	24,924	34,071
Total costs and expenses	2,872,879	4,919,025
Operating income (loss)	1,098,618	(668,075)
Interest expense	574,213	403,594
Net income (loss)	$ 524,405	$(1,071,669)

See accompanying notes.

INDIANA CABLE ASSOCIATES, LTD.

STATEMENTS OF CASH FLOWS
(UNAUDITED)

	SIX MONTHS ENDED	
	6/30/98	6/30/99
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ 524,405	$(1,071,669)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	260,229	728,537
Amortization	354,803	2,069,935
Amortization of deferred loan costs	13,894	--
Loss on disposal of assets	24,924	34,071
Decrease (increase) in customer accounts receivable	21,163	(2,201)
Decrease in other receivables	5,924	31,315
Decrease (increase) in prepaid expenses and deposits	10,496	(1,755)
Increase (decrease) in accounts payable and accrued liabilities	75,670	(245,071)
Increase (decrease) in customer prepayments	(14,658)	3,986
Increase (decrease) in interest payable	(1,045)	27,281
Net cash provided by operating activities	1,275,805	1,574,429
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	(284,031)	(1,574,418)
Additions to intangible assets	--	(2,662)
Net Proceeds from the sale of assets	--	591
Net cash used in investing activities	(284,031)	(1,576,489)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from long-term debt	600,000	--
Payments of long-term debt	(1,600,000)	--
Change in interpartnership debt, net	--	(106,559)
Deferred loan cost	(934)	--
Net cash used in financing activities	(1,000,934)	(106,559)
Net increase in cash and cash equivalents	(9,160)	(108,619)
Cash and cash equivalents at beginning of period	82,684	108,619
Cash and cash equivalents at end of period	$ 73,524	$ --
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	$ 529,880	$ 376,313

See accompanying notes.

INDIANA CABLE ASSOCIATES, LTD.

STATEMENT OF PARTNERS' DEFICIT
(UNAUDITED)

	GENERAL PARTNER	LIMITED PARTNERS	TOTAL
Partners' deficit at December 31, 1997........	$(66,418)	$ (1,759,845)	$ (1,826,263)
Net income, six months ended June 30, 1998....	18,354	506,051	524,405
Partners' deficit at June 30, 1998............	$(48,064)	$ (1,253,794)	$ (1,301,858)
Partners' deficit at December 31, 1998........	$(20,106)	$ (482,949)	$ (503,055)
Investment in Partnership.....................	829,718	22,876,489	23,706,207
Net loss for six months ended June 30, 1999...	(37,509)	(1,034,160)	(1,071,669)
Partners' equity at June 30, 1999.............	$772,103	$ 21,359,380	$ 22,131,483

See accompanying notes.

INDIANA CABLE ASSOCIATES, LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. BASIS OF PRESENTATION

The accompanying consolidated financial statements are unaudited. However, in the opinion of management, the financial statements reflect all adjustments, consisting of normal recurring adjustments, necessary for fair presentation in accordance with generally accepted accounting principles applicable to interim periods. Interim results of operations are not indicative of results for the full year. The accompanying financial statements should be read in conjunction with the audited consolidated financial statements of Indiana Cable Associates, Ltd. (the "Partnership").

Effective April 1, 1999, InterLink Communications Partners, LLLP ("ICP") completed the purchase of the remaining general partner interest in the Partnership and the Partnership was merged into ICP and ceased to exist as a separate legal entity. Indiana Cable Associates' financial statements subsequent to that date represent a divisional carve-out from ICP. These financial statements include all the direct costs of operating its business; however, certain assets, liabilities and costs not specifically related to the Partnership's activities were allocated and reflected in the financial position as of June 30, 1999, and the results of its operations and its cash flows for the six months ended June 30, 1999. Management believes these allocations were made on a reasonable basis. Nonetheless, the financial information included herein may not necessarily reflect what the financial position and results of operations of the Partnership would have been as a stand-alone entity.

2. ACQUISITION BY INTERLINK COMMUNICATIONS PARTNERS, LLLP

ICP agreed to purchase all of the Partnership interests as of December 31, 1998, for a total purchase price of approximately $32.7 million. The acquisition of the Partnership by ICP was accounted for as a purchase and a new basis of accounting was established effective January 1, 1999. The new basis resulted in assets and liabilities being recorded at their fair market value resulting in a increase in property, plant, and equipment and franchise costs of approximately $7.0 million and approximately $16.8 million, respectively. Accordingly, the 1999 interim-unaudited financial statements are not comparable to the 1998 interim-unaudited financial statements of the Partnership, which are based on historical costs.

3. ACQUISITION BY CHARTER COMMUNICATIONS HOLDINGS, LLC

On February 12, 1999, ICP signed a letter of intent to sell all of ICP's partnership interests to Charter Communications Holdings, LLC ("Charter"). On April 26, 1999, ICP signed a definitive Purchase and Sale Agreement with Charter for the sale of the individual partners' interest. ICP and Charter are expected to complete the sale during the third quarter of 1999.

4. LITIGATION

The Partnership could possibly be named as defendant in various actions and proceedings arising from the normal course of business. In all such cases, the Partnership will vigorously defend itself against the litigation and, where appropriate, will file counterclaims. Although the eventual outcome of potential lawsuits cannot be predicted, it is management's opinion that any such lawsuit will not result in liabilities that would have a material affect on the Partnership's financial position or results of operations.

R/N SOUTH FLORIDA CABLE MANAGEMENT LIMITED PARTNERSHIP

CONSOLIDATED BALANCE SHEET
(UNAUDITED)

	12/31/98	6/30/99
ASSETS		
Cash and cash equivalents	$ 678,739	$ 720,335
Customer accounts receivable, less allowance for doubtful accounts of $84,424 in 1998 and $17,699 in 1999	455,339	486,624
Other receivables	1,691,593	981,567
Prepaid expenses and deposits	393,022	151,631
Property, plant and equipment, at cost:		
Transmission and distribution system and related equipment	27,981,959	24,298,593
Office furniture and equipment	755,398	251,659
Leasehold improvements	549,969	1,016
Construction in process and spare parts inventory	744,806	1,511,622
	30,032,132	26,062,890
Less accumulated depreciation	(11,368,764)	(1,395,385)
Net property, plant and equipment	18,663,368	24,667,505
Other assets, less accumulated amortization	5,181,012	70,082,997
Total assets	$ 27,063,073	$97,090,659
LIABILITIES AND PARTNERS' EQUITY (DEFICIT)		
Liabilities:		
Accounts payable and accrued liabilities	$ 2,356,540	$ 2,629,249
Interest payable	--	40,774
Customer prepayments	690,365	752,522
Interpartnership debt	31,222,436	29,181,690
Total liabilities	34,269,341	32,604,235
Partners' equity (deficit):		
General partner	(81,688)	585,770
Limited partner	(8,104,718)	58,010,284
Special limited partner	980,138	5,890,370
Total partners' equity (deficit)	(7,206,268)	64,486,424
Total liabilities and partners' equity (deficit)	$ 27,063,073	$97,090,659

See accompanying notes.

R/N SOUTH FLORIDA CABLE MANAGEMENT LIMITED PARTNERSHIP

CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	SIX MONTHS ENDED	
	6/30/98	6/30/99
REVENUES:		
Service	$ 9,263,046	$ 10,443,758
Installation and other	1,524,279	1,829,934
	10,787,325	12,273,692
COSTS AND EXPENSES:		
Operating expense	1,871,082	2,015,928
Programming expense	2,302,086	2,701,090
Selling, general and administrative expense	2,333,536	2,169,031
Depreciation	1,088,616	1,401,473
Amortization	646,553	12,465,996
Management fees	431,493	490,948
Loss on disposal of assets	96,044	242,800
Total costs and expenses	8,769,410	21,487,266
Operating income (loss)	2,017,915	(9,213,574)
Interest expense	1,286,725	1,235,445
Net income (loss)	$ 731,190	$(10,449,019)

See accompanying notes.

R/N SOUTH FLORIDA CABLE MANAGEMENT LIMITED PARTNERSHIP

COMPARATIVE CONSOLIDATED STATEMENT OF PARTNERS' EQUITY
(UNAUDITED)

	GENERAL PARTNER	LIMITED PARTNERS	SPECIAL LIMITED PARTNERS	TOTAL
Partners' equity (deficit) at December 31, 1997	$(96,602)	$(9,582,050)	$ 870,419	$ (8,808,233)
Net income for the six months ended June 30, 1998	6,808	674,303	50,079	731,190
Partners' equity (deficit) at June 30, 1998	$(89,794)	$(8,907,747)	$ 920,498	$ (8,077,043)
Partners' equity (deficit) at December 31, 1998	$(81,688)	$(8,104,718)	$ 980,138	$ (7,206,268)
Investment in Partnership	764,739	75,751,087	5,625,885	82,141,711
Net loss for the six months ended June 30, 1999	(97,281)	(9,636,085)	(715,653)	(10,449,019)
Partners' equity at June 30, 1999	$585,770	$58,010,284	$5,890,370	$ 64,486,424

See accompanying notes.

R/N SOUTH FLORIDA CABLE MANAGEMENT LIMITED PARTNERSHIP

CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	SIX MONTHS ENDED	
	6/30/98	6/30/99
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ 731,190	$(10,449,019)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	1,088,616	1,401,473
Amortization	646,553	12,465,996
Amortization of deferred loan cost	44,659	--
Loss on disposal of assets	96,044	242,800
Decrease (increase) in customer accounts receivable	233,404	(31,285)
Decrease (increase) in other receivables	(98,355)	710,025
Decrease in prepaid expenses and deposits	31,048	241,391
Increase (decrease) in accounts payable and accrued liabilities	(375,494)	272,709
Increase (decrease) in customer prepayments	(174,131)	62,157
Increase in interest payable	13,034	40,774
Net cash provided by operating activities	2,236,568	4,957,021
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	(3,586,254)	(2,697,239)
Additions to other assets, net of refranchises	(142,090)	(212,568)
Proceeds from the sale of assets	7,063	35,128
Net cash used in investing activities	(3,721,281)	(2,874,679)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from long-term debt	4,400,000	--
Payments of long-term debt	(2,850,000)	--
Change in interpartnership debt, net	--	(2,040,746)
Net cash provided by (used in) financing activities	1,550,000	(2,040,746)
Net increase in cash and cash equivalents	65,287	41,596
Cash and cash equivalents at beginning of period	362,619	678,739
Cash and cash equivalents at end of period	$ 427,906	$ 720,335
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	$ 1,211,531	$ 1,244,254

See accompanying notes.

R/N SOUTH FLORIDA CABLE MANAGEMENT LIMITED PARTNERSHIP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. BASIS OF PRESENTATION

The accompanying consolidated financial statements are unaudited. However, in the opinion of management, the financial statements reflect all adjustments, consisting of normal recurring adjustments, necessary for fair presentation in accordance with generally accepted accounting principles applicable to interim periods. Interim results of operations are not indicative of results for the full year. The accompanying financial statements should be read in conjunction with the December 31, 1998 audited consolidated financial statements of R/N South Florida Cable Management Limited Partnership (the "Partnership").

Effective April 1, 1999, InterLink Communications Partners, LLLP ("ICP") completed the purchase of the remaining general partner interest in the Partnership and the Partnership was merged into ICP and ceased to exist as a separate legal entity. The Partnership's financial statements subsequent to that date represent a divisional carve-out from ICP. These financial statements include all the direct costs of operating its business; however, certain assets, liabilities and costs not specifically related to the Partnership's activities were allocated and reflected in the financial position as of June 30, 1999, and the results of its operations and its cash flows for the six months ended June 30, 1999. Management believes these allocations were made on a reasonable basis. Nonetheless, the financial information included herein may not necessarily reflect what the financial position and results of operations of the Partnership would have been as a stand-alone entity.

2. ACQUISITION BY INTERLINK COMMUNICATIONS PARTNERS, LLLP

ICP agreed to purchase all of the Partnership interests as of December 31, 1998, for a total purchase price of approximately $105.5 million. The acquisition of the Partnership by ICP was accounted for as a purchase and a new basis of accounting was established effective January 1, 1999. The new basis resulted in assets and liabilities being recorded at their fair market value resulting in a increase in property, plant, and equipment and franchise costs of approximately $5.0 million and approximately $77.1 million, respectively. Accordingly, the 1999 interim-unaudited financial statements are not comparable to the 1998 interim-unaudited financial statements of the Partnership, which are based on historical costs.

3. DEBT

On December 30, 1998, the Partnership obtained an interpartnership loan agreement with ICP. Borrowings under the interpartnership loan, as well as interest and principal payments are due at the discretion of the management of ICP. The balance of the interpartnership loan at December 31, 1998 and June 30, 1999 was $31,222,436 and $29,181,690, respectively. The interest rate at both December 31, 1998 and June 30, 1999 was 8.5%

4. ACQUISITION BY CHARTER COMMUNICATIONS HOLDINGS, LLC

On February 12, 1999, ICP signed a letter of intent to sell all of ICP's partnership interests to Charter Communications Holdings, LLC ("Charter"). On April 26, 1999, ICP signed a definitive Purchase and Sale Agreement with Charter for the sale of the individual partners' interest. ICP and Charter are expected to complete the sale during the third quarter of 1999.

R/N SOUTH FLORIDA CABLE MANAGEMENT LIMITED PARTNERSHIP

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

5. LITIGATION

The Partnership could possibly be named as defendant in various actions and proceedings arising from the normal course of business. In all such cases, the Partnership will vigorously defend itself against the litigation and, where appropriate, will file counterclaims. Although the eventual outcome of potential lawsuits cannot be predicted, it is management's opinion that any such lawsuit will not result in liabilities that would have a material affect on the Partnership's financial position or results of operations.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Managers
of Avalon Cable LLC

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, changes in members' interest and cash flows present fairly, in all material respects, the financial position of Avalon Cable LLC and its subsidiaries (the "Company") at December 31, 1997 and 1998 and the results of their operations, changes in members' interest and their cash flows for the period from September 4, 1997 (inception), through December 31, 1997 and for the year ended December 31, 1998 in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

PRICEWATERHOUSECOOPERS LLP

New York, New York
March 30, 1999, except for Note 12,
as to which the date is May 13, 1999

AVALON CABLE LLC AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

	DECEMBER 31, 1998	DECEMBER 31, 1997
	(DOLLARS IN THOUSANDS)	
ASSETS		
CURRENT ASSETS:		
Cash	$ 9,288	$ --
Subscriber receivables, less allowance for doubtful accounts of $943	5,862	--
Accounts receivable-affiliate	124	--
Deferred income taxes	479	--
Prepaid expenses and other current assets	580	504
Total current assets	16,333	504
Property, plant and equipment, net	111,421	--
Intangible assets, net	462,117	--
Other assets	227	--
Total assets	$590,098	$504
LIABILITIES AND MEMBERS' INTEREST		
CURRENT LIABILITIES:		
Current portion of notes payable	$ 20	$ --
Accounts payable and accrued expenses	11,646	--
Accounts payable, net-affiliate	2,023	500
Advance billings and customer deposits	3,171	--
Total current liabilities	16,860	500
Note payable, net of current portion	402,949	--
Note payable-affiliate	3,341	--
Deferred income taxes	1,841	--
Total liabilities	424,991	500
Minority interest	13,855	--
Commitments and contingencies (Note 10)		
MEMBERS' INTEREST:		
Members' capital	166,630	--
Accumulated earnings (deficit)	(15,378)	4
Total member's interest	151,252	4
Total liabilities and member's interest	$590,098	$504

The accompanying notes are an integral part of these consolidated financial statements.

AVALON CABLE LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF OPERATIONS

	FOR THE YEAR ENDED DECEMBER 31, 1998	FOR THE PERIOD FROM SEPTEMBER 4, 1997 (INCEPTION) THROUGH DECEMBER 31, 1997
	(DOLLARS IN THOUSANDS)	
REVENUE:		
Basic services	$ 14,976	$--
Premium services	1,468	--
Other	1,743	--
Total revenues	18,187	--
Operating expenses:		
Selling, general and administrative	4,207	--
Programming	4,564	--
Technical and operations	1,951	--
Depreciation and amortization	8,183	--
Loss from operations	(718)	--
Other income (expense):		
Interest income	173	4
Interest expense	(8,223)	--
Other expense, net	(65)	--
Income (loss) before income taxes	(8,833)	4
Provision for income taxes	(186)	--
Income (loss) before minority interest and extraordinary item	(9,019)	4
Minority interest in consolidated entity	(398)	--
Income (loss) before the extraordinary loss on early extinguishment of debt	(9,417)	4
Extraordinary loss on early extinguishment of debt	(5,965)	--
Net income (loss)	$(15,382)	$4

The accompanying notes are an integral part of these consolidated financial statements.

AVALON CABLE LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' INTEREST
FROM THE PERIOD FROM SEPTEMBER 4, 1997 (INCEPTION) THROUGH DECEMBER 31, 1998

	CLASS A		CLASS B-1		ACCUMULATED EARNINGS (DEFICIT)	TOTAL MEMBERS' INTEREST
	UNITS	$	UNITS	$		
	(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)					
Net income for the period from September 4, 1997 through December 31, 1997	--	$ --	--	$ --	$ 4	$ 4
Issuance of Class A units	45,000	45,000	--	--	--	45,000
Issuance of Class B-1 units in consideration for Avalon Cable of New England LLC	--	--	64,696	4,345	--	4,345
Contribution of assets and liabilities of Avalon Cable of Michigan Inc	--	--	510,994	117,285	--	117,285
Net loss for the year ended December 31, 1998	--		--		(15,382)	(15,382)
Balance at December 31, 1998	45,000	$45,000	575,690	$121,630	$(15,378)	$151,252

The accompanying notes are an integral part of these consolidated financial statements.

AVALON CABLE LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

	FOR THE YEAR ENDED DECEMBER 31, 1998	FOR THE PERIOD SEPTEMBER 31, 1997 (INCEPTION) DECEMBER 31, 1997
	(DOLLARS IN THOUSANDS)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ (15,382)	$ 4
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	8,183	--
Deferred income taxes, net	1,010	--
Extraordinary loss on extinguishment of debt	5,965	--
Provision for loss on accounts receivable	75	--
Minority interest in consolidated entity	398	--
Accretion of senior discount notes	1,083	--
Changes in operating assets and liabilities Increase in subscriber receivables	(1,679)	
Increase in accounts receivable-affiliates	(124)	--
Increase in prepaid expenses and other current assets	(76)	(4)
Increase in accounts payable and accrued expenses	4,863	--
Increase in accounts payable-affiliates	1,523	--
Increase in advance billings and customer deposits	1,684	--
Change in Other, net	(227)	--
Net cash provided by operating activities	7,296	--
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(11,468)	--
Acquisitions, net of cash acquired	(554,402)	--
Net cash used in investing activities	(565,870)	--
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of credit facility	265,888	--
Principal payment on credit facility	(125,013)	--
Proceeds from issuance of senior subordinated debt	150,000	--
Proceeds from issuance of note payable-affiliate	3,341	--
Proceeds from issuance of senior discount notes	110,411	--
Proceeds from other notes payable	600	--
Payments for debt issuance costs	(3,995)	--
Contribution by members	166,630	--
Net cash provided by financing activities	567,862	--
Increase in cash	9,288	--
Cash, beginning of period	--	--
Cash, end of period	$ 9,288	$--
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the period for interest	$ 3,480	$--

The accompanying notes are an integral part of these consolidated financial statements.

AVALON CABLE LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1998
(DOLLARS IN THOUSANDS)

1. BASIS OF PRESENTATION AND DESCRIPTION OF BUSINESS

Avalon Cable LLC ("Avalon"), and its wholly owned subsidiaries Avalon Cable Holdings Finance, Inc. ("Avalon Holdings Finance") and Avalon Cable of Michigan LLC ("Avalon Michigan"), were formed in October 1998, pursuant to the laws of the State of Delaware, as a wholly owned subsidiary of Avalon Cable of New England Holdings, Inc. ("Avalon New England Holdings").

On November 6, 1998, Avalon New England Holdings contributed its 100% interest in Avalon Cable of New England LLC ("Avalon New England") to Avalon in exchange for a membership interest in Avalon. This contribution was between entities under common control and was accounted for similar to a pooling-of-interests. Under this pooling-of-interests method, the results of operations for Avalon include the results of operations from the date of inception (September 4, 1997) of Avalon New England. On that same date, Avalon received $63,000 from affiliated entities, which was comprised of (i) a $45,000 capital contribution by Avalon Investors, LLC ("Avalon Investors") and (ii) a $18,000 promissory note from Avalon Cable Holdings LLC ("Avalon Holdings"), which was used to make a $62,800 cash contribution to Avalon New England.

The cash contribution received by Avalon New England was used to (i) extinguish existing indebtedness of $29,600 and (ii) fund a $33,200 loan to Avalon Holdings Finance which matures on December 31, 2001.

On December 10, 1998, Avalon received a dividend distribution from Avalon New England in the amount of $18,206, which was used by Avalon to pay off the promissory note payable to Avalon Holdings, plus accrued interest.

Avalon Cable of Michigan, Inc. was formed in June 1998, pursuant to the laws of the state of Delaware, as a wholly owned subsidiary of Avalon Cable of Michigan Holdings, Inc. ("Michigan Holdings".) On June 3, 1998, Avalon Cable of Michigan, Inc. entered into an Agreement and Plan of Merger (the "Agreement") among Avalon Cable of Michigan, Inc., Michigan Holdings and Cable Michigan, Inc. ("Cable Michigan"), pursuant to which Avalon Cable of Michigan, Inc. will merge into Cable Michigan and Cable Michigan will become a wholly owned subsidiary of Michigan Holdings (the "Merger"). As part of the Merger, the name of the company was changed to Avalon Cable of Michigan, Inc.

In accordance with the terms of the Agreement, each share of common stock, par value $1.00 per share ("common stock"), of Cable Michigan outstanding prior to the effective time of the Merger (other than treasury stock shares owned by Michigan Holdings or its subsidiaries, or shares as to which dissenters' rights have been exercised) shall be converted into the right to receive $40.50 in cash (the "Merger Consideration"), subject to certain possible closing adjustments.

In conjunction with the acquisition of Cable Michigan, Avalon Cable of Michigan, Inc. acquired Cable Michigan's 62% ownership interest in Mercom, Inc. ("Mercom").

On November 6, 1998, Avalon Cable of Michigan, Inc. completed its Merger. The total consideration payable in conjunction with the Merger, including fees and expenses is $431,629, including repayment of all existing Cable Michigan indebtedness and accrued interest of $135,205. Subsequent to the Merger, the arrangements with RCN and CTE for certain support services were terminated. The Agreement also permitted Avalon Cable of Michigan, Inc. to agree to acquire the remaining shares of Mercom that it did not own.

Michigan Holdings contributed $137,375 in cash to Avalon Cable of Michigan, Inc., which was used to consummate the Merger. On November 5, 1998, Michigan Holdings received $105,000 in cash in exchange for promissory notes to lenders (the "Bridge Agreement"). On November 6, 1998, Michigan Holdings contributed the proceeds received from the Bridge Agreement and an additional $35,000 in cash to Avalon Cable of Michigan Inc. in exchange for 100 shares of common stock.

On March 26, 1999, Avalon completed a series of transactions to facilitate certain aspects of its financing between affiliated entities under common control. As a result of these transactions:

- Avalon Cable of Michigan Inc. contributed its assets and liabilities excluding deferred tax liabilities, net to Avalon in exchange for an approximate 88% voting interest in Avalon. Avalon contributed these assets and liabilities to its wholly-owned subsidiary, Avalon Cable of Michigan.

- Avalon Michigan has become the operator of the Michigan cluster replacing Avalon Cable of Michigan, Inc.

- Avalon Michigan is an obligor on the Senior Subordinated Notes replacing Avalon Cable of Michigan, Inc., and

- Avalon Cable of Michigan, Inc. is a guarantor of the obligations of Avalon Michigan under the Senior Subordinated Notes. Avalon Cable of Michigan, Inc. does not have significant assets, other than its investment in Avalon.

- Avalon is an obligor on the Senior Discount Notes replacing Avalon Cable of Michigan Holdings, Inc.

As a result of the reorganization between entities under common control, Avalon accounted for the reorganization similar to a pooling-of-interests. Under the pooling-of-interests method, the results of operations for Avalon include the results of operations from the date of inception (June 2, 1998) inception of Avalon Cable of Michigan, Inc. and the date of acquisition of the completed acquisitions.

Avalon New England and Avalon Michigan provide cable service to the western New England area and the state of Michigan, respectively. Avalon cable systems offer customer packages of basic and premium cable programming services which are offered at a per channel charge or are packaged together to form a tier of services offered at a discount from the combined channel rate. Avalon cable systems also provide premium cable services to their customers for an extra monthly charge. Customers generally pay initial connection charges and fixed monthly fees for cable programming and premium cable services, which constitute the principal sources of revenue for Avalon.

Avalon Holdings Finance was formed for the sole purpose of facilitating financings associated with the acquisitions of various cable operating companies. Avalon Holdings Finance conducts no other activities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The consolidated financial statements of Avalon and its subsidiaries, include the accounts of Avalon and its wholly owned subsidiaries, Avalon New England, Avalon Michigan and Avalon Holdings Finance (collectively, the "Company"). All significant transactions between Avalon and its subsidiaries have been eliminated.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and use assumptions that affect the reported amounts of assets and liabilities and the disclosure for contingent assets and liabilities at the date of the financial statements as well as the reported amounts of revenues and expenses during the reported period. Actual results may vary from estimates used.

Revenue recognition

Revenue is recognized as cable services are provided. Installation fee revenue is recognized in the period in which the installation occurs to the extent that direct selling costs meet or exceed installation revenues.

Advertising costs

Advertising costs are charged to operations as incurred. Advertising costs were $82 for the year ended December 31, 1998.

Concentration of credit risk

Financial instruments which potentially expose the Company to a concentration of credit risk include cash and subscriber and other receivables. The Company had cash in excess of federally insured deposits at financial institutions at December 31, 1998. The Company does not believe that such deposits are subject to any unusual credit risk beyond the normal credit risk associated with operating its business. The Company extends credit to customers on an unsecured basis in the normal course of business. The Company maintains reserves for potential credit losses and such losses, in the aggregate, have not historically exceeded management's expectations. The Company's trade receivables reflect a customer base centered in the state of Michigan and New England. The Company routinely assesses the financial strength of its customers; as a result, concentrations of credit risk are limited.

Property, plant and equipment

Property, plant and equipment is stated at its fair value for items acquired from Cable Michigan, historical cost for the minority interests share of Mercom property, plant and equipment and cost for additions subsequent to the merger. Initial subscribers installation costs, including materials, labor and overhead costs, are capitalized as a component of cable plant and equipment. The cost of disconnection and reconnection are charged to expense when incurred.

Depreciation is computed for financial statement purposes using the straight-line method based upon the following lives:

Vehicles	5 years
Cable plant and equipment	5-12 years
Office furniture and equipment	5-10 years
Buildings and improvements	10-25 years

Intangible assets

Intangible assets represent the estimated fair value of cable franchises and goodwill resulting from acquisitions. Goodwill is the excess of the purchase price over the fair value of the net assets acquired, determined through an independent appraisal. Deferred financing costs represent direct costs incurred to obtain long-term financing and are amortized to interest expense over the term of the underlying debt utilizing the effective interest method. Amortization is computed for financial statement purposes using the straight-line method based upon the anticipated economic lives:

Cable franchises	13-15 years
Goodwill	15 years
Non-compete agreement	5 years

Accounting for impairments

The Company follows the provisions of Statement of Financial Accounting Standards No. 121 -- "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of" ("SFAS 121").

SFAS 121 requires that long-lived assets and certain identifiable intangibles to be held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In performing the review for recoverability, the Company estimates the net future cash flows expected to result from the use of the asset and its eventual disposition. If the sum of the expected net future cash flows (undiscounted and without interest charges) is less than the carrying amount of the asset, an impairment loss is recognized. Measurement of an impairment loss for long-lived assets and identifiable intangibles expected to be held and used is based on the fair value of the asset.

No impairment losses have been recognized by the Company pursuant to SFAS 121.

Financial instruments

The Company estimates that the fair value of all financial instruments at December 31, 1998 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The fair value of the notes payable-affiliate are considered to be equal to carrying values since the Company believes that its credit risk has not changed from the time this debt instrument was executed and therefore, would obtain a similar rate in the current market.

Income taxes

The Company is not subject to federal and state income taxes since the income or loss of the Company is included in the tax returns of Avalon Cable of Michigan, Inc. and the Company's minority partners. However, Mercom, its majority-owned subsidiary is subject to taxes that are accounted for using Statement of Financial Accounting Standards No. 109 -- "Accounting for Income Taxes". The statement requires the use of an asset and liability approach for financial reporting purposes. The asset and liability approach requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between financial reporting basis and tax basis of assets and liabilities. If it is more likely than not that some portion or all of a deferred tax asset will not be realized, a valuation allowance is recognized.

3. MEMBERS' CAPITAL

Avalon has authorized two classes of equity units; class A units ("Class A Units") and class B units ("Class B Units") (collectively, the "Units"). Each class of the Units represents a fractional part of the membership interests in Avalon and has the rights and obligations specified in Avalon's Limited Liability Company Agreement. Each Class B Unit is entitled to voting rights equal to the percentage such units represents of the aggregate number of outstanding Class B Units. The Class A Units are not entitled to voting rights.

Class A Units

The Class A Units are participating preferred equity interests. A preferred return accrues annually (the Company's "Preferred Return") on the initial purchase price (the Company's "Capital Value") of each Class A Unit at a rate of 15, or 17% under certain circumstances, per annum. The Company cannot pay distributions in respect of other classes of securities including distributions made in connection with a liquidation until the Company's Capital Value and accrued Preferred Return in respect of each Class A Unit is paid to the holders thereof (such distributions being the Company's "Priority Distributions"). So long as any portion of the Company's Priority Distributions remains unpaid, the holders of a majority of the Class A Units are entitled to block certain actions by the Company including the payment of certain distributions, the issuance of senior or certain types of pari passu equity securities or the entering into or amending of certain related-party agreements. In addition to the Company's Priority Distributions, each Class A Unit is also entitled to participate in common distributions, pro rata according to the percentage such unit represents of the aggregate number of the Company's units then outstanding.

Class B Units

The Class B Units are junior equity securities which are divided into two identical subclasses, Class B-1 Units and Class B-2 Units. After the payment in full of Avalon's Priority Distributions, each Class B Unit is entitled to participate in distributions pro rata according to the percentage such unit represents of the aggregate number of the Avalon units then outstanding.

4. MERGER AND ACQUISITIONS

The Merger was accounted for using the purchase method of accounting. Accordingly, the consideration was allocated to the net assets acquired based on their fair market values at the date of the Merger. The purchase price was allocated as follows: current assets and liabilities at fair values of $470, approximately $94,000 to property, plant and equipment, $315,000 to cable franchises and the excess of consideration paid over the fair market value of the net assets acquired, or goodwill, of $81,705, offset by deferred taxes net of $60,000.

AVALON CABLE LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

The Merger agreement between Michigan Holdings and Avalon Cable of Michigan, Inc. permitted Avalon Cable of Michigan, Inc. to agree to acquire the 1,822,810 shares (approximately 38% of the outstanding stock) of Mercom that it did not own (the "Mercom Acquisition"). On September 10, 1998 Avalon Cable of Michigan, Inc. and Mercom entered into a definitive agreement (the "Mercom Merger Agreement") providing for the acquisition by Avalon Cable of Michigan, Inc. of all of such shares at a price of $12.00 per share. Avalon Cable of Michigan, Inc. completed this acquisition in March 1999. The total estimated consideration payable in conjunction with the Mercom Acquisition, excluding fees and expenses was $21,900.

In March 1999, Avalon Michigan acquired the cable television systems of Nova Cablevision, Inc., Nova Cablevision VI, L.P. and Nova Cablevision VII, L.P. for approximately $7,800, excluding transaction fees.

On May 29, 1998, the Company acquired certain assets of Amrac Clear View, A Limited Partnership ("Amrac") for consideration of $8,124, including acquisition costs of $589. The acquisition was accounted for using the purchase method of accounting. Accordingly, the consideration was allocated to the net assets acquired based on the fair market values at the date of acquisition as determined through the use of an independent appraisal. The excess of the consideration paid over the estimated fair market value of the net assets acquired, or goodwill, was $256.

On July 21, 1998, the Company acquired certain assets and liabilities from Pegasus Cable Television, Inc. and Pegasus Cable Television of Connecticut, Inc. (collectively, "Pegasus") for consideration of $30,467, including acquisition costs of $175. The acquisition was accounted for using the purchase method of accounting. Accordingly, the consideration was allocated to the net assets acquired based on the fair market values at the date of acquisition as determined through use of an independent appraisal. The excess of the consideration paid over the estimated fair market value of the net assets acquired, or goodwill, was $977.

Unaudited pro forma results of operations of the Company for the year ended December 31, 1998, as if the Merger and acquisitions occurred on January 1, 1998.

	DECEMBER 31, 1998 (UNAUDITED)
Revenues	$ 96,751
Loss from operations	$ (5,292)
Net loss	$(22,365)

In September 1998, the Company entered into a definitive agreement to purchase all of the cable systems of Taconic Technology Corporation ("Taconic") for approximately $8,525 (excluding transaction fees). As of December 31, 1998, the Company incurred $41 of transaction costs related to the acquisition of Taconic. This merger is expected to close in the second quarter of 1999.

AVALON CABLE LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT

At December 31, 1998, property, plant and equipment consists of the following:

Cable plant and equipment	$106,602
Vehicles	2,572
Office furniture and fixtures	1,026
Buildings and improvements	2,234
Construction in process	768
	113,202
Less: accumulated depreciation	(1,781)
	$111,421

Depreciation expense charged to operations was $1,781 for the year ended December 31, 1998.

6. INTANGIBLE ASSETS

At December 31, 1998, intangible assets consist of the following:

	1998
Cable franchises	$374,773
Goodwill	82,928
Deferred financing costs	10,658
Non-compete agreement	100
	468,459
Less: accumulated amortization	(6,342)
	$462,117

Amortization expense was $6,342 for the year ended December 31, 1998.

7. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

At December 31, 1998, accounts payable and accrued expenses consist of the following:

Accounts payable	$ 5,321
Accrued corporate expenses	404
Accrued programming costs	2,388
Taxes payable	1,383
Other	2,150
	$11,646

AVALON CABLE LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

8. DEBT

At December 31, 1998, Long-term debt consists of the following:

Senior Credit Facility	$140,875
Senior Subordinated Notes	150,000
Senior Discount Notes	111,494
Other Note Payable	600
	402,969
Less: current portion of notes payable	20
	$402,949

Credit Facilities

On May 28, 1998, Avalon New England entered into a term loan and revolving credit agreement with a major commercial lending institution (the "Credit Agreement"). The Credit Agreement allowed for aggregate borrowings under Term Loans A and B (collectively, the "Term Loans") and a revolving credit facility of $30,000 and $5,000, respectively. The proceeds from the Term Loans and revolving credit facility were used to fund the acquisitions made by Avalon New England and to provide for Avalon New England's working capital requirements.

In December 1998, Avalon New England retired the Term Loans and revolving credit agreement through the proceeds of a capital contribution from Avalon. The fees and associated costs relating to the early retirement of this debt was $1,110.

On November 6, 1998, Avalon New England became a co-borrower along with Avalon Michigan and Avalon Cable Finance, Inc. ("Avalon Finance"), affiliated companies (collectively referred to as the "Co-Borrowers"), on a $320,888 senior credit facility, which includes term loan facilities consisting of (i) tranche A term loans of $120,888 and (ii) tranche B term loans of $170,000, and a revolving credit facility of $30,000 (collectively, the "Credit Facility"). Subject to compliance with the terms of the Credit Facility, borrowings under the Credit Facility will be available for working capital purposes, capital expenditures and pending and future acquisitions. The ability to advance funds under the tranche A term loan facility terminated on March 31, 1999. The tranche A term loans are subject to minimum quarterly amortization payments commencing on January 31, 2001 and maturing on October 31, 2005. The tranche B term loans are subject to minimum quarterly payments commencing on January 31, 2001 with substantially all of tranche B term loans scheduled to be repaid in two equal installments on July 31, 2006 and October 31, 2006. The revolving credit facility borrowings are scheduled to be repaid on October 31, 2005.

On November 6, 1998, Avalon Michigan borrowed $265,888 under the Credit Facility. In connection with the Senior Subordinated Notes and Senior Discount Notes offerings, Avalon Michigan repaid $125,013 of the Credit Facility, and the availability under the Credit Facility was reduced to $195,000. Avalon Michigan had borrowings of $11,300 and $129,575 outstanding under the tranche A and tranche B term note facilities, respectively, and had available $30,000 for borrowings under the revolving credit facility. Avalon New England and Avalon Finance had no borrowings outstanding under the Credit Facility at December 31, 1998.

The interest rate under the Credit Facility is a rate based on either (i) the Base Rate (a rate per annum equal to the greater of the prime rate and the federal funds rate plus one-half of 1%) or (ii) the Eurodollar Rate (a rate per annum equal to the Eurodollar base rate divided by 1.00 less the Eurocurrency reserve requirement plus, in either case, the applicable margin). As of

December 31, 1998, the applicable margin was (a) with respect to the tranche B term loans was 2.75% per annum for Base Rate loans and 3.75% per annum for Eurodollar loans and (b) with respect to tranche A term loans and the revolving credit facility was 2.00% per annum for Base Rate loans and 3.00% for Eurodollar loans. The applicable margin for the tranche A term loans and the revolving credit facility are subject to performance based grid pricing which is determined based upon the consolidated leverage ratio of the Co-Borrowers. The interest rate for the tranche A and tranche B term loans outstanding at December 31, 1998 was 8.58% and 9.33%, respectively. Interest is payable on a quarterly basis. Accrued interest on the borrowings incurred by Avalon Cable of Michigan Inc. under the credit facility was $1,389 at December 31, 1998.

The Credit Facility contains restrictive covenants which among other things require the Co-Borrowers to maintain certain ratios including consolidated leverage ratios and the interest coverage ratio, fixed charge ratio and debt service coverage ratio.

The obligations of the Co-Borrowers under the Credit Facility are secured by substantially all of the assets of the Co-Borrowers. In addition, the obligations of the Co-Borrowers under the Credit Facility are guaranteed by affiliated companies; Avalon Cable of Michigan Holdings, Inc., Avalon Cable Finance Holdings, Inc., Avalon New England Holdings, Inc., Avalon Cable Holdings, LLC and the Company.

A Change of Control as defined under the Credit Facility agreement would constitute an event of default under the Credit Facility giving the lender the right to terminate the credit commitment and declare all amounts outstanding immediately due and payable.

Subordinated Debt

In December 1998, Avalon New England and Avalon Michigan became co-issuers of a $150,000 principal balance, Senior Subordinated Notes ("Subordinated Notes") offering. In conjunction with this financing, Avalon New England received $18,130 from Avalon Michigan as a partial payment against the Company's note receivable-affiliate from Avalon Michigan. Avalon Michigan paid $75 in interest during the period from October 21, 1998 (inception) through December 31, 1998. The cash proceeds received by Avalon New England of $18,206 was paid to Avalon as a dividend.

The Subordinated Notes mature on December 1, 2008, and interest accrued at a rate of 9.375% per annum. Interest is payable semi-annually in arrears on June 1 and December 1 of each year, commencing on June 1, 1999. Accrued interest on the Subordinated Notes was $1,078 at December 31, 1998.

The Senior Subordinated Notes will not be redeemable at the Co-Borrowers' option prior to December 1, 2003. Thereafter, the Senior Subordinated Notes will be subject to redemption at any time at the option of the Co-Borrowers, in whole or in part at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest, if any, thereon to the applicable redemption date, if redeemed during the twelve-month period beginning on December 1 of the years indicated below:

YEAR	PERCENTAGE
2003	104.688%
2004	103.125%
2005	101.563%
2006 and thereafter	100.000%

AVALON CABLE LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

The scheduled maturities of the long-term debt are $2,000 in 2001, $4,000 in 2002, $7,000 in 2003, and the remainder thereafter.

At any time prior to December 1, 2001, the Co-Borrowers may on any one or more occasions redeem up to 35% of the aggregate principal amount of Senior Subordinate Notes originally issued under the Indenture at a redemption price equal to 109.375% of the principal amount thereof, plus accrued and unpaid interest, if any, to the redemption date, with the net cash proceeds of any equity offering and/or the net cash proceeds of a strategic equity investment; provided that at least 65% of the aggregate principal amount at maturity of Senior Subordinated Notes originally issued remain outstanding immediately after each such redemption.

As used in the preceding paragraph, "Equity Offering and Strategic Equity Investment" means any public or private sale of Capital Stock of any of the Co-Borrowers pursuant to which the Co-Borrowers together receive net proceeds of at least $25 million, other than issuances of Capital Stock pursuant to employee benefit plans or as compensation to employees; provided that to the extent such Capital Stock is issued by the Co-Borrowers, the net cash proceeds thereof shall have been contributed to one or more of the Co-Borrowers in the form of an equity contribution.

The Indentures provide that upon the occurrence of a change of control (a "Change of Control") each holder of the Notes has the right to require the Company to purchase all or any part (equal to $1,000 or an integral multiple thereof) of such holder's Notes at an offer price in cash equal to 101% of the aggregate principal amount thereon plus accrued and unpaid interest and Liquidated Damages (as defined in the Indentures) thereof, if any, to the date of purchase.

The Senior Discount Notes

On December 3, 1998, the Company, Avalon Michigan and Avalon Cable Holdings Finance, Inc. (the "Holding Co-Borrowers") issued $196.0 million aggregate principal amount at maturity of 117/8% Senior Discount Notes ("Senior Discount Notes") due 2008.

The Senior Discount Notes were issued at a substantial discount from their principal amount at maturity, to generate gross proceeds of approximately $110.4 million. Interest on the Senior Discount Notes will accrue but not be payable before December 1, 2003. Thereafter, interest on the Senior Discount Notes will accrue on the principal amount at maturity at a rate of 11.875% per annum, and will be payable semi-annually in arrears on June 1 and December 1 of each year, commencing December 1, 2003. Prior to December 1, 2003, the accreted value of the Senior Discount Notes will increase, representing amortization of original issue discount, between the date of original issuance and December 1, 2003 on a semi-annual basis using a 360-day year comprised of twelve 30-day months, such that the accreted value shall be equal to the full principal amount at maturity of the Senior Discount Notes on December 1, 2003. Original issue discount accretion on the Senior Discount Notes was $1,083 at December 31, 1998.

On December 1, 2003, the Holding Co-Borrowers will be required to redeem an amount equal to $369.79 per $1,000 principal amount at maturity of each Senior Discount Note then outstanding on a pro rata basis at a redemption price of 100% of the principal amount at maturity of the Senior Discount Notes so redeemed.

On or after December 1, 2003, the Senior Discount Notes will be subject to redemption at any time at the option of the Holding Co-borrowers, in whole or in part, at the redemption prices, which are expressed as percentages of principal amount, shown below plus accrued and unpaid interest, if any, and liquidated damages, if any, thereon to the applicable redemption date, if redeemed during the twelve-month period beginning on December 1 of the years indicated below:

YEAR	PERCENTAGE
2003	105.938%
2004	103.958%
2005	101.979%
2006 and thereafter	100.000%

Notwithstanding the foregoing, at any time before December 1, 2001, the holding companies may on any one or more occasions redeem up to 35% of the aggregate principal amount at maturity of senior discount notes originally issued under the Senior Discount Note indenture at a redemption price equal to 111.875% of the accreted value at the date of redemption, plus liquidated damages, if any, to the redemption date, with the net cash proceeds of any equity offering and/or the net cash proceeds of a strategic equity investment; provided that at least 65% of the aggregate principal amount at maturity of Senior Discount Notes originally issued remain outstanding immediately after each occurrence of such redemption.

Upon the occurrence of a Change of Control, each holder of Senior Discount Notes will have the right to require the Holding Co-Borrowers to repurchase all or any part of such holder's Senior Discount Notes pursuant to a Change of Control offer at an offer price in cash equal to 101% of the aggregate principal amount thereof plus accrued and unpaid interest and liquidated damages thereon, if any, to the date of purchase.

Mercom debt

In August 1997, the Mercom revolving credit agreement for $2,000 expired. Mercom had no borrowings under the revolving credit agreement in 1996 or 1997.

On September 29, 1997, Cable Michigan, Inc. purchased and assumed all of the bank's interest in the term credit agreement and the note issued thereunder. Immediately after the purchase, the term credit agreement was amended in order to, among other things, provide for less restrictive financial covenants, eliminate mandatory amortization of principal and provide for a bullet maturity of principal on December 31, 2002, and remove the change of control event of default. Mercom's borrowings under the term credit agreement contain pricing and security provisions substantially the same as those in place prior to the purchase of the loan. The borrowings are secured by a pledge of the stock of Mercom's subsidiaries and a first lien on certain of the assets of Mercom and its subsidiaries, including inventory, equipment and receivables. At December 31, 1998, $14,151 of principal was outstanding. The borrowings under the term credit agreement are eliminated in the Company's consolidated balance sheet.

Note payable

Avalon New England issued a note payable for $500 which is due on May 29, 2003, and bears interest at a rate of 7% per annum (which approximates Avalon New England's incremental borrowing rate) payable annually. Additionally, Avalon New England has a $100 non-compete agreement. The agreement calls for five annual payments of $20, commencing on May 29, 1999.

9. INCOME TAXES

The income tax provision in the accompanying consolidated financial statements of operations relating to Mercom, Inc., a majority-owned subsidiary, is comprised of the following:

	1998
CURRENT	
Federal	$ --
State	--
Total Current	--
DEFERRED	
Federal	171
State	15
Total Deferred	186
Total provision for income taxes	$186

The benefit for income taxes is different from the amounts computed by applying the U.S. statutory federal tax rate of 35% for 1998. The differences are as follows:

	1998
Loss before provision for income taxes	$(8,833)
Federal tax provision at statutory rates	(3,092)
State income taxes	(182)
Allocated to members	3,082
Goodwill	6
Provision for income taxes	186

YEAR	TAX NET OPERATING LOSSES	EXPIRATION DATE
1998	$922	2018

Temporary differences that give rise to significant portion of deferred tax assets and liabilities at December 31 are as follows:

	1998
NOL carryforwards	$ 922
Reserves	459
Other, net	20
Total deferred assets	1,401
Property, plant and equipment	(2,725)
Intangible assets	(38)
Total deferred liabilities	(2,763)
Subtotal	(1,362)
Valuation allowance	--
Total deferred taxes	(1,362)

AVALON CABLE LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

10. COMMITMENTS AND CONTINGENCIES

Leases

Avalon New England and Avalon Michigan rent poles from utility companies for use in their operations. While rental agreements are generally short-term, Avalon New England and Avalon Michigan anticipate such rentals will continue in the future. Avalon New England and Avalon Michigan also lease office facilities and various items of equipment under month-to-month operating leases. Rent expense was $58 for the year ended December 31, 1998. Rental commitments are expected to continue at approximately $1 million a year for the foreseeable future, including pole rental commitments which are cancelable.

Legal matters

Avalon and its subsidiaries are subject to regulation by the Federal Communications Commission ("FCC") and other franchising authorities.

Avalon and its subsidiaries are subject to the provisions of the Cable Television Consumer Protection and Competition Act of 1992, as amended, and the Telecommunications Act of 1996. Avalon and its Subsidiaries have either settled challenges or accrued for anticipated exposures related to rate regulation; however, there is no assurance that there will not be further additional challenges to its rates.

In the normal course of business, there are various legal proceedings outstanding. In the opinion of management, these proceedings will not have a material adverse effect on the financial condition or results of operations of Avalon and its subsidiaries.

11. RELATED PARTY TRANSACTIONS AND BALANCES

During 1998, Avalon New England received $3,341 from Avalon Holdings. In consideration for this amount, Avalon New England executed a note payable to Avalon Holdings. This note is recorded as note payable-affiliate on the balance sheet at December 31, 1998. Interest accrues at a rate of 5.57% per year and Avalon New England has recorded accrued interest on this note of $100 at December 31, 1998.

12. SUBSEQUENT EVENT

In May 1999, the Company signed an agreement with Charter Communications, Inc. ("Charter Communications") under which Charter Communications agreed to purchase Avalon Cable LLC's cable television systems and assume some of their debt. The acquisition by Charter Communications is subject to regulatory approvals. The Company expects to consummate this transaction in the fourth quarter of 1999.

This agreement, if closed, would constitute a change in control under the Indenture pursuant to which the Senior Subordinated Notes and the Senior Discount Notes (collectively, the "Notes") were issued. The Indenture provides that upon the occurrence of a change of control of the Company (a "Change of Control") each holder of the Notes has the right to require the Company to purchase all or any part (equal to $1,000 or an integral multiple thereof) of such holder's Notes at an offer price in cash equal to 101% of the aggregate principal amount thereon (or 101% of the accreted value for the Senior Discount Notes as of the date of purchase if prior to the full accretion date) plus accrued and unpaid interest and Liquidated Damages (as defined in the Indenture) thereof, if any, to the date of purchase.

AVALON CABLE LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

This agreement, if closed, would represent a Change of Control which, on the closing date, constitutes an event of default under the Credit Facility giving the lender the right to terminate the credit commitment and declare all amounts outstanding immediately due and payable. Charter Communications has agreed to repay all amounts due under the Credit Facility or cause all events of default under the Credit Facility arising from the Change of Control to be waived.

AVALON CABLE LLC AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

	JUNE 30, 1999 (UNAUDITED)	DECEMBER 31, 1998
	(IN THOUSANDS)	
ASSETS		
CURRENT ASSETS		
Cash	$ 3,457	$ 9,288
Subscriber receivables, less allowance for doubtful accounts of $1,509 and $943	6,158	5,862
Accounts receivable-affiliate	--	124
Deferred income taxes	--	479
Prepaid expenses and other current assets	415	580
Total current assets	10,030	16,333
Property, plant and equipment, net	116,587	111,421
Intangible assets, net	470,041	462,117
Other assets	32	227
Total assets	$596,690	$590,098
LIABILITIES AND MEMBERS' INTEREST		
CURRENT LIABILITIES		
Current portion of notes payable	$ 25	$ 20
Accounts payable and accrued expenses	13,983	11,646
Accounts payable, net-affiliate	3,160	2,023
Deferred revenue	3,136	3,171
Total current liabilities	20,304	16,860
Note payable, net of current portion	446,079	402,949
Note payable-affiliate	--	3,341
Deferred income taxes	--	1,841
Total liabilities	466,383	424,991
Minority interest	--	13,855
Commitments and contingencies (Note 5)		
Members' interests		
Members' capital	166,630	166,630
Accumulated deficit	(36,323)	(15,378)
Total members' interest	130,307	151,252
Total liabilities and members' interest	$596,690	$590,098

The accompanying notes are an integral part of these consolidated financial statements.

AVALON CABLE LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF OPERATIONS

	FOR THE SIX MONTHS ENDED JUNE 30, 1999	FOR THE SIX MONTHS ENDED JUNE 30, 1998
	(UNAUDITED) (IN THOUSANDS)	
REVENUE		
Basic services	$ 42,064	$131
Premium services	4,079	15
Other	5,626	8
Total revenues	51,769	154
Operating expenses		
Selling, general and administrative	9,544	21
Programming	13,966	39
Technical and operations	5,932	17
Depreciation and amortization	22,096	53
Loss from operations	231	24
Other income (expense)		
Interest income	708	--
Interest expense	(23,246)	(5)
Income (loss) before income taxes	(22,307)	19
(Benefit) for income taxes	(1,362)	--
Net income (loss)	$(20,945)	$ 19

The accompanying notes are an integral part of these consolidated financial statements.

AVALON CABLE LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' INTEREST

	FOR THE SIX MONTHS ENDED JUNE 30, 1999 (UNAUDITED)					
	CLASS A		CLASS B-1		ACCUMULATED DEFICIT	TOTAL MEMBERS' INTEREST
	UNITS	$	UNITS	$		
	(UNAUDITED) (IN THOUSANDS, EXCEPT SHARE DATA)					
Balance at December 31, 1998....	45,000	$45,000	575,690	$121,630	$(15,378)	$151,252
Net loss for the six months ended June 30, 1999...........	--	--	--	--	(20,945)	(20,945)
Balance at June 30, 1999........	45,000	$45,000	575,690	$121,630	$(36,323)	$130,307

The accompanying notes are an integral part of these consolidated financial statements.

AVALON CABLE LLC AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

	FOR THE SIX MONTHS ENDED JUNE 30, 1999	FOR THE SIX MONTHS ENDED JUNE 30, 1998
	(UNAUDITED) (IN THOUSANDS)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	$(20,945)	$ 19
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	22,096	53
Accretion of Senior Discount Notes	6,630	--
Changes in operating assets and liabilities		
Decrease in subscriber receivables	247	22
(Increase) decrease in prepaid expenses and other assets	240	(16)
Increase in accounts payable and accrued expenses	2,440	152
Increase in accounts payable, net-affiliate	1,000	--
Decrease in deferred revenues	(35)	(152)
Decrease in deferred income taxes, net	(1,362)	--
Net cash provided by operating activities	10,311	78
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(9,881)	(101)
Payments for acquisitions, net	(39,420)	(8,187)
Net cash used in investing activities	(49,301)	(8,288)
CASH FLOWS FROM FINANCING ACTIVITIES		
Note payable-affiliate	(3,341)	733
Capital Contribution	--	1,062
Proceeds from credit facility	36,500	6,700
Net cash provided by financing activities	33,159	8,495
Increase (decrease) in cash	(5,831)	285
Cash, beginning of period	9,288	--
Cash, end of period	$ 3,457	$ 285

The accompanying notes are an integral part of these consolidated financial statements.

AVALON CABLE LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 1999
(IN THOUSANDS)

1. DESCRIPTION OF BUSINESS

Avalon Cable LLC ("the Company"), and its wholly owned subsidiaries Avalon Cable Holdings Finance, Inc. ("Avalon Holdings Finance") and Avalon Cable of Michigan LLC ("Avalon Michigan"), were formed in October 1998, pursuant to the laws of the State of Delaware, as a wholly owned subsidiary of Avalon Cable of New England Holdings, Inc. ("Avalon New England Holdings").

On November 6, 1998, Avalon New England Holdings contributed its 100% interest in Avalon Cable of New England LLC ("Avalon New England") to the Company in exchange for a membership interest in the Company. This contribution was between entities under common control and was accounted for similar to a pooling-of-interests. Under the pooling-of-interests method, the results of operations for the Company include the results of operations from the date of inception (September 4, 1997) of Avalon New England. On November 6, 1998, the Company received $63,000 from affiliated entities, which was comprised of (i) a $45,000 capital contribution by Avalon Investors, LLC ("Avalon Investors") and (ii) an $18,000 promissory note from Avalon Cable Holdings LLC ("Avalon Holdings"), which was used to make a $62,800 cash contribution to Avalon New England.

The cash contribution received by Avalon New England was used to (i) extinguish existing indebtedness of $29,600 and (ii) fund a $33,200 loan to Avalon Holdings Finance which matures on December 31, 2001.

On December 10, 1998, the Company received a dividend distribution from Avalon New England in the amount of $18,206, which was used by the Company to pay off the promissory note payable to Avalon Holdings, plus accrued interest.

Avalon Cable of Michigan, Inc. was formed in June 1998, pursuant to the laws of the state of Delaware, as a wholly owned subsidiary of Avalon Cable of Michigan Holdings, Inc. ("Michigan Holdings".) On June 3, 1998, Avalon Cable of Michigan, Inc. entered into an Agreement and Plan of Merger (the "Agreement") among Avalon Cable of Michigan, Inc., Michigan Holdings and Cable Michigan, Inc. (Cable Michigan), pursuant to which Avalon Cable of Michigan, Inc. will merge into Cable Michigan and Cable Michigan will become a wholly owned subsidiary of Michigan Holdings (the "Merger"). As part of the Merger, the name of the company was changed to Avalon Cable of Michigan, Inc.

In accordance with the terms of the Agreement, each share of common stock, par value $1.00 per share ("common stock"), of Cable Michigan outstanding prior to the effective time of the Merger (other than treasury stock shares owned by Michigan Holdings or its subsidiaries, or shares as to which dissenters' rights have been exercised) shall be converted into the right to receive $40.50 in cash (the "Merger Consideration"), subject to certain possible closing adjustments.

In conjunction with the acquisition of Cable Michigan, Avalon Cable of Michigan, Inc. acquired Cable Michigan's 62% ownership interest in Mercom, Inc. ("Mercom").

On November 6, 1998, Avalon Cable of Michigan, Inc. completed its Merger. The total consideration payable in conjunction with the Merger, including fees and expenses is $431,629, including repayment of all existing Cable Michigan indebtedness and accrued interest of $135,205. Subsequent to the Merger, the arrangements with RCN and CTE for certain support services were terminated. The Agreement also permitted Avalon Cable of Michigan, Inc. to agree to acquire the remaining shares of Mercom that it did not own.

Michigan Holdings contributed $137,375 in cash to Avalon Cable of Michigan, Inc., which was used to consummate the Merger. On November 5, 1998, Michigan Holdings received $105,000 in cash in exchange for promissory notes to lenders (the "Bridge Agreement"). On November 6, 1998, Michigan Holdings contributed the proceeds received from the Bridge Agreement and an additional $35,000 in cash to Avalon Cable of Michigan Inc. in exchange for 100 shares of common stock.

On March 26, 1999, Avalon completed a series of transactions to facilitate certain aspects of its financing between affiliated entities under common control. As a result of these transactions:

- Avalon Cable of Michigan, Inc. contributed its assets and liabilities excluding deferred tax liabilities, net to Avalon in exchange for an approximate 88% voting interest in Avalon, which then transferred those assets and liabilities to its wholly-owned subsidiary Avalon Michigan;

- Avalon Michigan now operates the Michigan cluster replacing Avalon Cable of Michigan, Inc.;

- Avalon Cable of Michigan Holdings, Inc. ceased to be an obligor on the exchanged notes and together with Avalon Cable of Michigan, Inc. became a guarantor of the obligations of the Company under the exchanged notes;

- Avalon Michigan became an additional obligor on the Senior Subordinated Notes replacing Avalon Cable of Michigan, Inc.; and

- Avalon Cable of Michigan, Inc. ceased to be an obligor on the Senior Subordinated Notes and the credit facility and became a guarantor of the obligations of Avalon Michigan under the Senior Subordinated Notes and the credit facility.

As a result of the reorganization between entities under common control, the Company accounted for the reorganization similar to a pooling-of-interests. Under the pooling-of-interests method, the results of operations for Avalon include the results of operations from the date of inception (June 2, 1998) of Avalon Cable of Michigan, Inc. and the date of acquisition of the completed acquisitions.

Avalon New England and Avalon Michigan provide cable service to the western New England area and the state of Michigan, respectively. Avalon New England and Avalon Michigan's cable systems offer customer packages of basic and premium cable programming services which are offered at a per channel charge or are packaged together to form a tier of services offered at a discount from the combined channel rate. Avalon New England and Avalon Michigan cable systems also provide premium cable services to their customers for an extra monthly charge. Customers generally pay initial connection charges and fixed monthly fees for cable programming and premium cable services, which constitute the principal sources of revenue for Avalon New England and Avalon Michigan.

Avalon Holdings Finance was formed for the sole purpose of facilitating financings associated with the acquisitions of various cable operating companies. Avalon Holdings Finance conducts no other activities.

AVALON CABLE LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

2. BASIS OF PRESENTATION

Pursuant to the rules and regulations of the Securities and Exchange Commission, certain financial information has been condensed and certain footnote disclosures have been omitted. Such information and disclosures are normally included in financial statements prepared in accordance with generally accepted accounting principles.

The consolidated financial statements herein include the accounts of the Company and its wholly-owned subsidiaries.

These condensed financial statements should be read in conjunction with the Company's audited financial statements as of December 31, 1998 and notes thereto included elsewhere herein.

The financial statements as of June 30, 1999 and for the six month period then ended are unaudited; however, in the opinion of management, such statements include all adjustments (consisting solely of normal and recurring adjustments except for the acquisition of Cross Country Cable, LLC ("Cross Country"), Nova Cablevision, Inc., Nova Cablevision VI, L.P. and Nova Cablevision VII, L.P. ("Nova Cable"), Novagate Communication Corporation ("Novagate"), Traverse Internet R/Com. L.C., the Mercom Merger and the contribution of assets and liabilities by Avalon Cable of Michigan, Inc.) necessary to present fairly the financial information included therein.

3. MERGER AND ACQUISITIONS

The Merger agreement between Michigan Holdings and Avalon Cable of Michigan, Inc. permitted Avalon Cable of Michigan, Inc. to agree to acquire the 1,822,810 shares (approximately 38% of the outstanding stock) of Mercom that it did not own (the "Mercom Acquisition"). On September 10, 1998 Avalon Cable of Michigan, Inc. and Mercom entered into a definitive agreement (the "Mercom Merger Agreement") providing for the acquisition by Avalon Cable of Michigan, Inc. of all of such shares at a price of $12.00 per share. Avalon Cable of Michigan, Inc. completed this acquisition in March 1999. The total estimated consideration paid in conjunction with the Mercom acquisition, excluding fees and expenses was $21,900. The purchase price was allocated as follows: approximately $13,800 to the elimination of minority interest, $1,170 to property, plant and equipment, $6,700 to cable franchises and the excess of consideration paid over the fair market value of the net assets acquired, or goodwill, of $240.

In March 1999, Avalon Cable of Michigan Inc. acquired the cable television systems of Nova Cable for approximately $7,800, excluding transaction fees.

On January 21, 1999, the Company through its subsidiary, Avalon New England subsidiaries, acquired Novagate for a purchase price of $2,900.

On March 26, 1999, the Company through its subsidiary, Avalon Michigan, acquired the assets of R/Com, L.C., for a total purchase price of approximately $450.

In January 1999, the Company acquired all of the issued and outstanding Common Stock of Cross Country for a purchase price of approximately $2,500, excluding transaction fees.

On April 1, 1999, the Company, through its subsidiary, Avalon New England, acquired Traverse Internet for $2,400.

The acquisitions have been accounted for as purchases and the results of the companies acquired have been included in the accompanying financial statements since their acquisition dates. Accordingly, the consideration was allocated to the net assets based on their respective

AVALON CABLE LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

fair market values. The excess of the consideration paid over the estimated fair market values of the net assets acquired was $12,940 and is being amortized using the straight line method over 15 years.

In July 1999, Avalon New England purchased all of the cable systems of Taconic Technology Corporation for approximately $8,525 (excluding transaction fees).

4. INCOME TAXES

Upon the closure of the Mercom merger, Mercom was dissolved as a separate taxable entity which resulted in a change in tax status from a taxable entity to a nontaxable entity. As a result, the Company recognized a tax benefit of $1,362 in its results of operations and eliminated its deferred taxes, net in the balance sheet.

5. COMMITMENTS AND CONTINGENCIES

In connection with the acquisition of Mercom, former shareholders of Mercom holding approximately 731,894 Mercom common shares or approximately 15.3% of all outstanding Mercom common shares gave notice of their election to exercise appraisal rights as provided by Delaware law. On July 2, 1999, former shareholders of Mercom holding 535,501 shares of Mercom common stock filed a petition for appraisal of stock in the Court of Chancery in the State of Delaware. With respect to 209,893 of the total number of shares for which the Company received notice, the Company received the notice of election from beneficial holders of Mercom common shares and not from holders of record. The Company believes that the notice with respect to the 209,893 shares did not comply with Delaware law and is ineffective. The Company cannot predict at this time the effect of the elections to exercise appraisal rights on the Company since the Company does not know the extent to which these former shareholders will continue to pursue appraisal rights under Delaware law or choose to abandon these efforts and accept the consideration payable in the Mercom merger. If these former shareholders continue to pursue their appraisal rights and if a Delaware court were to find that the fair value of the Mercom common shares, exclusive of any element of value arising from our acquisition of Mercom, exceeded $12.00 per share, the Company would have to pay the additional amount for each Mercom common share to the appraisal subject to the appraisal proceedings together with a fair rate of interest. The Company could be ordered by the Delaware court to pay reasonable attorney's fees and the fees and expenses of experts for the shareholders. In addition, the Company would have to pay their own litigation costs. The Company have already provided for the consideration of $12.00 per Mercom common share due under the terms of our merger with Mercom with respect to these shares but have not provided for any additional amounts or costs. The Company can provide no assurance as to what a Delaware court would find in any appraisal proceeding or when this matter will be resolved. Accordingly, the Company cannot assure you that the ultimate outcome would not have a material adverse effect on the Company.

The Company is subject to the provisions of the Cable Television Consumer Protection and Competition Act of 1992, as amended, and the Telecommunications Act of 1996. The Company has either settled challenges or accrued for anticipated exposures related to rate regulation; however, there is no assurance that there will not be further additional challenges to its rates.

In the normal course of business, there are various legal proceedings outstanding. In the opinion of management, these proceedings will not have a material adverse effect on the financial condition or results of operations of the Company.

AVALON CABLE LLC AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

6. PENDING MERGER

In May 1999, the Company signed an agreement with Charter Communications, Inc. ("Charter Communications") under which Charter Communications agreed to purchase Avalon Cable LLC's cable television systems and assume some of their debt. The acquisition by Charter Communication is subject to regulatory approvals. The Company expects to consummate this transaction in the fourth quarter of 1999.

This agreement, if closed, would constitute a change in control under the Indenture pursuant to which the Senior Subordinated Notes and the Senior Discount Notes (collectively, the "Notes") were issued. The Indenture provides that upon the occurrence of a change of control of the Company (a "Change of Control") each holder of the Notes has the right to require the Company to purchase all or any part (equal to $1,000 or an integral multiple thereof) of such holder's Notes at an offer price in cash equal to 101% of the aggregate principal amount thereon (or 101% of the accreted value for the Senior Discount Notes as of the date of purchase if prior to the full accretion date) plus accrued and unpaid interest and Liquidated Damages (as defined in the Indenture) thereof, if any, to the date of purchase.

This agreement, if closed, would represent a Change of Control which, on the closing date, constitutes an event of default under the Credit Facility giving the lender the right to terminate the credit commitment and declare all amounts outstanding immediately due and payable. Charter Communications has agreed to repay all amounts due under the Credit Facility or cause all events of default under the Credit Facility arising from the Change of Control to be waived.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Managers of
Avalon Cable of Michigan Holdings, Inc. and Subsidiaries

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, changes in shareholders' equity and cash flows present fairly, in all material respects, the financial position of Avalon Cable of Michigan Holdings, Inc. and subsidiaries (collectively, the "Company") at December 31, 1997 and 1998, and the results of their operations, changes in shareholders' equity and their cash flows for the period from September 4, 1997 (inception) through December 31, 1997, and for the year ended December 31, 1998, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statements presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

PRICEWATERHOUSECOOPERS LLP

New York, New York
March 30, 1999, except for Note 13,
as to which the date is May 13, 1999

AVALON CABLE OF MICHIGAN HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

	DECEMBER 31, 1998	DECEMBER 31, 1997
	(DOLLARS IN THOUSANDS)	
ASSETS		
Cash	$ 9,288	$ --
Accounts receivable, net of allowance for doubtful accounts of $943	5,862	--
Prepayments and other current assets	1,388	504
Accounts receivable from related parties	124	--
Deferred income taxes	377	--
Current assets	17,039	504
Property, plant and equipment, net	111,421	--
Intangible assets, net	462,117	--
Deferred charges and other assets	1,302	--
Total assets	$591,879	$504
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current portion of notes payable	$ 20	$ --
Accounts payable and accrued expenses	11,646	--
Advance billings and customer deposits	3,171	--
Accounts payable-affiliate	2,023	500
Current liabilities	16,860	500
Long-term debt	402,949	--
Notes payable-affiliate	3,341	--
Deferred income taxes	80,811	--
Total liabilities	503,961	500
Commitments and contingencies (Note 11)	--	--
Minority interest	61,836	4
Stockholders equity:		
Common stock	--	--
Additional paid-in capital	35,000	--
Accumulated deficit	(8,918)	--
Total shareholders' equity	26,082	--
Total liabilities and shareholders' equity	$591,879	$504

The accompanying notes are an integral part of these consolidated financial statements.

AVALON CABLE OF MICHIGAN HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

	FOR THE YEAR ENDED DECEMBER 31, 1998	FOR THE PERIOD SEPTEMBER 4, 1997 (INCEPTION) THROUGH DECEMBER 31, 1997
	(DOLLARS IN THOUSANDS)	
REVENUE:		
Basic services	$14,976	$ --
Premium services	1,468	--
Other	1,743	--
	18,187	--
OPERATING EXPENSES:		
Selling, general and administrative	4,207	--
Programming	4,564	--
Technical and operations	1,951	--
Depreciation and amortization	8,183	--
Loss from operations	(718)	--
Interest income	173	4
Interest expense	(8,223)	--
Other expense, net	(65)	--
Income (loss) before income taxes	(8,833)	4
(Benefit) from income taxes	(2,754)	--
Income (loss) before minority interest and extraordinary item	(6,079)	4
Minority interest in income of consolidated entity	1,331	(4)
Income (loss) before extraordinary item	(4,748)	--
Extraordinary loss on extinguishment of debt (net of tax of $1,743)	(4,170)	--
Net income (loss)	$(8,918)	$ --

The accompanying notes are an integral part of these consolidated financial statements.

AVALON CABLE OF MICHIGAN HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD FROM SEPTEMBER 4, 1997 (INCEPTION) THROUGH DECEMBER 31, 1998

	COMMON SHARES OUTSTANDING	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	ACCUMULATED DEFICIT	TOTAL SHAREHOLDERS' EQUITY
		(IN THOUSANDS, EXCEPT SHARE AMOUNTS)			
Net income from date of inception through December 31, 1997	--	$--	$ --	$ --	$ --
Balance, January 1, 1998	100	--	--	--	--
Net loss	--	--	--	(8,918)	(8,918)
Contributions by parent	--	--	35,000	--	35,000
Balance, December 31, 1998	100	$--	$35,000	$(8,918)	$26,082

The accompanying notes are an integral part of these consolidated financial statements.

AVALON CABLE OF MICHIGAN HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

	FOR THE YEAR ENDED DECEMBER 31, 1998	FOR THE PERIOD FROM SEPTEMBER 4, 1997 (INCEPTION) THROUGH DECEMBER 31, 1997
	(DOLLARS IN THOUSANDS)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ (8,918)	$ 4
Extraordinary loss on extinguishment of debt	4,170	--
Depreciation and amortization	8,183	--
Deferred income taxes, net	82,370	--
Provision for loss on accounts receivable	75	--
Increase in minority interest	1,331	--
Accretion on senior discount notes	1,083	
Net change in certain assets and liabilities, net of business acquisitions Increase in accounts receivable	(1,679)	--
Increase in accounts receivable from related parties	(124)	--
Increase in prepayment and other current assets	(884)	(4)
Increase in accounts payable and accrued expenses	4,863	--
Increase in accounts payable to related parties	1,523	--
Increase in deferred revenue	1,684	--
Change in Other, net	1,339	
Net cash provided by operating activities	92,338	--
CASH FLOWS FROM INVESTING ACTIVITIES:		
Additions to property, plant and equipment	(11,468)	--
Payment for acquisition	(554,402)	--
Net cash used in investing activities	565,870	--
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from the issuance of the Credit Facility	265,888	--
Principal payment on debt	(125,013)	--
Proceeds from the issuance of senior subordinated notes	150,000	--
Payments made on bridge loan	(105,000)	--
Proceeds from bridge loan	105,000	--
Proceeds from the senior discount notes	110,411	--
Proceeds from sale to minority interest	46,588	--
Proceeds from other notes payable	600	--
Proceeds from the issuance of note payable affiliate	3,341	--
Payments made for debt financing costs	(3,995)	--
Proceeds from the issuance of common stock	35,000	--
Net cash provided by financing activities	482,820	--
Net increase in cash	9,288	--
Cash at beginning of the period	--	--
Cash at end of the period	$ 9,288	$ --
Supplemental disclosures of cash flow information		
Cash paid during the year for Interest	$ 3,480	--
Income taxes	--	$ --

The accompanying notes are an integral part of these consolidated financial statements.

AVALON CABLE OF MICHIGAN HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(DOLLARS IN THOUSANDS EXCEPT PER SHARE DATA)
DECEMBER 31, 1998

1. BASIS OF PRESENTATION AND DESCRIPTION OF BUSINESS

Avalon Cable of Michigan Holdings, Inc. ("the Company") was formed in June 1998, pursuant to the laws of the state of Delaware. Avalon Cable of Michigan Inc. ("Avalon Michigan") was formed in June 1998, pursuant to the laws of the state of Delaware as a wholly owned subsidiary of the Company. On June 3, 1998, Avalon Michigan entered into an Agreement and Plan of Merger (the "Agreement") among the Company, Cable Michigan, Inc. ("Cable Michigan") and Avalon Michigan, pursuant to which Avalon Michigan will merge into Cable Michigan and Cable Michigan will become a wholly owned subsidiary of the Company (the "Merger").

In accordance with the terms of the Agreement, each share of common stock, par value $1.00 per share ("common stock"), of Cable Michigan outstanding prior to the effective time of the Merger (other than treasury stock shares owned by the Company or its subsidiaries, or shares as to which dissenters' rights have been exercised) shall be converted into the right to receive $40.50 in cash (the "Merger Consideration"), subject to certain possible closing adjustments.

In conjunction with the acquisition of Cable Michigan, Avalon Michigan acquired Cable Michigan's 62% ownership interest in Mercom, Inc. ("Mercom").

On November 6, 1998, Avalon Michigan completed its merger into and with Cable Michigan. The total consideration paid in conjunction with the merger, including fees and expenses was $431,629, including repayment of all existing Cable Michigan indebtedness and accrued interest of $135,205. Subsequent to the merger, the arrangements with RCN and CTE for certain support services were terminated. The Agreement also permitted Avalon Michigan to agree to acquire the remaining shares of Mercom that it did not own.

The Company contributed $137,375 in cash to Avalon Michigan, which was used to consummate the Merger. On November 5, 1998, the Company received $105,000 in cash in exchange for promissory notes to lenders (the "Bridge Agreement"). On November 6, 1998, the Company contributed the proceeds received from the Bridge Agreement and an additional $35,000 in cash to Avalon Michigan in exchange for 100 shares of common stock.

On November 6, 1998, Avalon Cable of New England Holdings, Inc. contributed its 100% interest in Avalon Cable of New England LLC ("Avalon New England") to Avalon Cable LLC in exchange for a membership interest in Avalon Cable LLC. This contribution was between entities under common control and was accounted for similar to a pooling-of-interests. Under this pooling-of-interests method, the results of operations for Avalon include the results of operations from the date of inception (September 4, 1997) of Avalon New England. On that same date, Avalon Cable LLC received $63,000 from affiliated entities, which was comprised of (i) a $45,000 capital contribution by Avalon Investors, LLC ("Avalon Investors") and (ii) a $18,000 promissory note from Avalon Cable Holdings LLC ("Avalon Holdings"), which was used to make a $62,800 cash contribution to Avalon New England.

The cash contribution received by Avalon New England was used to (i) extinguish existing indebtedness of $29,600 and (ii) fund a $33,200 loan to Avalon Holdings Finance which matures on December 31, 2001.

On December 10, 1998, Avalon Cable LLC received a dividend distribution from Avalon New England in the amount of $18,206, which was used by Avalon Cable LLC to pay off the promissory note payable to Avalon Holdings, plus accrued interest.

On March 26, 1999, after the acquisition of Mercom, Inc., the Company completed a series of transactions to facilitate certain aspects of its financing between affiliated entities under common control. As a result of these transactions:

- Avalon Michigan contributed its assets and liabilities excluding deferred tax liabilities, net to Avalon Cable LLC in exchange for an approximate 88% voting interest in Avalon Cable LLC. Avalon Cable LLC contributed these assets and liabilities to its wholly-owned subsidiary, Avalon Cable of Michigan LLC ("Avalon Michigan LLC");

- Avalon Michigan LLC has become the operator of the Michigan cluster replacing Avalon Michigan;

- Avalon Michigan LLC is an obligor on the Senior Subordinated Notes replacing Avalon Michigan; and

- Avalon Michigan is a guarantor of the obligations of Avalon Michigan LLC under the Senior Subordinated Notes. Avalon Michigan does not have significant assets, other than its investment in Avalon Cable LLC.

- The Company contributed the Senior Discount Notes to Avalon Cable LLC and became a guarantor of the Senior Discount Notes. The Company does not have significant assets, other than its 88% investment in Avalon Cable LLC.

As a result of this reorganization between entities under common control, the Company accounted for the reorganization similar to a pooling-of-interests. Under the pooling-of-interests method, the results of operations include the results of operations from the earliest date that a member became a part of the control group by inception or acquisition. For the Company, the results of operations are from the date of inception (September 4, 1997) for Avalon New England, a wholly-owned subsidiary of Avalon Cable LLC.

Avalon Michigan has a majority-interest in Avalon Cable LLC. Avalon Cable LLC wholly-owns Avalon Cable Holdings Finance, Avalon New England, and Avalon Michigan LLC.

Avalon New England and Avalon Michigan provide cable service to the western New England area and the state of Michigan, respectively. Avalon New England and Avalon Michigan LLC's cable systems offer customer packages for basic cable programming services which are offered at a per channel charge or packaged together to form a tier of services offered at a discount from the combined channel rate. Avalon New England and Avalon Michigan LLC's cable systems also provide premium cable services to their customers for an extra monthly charge. Customers generally pay initial connection charges and fixed monthly fees for cable programming and premium cable services, which constitute the principle sources of revenue for the Company.

Avalon Holdings Finance was formed for the sole purpose of facilitating financings associated with the acquisitions of various cable operating companies. Avalon Holdings Finance conducts no other activities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

The consolidated financial statements of the Company include the accounts of the Company and of all its wholly and majority owned subsidiaries. All significant transactions between the Company and its subsidiaries have been eliminated.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue recognition

Revenues from cable services are recorded in the month the service is provided. Installation fee revenue is recognized in the period in which the installation occurs to the extent that direct selling costs meet or exceed installation revenues.

Advertising expense

Advertising costs are expensed as incurred. Advertising expense charged to operations was $82 for the year ended December 31, 1998.

Concentration of credit risk

Financial instruments which potentially expose the Company to a concentration of credit risk include cash and subscriber and other receivables. The Company had cash in excess of federally insured deposits at financial institutions at December 31, 1998. The Company does not believe that such deposits are subject to any unusual credit risk beyond the normal credit risk associated with operating its business. The Company extends credit to customers on an unsecured basis in the normal course of business. The Company maintains reserves for potential credit losses and such losses, in the aggregate, have not historically exceeded management's expectations. The Company's trade receivables reflect a customer base centered in Michigan and New England. The Company routinely assesses the financial strength of its customers; as a result, concentrations of credit risk are limited.

Property, plant and equipment

Property, plant and equipment is stated at its fair value for items acquired from Cable Michigan, historical cost for the minority interests' share of Mercom property, plant and equipment and cost for additions subsequent to the merger. Initial subscribers installation costs, including materials, labor and overhead costs, are capitalized as a component of cable plant and equipment. The cost of disconnection and reconnection are charged to expense when incurred.

AVALON CABLE OF MICHIGAN HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
(DOLLARS IN THOUSANDS EXCEPT PER SHARE DATA)
DECEMBER 31, 1998

Depreciation is computed for financial statement purposes using the straight-line method based on the following lives:

Buildings and improvements	10-25 years
Cable plant and equipment	5-12 years
Vehicles	5 years
Office furniture and equipment	5-10 years

Intangible assets

Intangible assets represent the estimated fair value of cable franchises and goodwill resulting from acquisitions. Cable franchises are amortized over a period ranging from 13 to 15 years on a straight-line basis. Goodwill is the excess of the purchase price over the fair value of the net assets acquired, determined through an independent appraisal, and is amortized over 15 years using the straight-line method. Deferred financing costs represent direct costs incurred to obtain long-term financing and are amortized to interest expense over the term of the underlying debt utilizing the effective interest method.

Accounting for impairments

The Company follows the provisions of Statement of Financial Accounting Standards No. 121 -- "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of" ("SFAS 121").

SFAS 121 requires that long-lived assets and certain identifiable intangibles to be held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In performing the review for recoverability, the Company estimates the net future cash flows expected to result from the use of the asset and its eventual disposition. If the sum of the expected net future cash flows (undiscounted and without interest charges) is less than the carrying amount of the asset, an impairment loss is recognized. Measurement of an impairment loss for long-lived assets and identifiable intangibles expected to be held and used is based on the fair value of the asset.

No impairment losses have been recognized by the Company pursuant to SFAS 121.

Fair value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

a. The Company estimates that the fair value of all financial instruments at December 31, 1998 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The fair value of the notes payable-affiliate are considered to be equal to carrying values since the Company believes that its credit risk has not changed from the time this debt instrument was executed and therefore, would obtain a similar rate in the current market.

b. The fair value of the cash and temporary cash investments approximates fair value because of the short maturity of these instruments.

Income taxes

The Company and Mercom file separate consolidated federal income tax returns. The Company accounts for income taxes using Statement of Financial Accounting Standards No. 109 -- "Accounting for Income Taxes". The statement requires the use of an asset and liability approach for financial reporting purposes. The asset and liability approach requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between financial reporting basis and tax basis of assets and liabilities. If it is more likely than not that some portion or all of a deferred tax asset will not be realized, a valuation allowance is recognized.

3. MERGER AND ACQUISITIONS

The Merger was accounted for using the purchase method of accounting. Accordingly, the consideration was allocated to the net assets acquired based on their fair market values at the date of the Merger. The purchase price was allocated as follows: current assets and liabilities at fair values of $470, approximately $94,000 to property, plant and equipment, $315,000 to cable franchises and the excess of consideration paid over the fair market value of the net assets acquired, or goodwill, of $81,705, offset by deferred taxes, net of $60,000.

The Merger agreement between the Company and Avalon Michigan permitted Avalon Michigan to agree to acquire the 1,822,810 shares (approximately 38% of the outstanding stock) of Mercom that it did not own (the "Mercom Acquisition"). On September 10, 1998 Avalon Michigan and Mercom entered into a definitive agreement (the "Mercom Merger Agreement") providing for the acquisition by Avalon Michigan of all of such shares at a price of $12.00 per share. Avalon Michigan completed this acquisition in March 1999. The total estimated consideration payable in conjunction with the Mercom Acquisition, excluding fees and expenses was $21,900.

On May 29, 1998, the Company acquired certain assets of Amrac Clear View, A Limited Partnership ("Amrac") for consideration of $8,124, including acquisition costs of $589. The acquisition was accounted for using the purchase method of accounting. Accordingly, the consideration was allocated to the net assets acquired based on the fair market values at the date of acquisition as determined through the use of an independent appraisal. The excess of the consideration paid over the estimated fair market value of the net assets acquired, or goodwill, was $256.

On July 21, 1998, the Company acquired certain assets and liabilities from Pegasus Cable Television, Inc. and Pegasus Cable Television of Connecticut, Inc. (collectively, "Pegasus") for consideration of $30,467, including acquisition costs of $175. The acquisition was accounted for using the purchase method of accounting. Accordingly, the consideration was allocated to the net assets acquired based on the fair market values at the date of acquisition as determined through use of an independent appraisal. The excess of the consideration paid over the estimated fair market value of the net assets acquired, or goodwill, was $977.

AVALON CABLE OF MICHIGAN HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
(DOLLARS IN THOUSANDS EXCEPT PER SHARE DATA)
DECEMBER 31, 1998

Following is the unaudited pro forma results of operations for the year ended December 31, 1998, as if the Merger and acquisitions occurred on January 1, 1998:

	DECEMBER 31, 1998 (UNAUDITED)
Revenue	$ 96,751
Loss from operations	$ (5,292)
Net loss	$(22,365)

In March 1999, Avalon Michigan acquired the cable television systems of Nova Cablevision, Inc., Nova Cablevision VI, L.P. and Nova Cablevision VII, L.P. for approximately $7,800, excluding transaction fees.

In September 1998, the Company entered into a definitive agreement to purchase all of the cable systems of Taconic Technology Corporation ("Taconic") for approximately $8,525 (excluding transaction fees). As of December 31, 1998, the Company incurred $41 of transaction costs related to the acquisition of Taconic. This merger is expected to close in the second quarter of 1999.

4. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consists of the following:

Cable plant and equipment	$106,602
Vehicles	2,572
Buildings and improvements	1,026
Office furniture and equipment	2,234
Construction in process	768
Total property, plant and equipment	113,202
Less-accumulated depreciation	(1,781)
Property, plant and equipment, net	$111,421

Depreciation expense was $1,781 for the year ended December 31, 1998.

5. INTANGIBLE ASSETS

Intangible assets consist of the following:

Cable Franchise	$374,773
Goodwill	82,928
Deferred Financing Costs	10,658
Non-compete agreement	100
Total	468,459
Less-accumulated amortization	(6,342)
Intangible assets, net	$462,117

AVALON CABLE OF MICHIGAN HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
(DOLLARS IN THOUSANDS EXCEPT PER SHARE DATA)
DECEMBER 31, 1998

Amortization expense for the year ended December 31, 1998 was $6,342.

6. ACCOUNT PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consist of the following:

Accounts payable	$ 5,321
Accrued corporate expenses	404
Accrued cable programming costs	2,388
Accrued taxes	1,383
Other	2,150
	$11,646

7. INCOME TAXES

The income tax provision (benefit) in the accompanying consolidated financial statements of operations is comprised of the following:

	1998
Current	
Federal	$ 243
State	--
Total Current	243
Deferred	
Federal	(2,757)
State	(240)
Total Deferred	(2,997)
Total (benefit) for income taxes	$(2,754)

The benefit for income taxes is different from the amounts computed by applying the U.S. statutory federal tax rate of 35% for 1998. The differences are as follows:

	1998
(Loss) before (benefit) for income taxes	$(8,833)
Federal tax (benefit) at statutory rates	(3,092)
State income taxes	(177)
Goodwill	77
Benefit for taxes allocated to minority partners	84
(Benefit) for income taxes	(3,108)

YEAR	TAX NET OPERATING LOSSES	EXPIRATION DATE
1998	$10,360	2018

AVALON CABLE OF MICHIGAN HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
(DOLLARS IN THOUSANDS EXCEPT PER SHARE DATA)
DECEMBER 31, 1998

Temporary differences that give rise to significant portion of deferred tax assets and liabilities at December 31 are as follows:

	1998
NOL carryforwards	$ 5,363
Alternative minimum tax credits	141
Reserves	210
Other, net	309
Total deferred assets	6,023
Property, plant and equipment	(10,635)
Intangible assets	(76,199)
Total deferred liabilities	(86,834)
Subtotal	(80,811)
Valuation allowance	--
Total deferred taxes	$(80,811)

The tax benefit related to the loss on extinguishment of debt results in deferred tax, and it approximates the statutory U.S. tax rate. The tax benefit of $2,036 related to the exercise of certain stock options of Cable Michigan Inc. was charged directly to goodwill in conjunction with the closing of the merger.

8. DEBT

At December 31, 1998, long-term debt consists of the following:

Senior Credit Facility	$140,875
Senior Subordinated Notes	150,000
Senior Discount Notes	111,494
Other Note Payable	600
	402,969
Current portion	20
	$402,949

Credit Facilities

On May 28, 1998, Avalon New England entered into a term loan and revolving credit agreement with a major commercial lending institution (the "Credit Agreement"). The Credit Agreement allowed for aggregate borrowings under Term Loans A and B (collectively, the "Term Loans") and a revolving credit facility of $30,000 and $5,000, respectively. The proceeds from the Term Loans and revolving credit facility were used to fund the acquisitions made by Avalon New England and to provide for Avalon New England's working capital requirements.

In December 1998, Avalon New England retired the Term Loans and revolving credit agreement through the proceeds of a capital contribution from Avalon Cable LLC. The fees and associated costs relating to the early retirement of this debt was $1,110.

On November 6, 1998, Avalon Michigan became a co-borrower along with Avalon New England and Avalon Cable Finance, Inc. (Avalon Finance), affiliated companies, collectively referred to as the ("Co-Borrowers") on a $320,888 senior credit facility, which includes term loan facilities consisting of (i) tranche A term loans of $120,888 and (ii) tranche B term loans of $170,000 and a revolving credit facility of $30,000 (collectively, the "Credit Facility"). Subject to compliance with the terms of the Credit Facility, borrowings under the Credit Facility will be available for working capital purposes, capital expenditures and pending and future acquisitions. The ability to advance funds under the tranche A term loan facility terminated on March 31, 1999. The tranche A term loans are subject to minimum quarterly amortization payments commencing on January 31, 2001 and maturing on October 31, 2005. The tranche B term loans are scheduled to be repaid in two equal installments on July 31, 2006 and October 31, 2006. The revolving credit facility borrowings are scheduled to be repaid on October 31, 2005.

On November 6, 1998, Avalon Michigan borrowed $265,888 under the Credit Facility in order to consummate the Merger. In connection with the Senior Subordinated Notes (as defined below) and Senior Discount Notes (as defined below) offerings, Avalon Michigan repaid $125,013 of the Credit Facility, and the availability under the Credit Facility was reduced to $195,000. Avalon Michigan had borrowings of $11,300 and $129,575 outstanding under the tranche A and tranche B term note facilities, and had available $30,000 for borrowings under the revolving credit facility. Avalon New England and Avalon Finance had no borrowings outstanding under the Credit Facility at December 31, 1998.

The interest rate under the Credit Facility is a rate based on either (i) the base rate (a rate per annum equal to the greater of the Prime Rate and the Federal Funds Effective Rate plus 1/2 of 1%) or (ii) the Eurodollar rate (a rate per annum equal to the Eurodollar Base Rate divided by 1.00 less the Eurocurrency Reserve Requirements) plus, in either case, the applicable margin. As of December 31, 1998, the applicable margin was (a) with respect to the tranche B term loans was 2.75% per annum for Base Rate loans and 3.75% per annum for Eurodollar loans and (b) with respect to tranche A term loans and the revolving credit facility was 2.00% per annum for Base Rate loans and 3.00% for Eurodollar loans. The applicable margin for the tranche A term loans and the revolving credit facility are subject to performance based grid pricing which is determined based on upon the consolidated leverage ratio of the Co-Borrowers. The interest rate for the tranche B term loans outstanding at December 31, 1998 was 9.19%. Interest is payable on a quarterly basis. Accrued interest on the borrowings under the credit facility was $1,389 at December 31, 1998.

The Credit Facility contains restrictive covenants which among other things require the Co-Borrowers to maintain certain ratios including consolidated leverage ratios and the interest coverage ratio, fixed charge ratio and debt service coverage ratio.

The obligations of the Co-Borrowers under the Credit Facility are secured by substantially all of the assets of the Co-Borrowers. In addition, the obligations of the Co-Borrowers under the Credit Facility are guaranteed by the Company, Avalon Cable LLC, Avalon Cable Finance Holdings, Inc., Avalon Cable of New England Holdings, Inc. and Avalon Cable Holdings, LLC.

A Change of Control as defined under the Credit Facility agreement would constitute an event of default under the Credit Facility giving the lender the right to terminate the credit commitment and declare all amounts outstanding immediately due and payable.

(DOLLARS IN THOUSANDS EXCEPT PER SHARE DATA)

Subordinated Debt

In December 1998, Avalon Michigan became a co-issuer of a $150,000 principal balance, Senior Subordinated Notes ("Subordinated Notes") offering and Michigan Holdings became a co-issuer of a $196,000, gross proceeds, Senior Discount Notes (defined below) offering. In conjunction with these financings, Avalon Michigan paid $18,130 to Avalon Finance as a partial payment against Avalon Michigan's note payable-affiliate. Avalon Michigan paid $76 in interest on this note payable-affiliate during the period from inception (June 2, 1998) through December 31, 1998.

The Subordinated Notes mature on December 1, 2008, and interest accrued at a rate of 9.375% per annum. Interest is payable semi-annually in arrears on June 1 and December 1 of each year, commencing on June 1, 1999. Accrued interest on the Subordinated Notes was $1,078 at December 31, 1998.

The Senior Subordinated Notes will not be redeemable at the Co-Borrowers' option prior to December 1, 2003. Thereafter, the Senior Subordinated Notes will be subject to redemption at any time at the option of the Co-Borrowers, in whole or in part at the redemption prices (expressed as percentages of principal amount) plus accrued and unpaid interest, if any, thereon to the applicable redemption date, if redeemed during the twelve-month period beginning on December 1 of the years indicated below:

YEAR	PERCENTAGE
2003	104.688%
2004	103.125%
2005	101.563%
2006 and thereafter	100.000%

The scheduled maturities of the long-term debt are $2,000 in 2001, $4,000 in 2002, $72,479 in 2003, and the remainder thereafter.

At any time prior to December 1, 2001, the Co-Borrowers may on any one or more occasions redeem up to 35% of the aggregate principal amount of Senior Subordinate Notes originally issued under the Indenture at a redemption price equal to 109.375% of the principal amount thereof, plus accrued and unpaid interest, if any, to the redemption date, with the net cash proceeds of any equity offering and/or the net cash proceeds of a strategic equity investment; provided that at least 65% of the aggregate principal amount at maturity of Senior Subordinated Notes originally issued remain outstanding immediately after each such redemption.

As used in the preceding paragraph, "Equity Offering and Strategic Equity Investment" means any public or private sale of Capital Stock of any of the Co-Borrowers pursuant to which the Co-Borrowers together receive net proceeds of at least $25 million, other than issuances of Capital Stock pursuant to employee benefit plans or as compensation to employees; provided that to the extent such Capital Stock is issued by the Co-Borrowers, the net cash proceeds thereof shall have been contributed to one or more of the Co-Borrowers in the form of an equity contribution.

The Indentures provide that upon the occurrence of a change of control (a "Change of Control") each holder of the Notes has the right to require the Company to purchase all or any part (equal to $1,000 or an integral multiple thereof) of such holder's Notes at an offer price in cash to 101% of the aggregate principal amount thereon plus accrued and unpaid interest and Liquidated Damages (as defined in the Indentures) thereof, if any, to the date of purchase.

(DOLLARS IN THOUSANDS EXCEPT PER SHARE DATA)

The Senior Discount Notes

On December 3, 1998, the Company, Avalon Cable LLC and Avalon Cable Holdings Finance, Inc. ("Holdings Co-Borrowers") issued $196.0 million aggregate principal amount at maturity of 11 7/8% Senior Discount Notes ("Senior Discount Notes") due 2008.

The Senior Discount Notes were issued at a substantial discount from their principal amount at maturity, to generate gross proceeds of approximately $110.4 million. Interest on the Senior Discount Notes will accrue but not be payable before December 1, 2003. Thereafter, interest on the Senior Discount Notes will accrue on the principal amount at maturity at a rate of 11.875% per annum, and will be payable semi-annually in arrears on June 1 and December 1 of each year, commencing December 1, 2003. Prior to December 1, 2003, the accreted value of the Senior Discount Notes will increase, representing amortization of original issue discount, between the date of original issuance and December 1, 2003 on a semi-annual basis using a 360-day year comprised of twelve 30-day months, such that the accreted value shall be equal to the full principal amount at maturity of the Senior Discount Notes on December 1, 2003. Original issue discount accretion on the Senior Discount Notes was $1,083 at December 31, 1998.

On December 1, 2003, the Holding Co-borrowers will be required to redeem an amount equal to $369.79 per $1,000 principal amount at maturity of each Senior Discount Note then outstanding on a pro rata basis at a redemption price of 100% of the principal amount at maturity of the Senior Discount Notes so redeemed.

On or after December 1, 2003, the Senior Discount Notes will be subject to redemption at any time at the option of the Holding Co-borrowers, in whole or in part, at the redemption prices, which are expressed as percentages of principal amount, shown below plus accrued and unpaid interest, if any, and liquidated damages, if any, thereon to the applicable redemption date, if redeemed during the twelve-month period beginning on December 1 of the years indicated below:

YEAR	PERCENTAGE
2003	105.938%
2004	103.958%
2005	101.979%
2006 and thereafter	100.000%

Notwithstanding the foregoing, at any time before December 1, 2001, the holding companies may on any one or more occasions redeem up to 35% of the aggregate principal amount at maturity of senior discount notes originally issued under the Senior Discount Note indenture at a redemption price equal to 111.875% of the accreted value at the date of redemption, plus liquidated damages, if any, to the redemption date, with the net cash proceeds of any equity offering and/or the net cash proceeds of a strategic equity investment; provided that at least 65% of the aggregate principal amount at maturity of Senior Discount Notes originally issued remain outstanding immediately after each occurrence of such redemption.

Upon the occurrence of a Change of Control, each holder of Senior Discount Notes will have the right to require the Holding Co-borrowers to repurchase all or any part of such holder's Senior Discount Notes pursuant to a Change of Control offer at an offer price in cash equal to

(DOLLARS IN THOUSANDS EXCEPT PER SHARE DATA)

101% of the aggregate principal amount thereof plus accrued and unpaid interest and liquidated damages thereon, if any, to the date of purchase.

Note Payable

Avalon New England issued a note payable for $500 which is due on May 29, 2003, and bears interest at a rate of 7% per annum (which approximates Avalon New England's incremental borrowing rate) payable annually. Additionally, Avalon New England has a $100 non-compete agreement. The agreement calls for five annual payments of $20, commencing on May 29, 1999.

Mercom debt

In August 1997, the Mercom revolving credit agreement for $2,000 expired. Mercom had no borrowings under the revolving credit agreement in 1996 or 1997.

On September 29, 1997, Avalon Michigan purchased and assumed all of the bank's interest in the term credit agreement and the note issued thereunder. Immediately after the purchase, the term credit agreement was amended in order to, among other things, provide for less restrictive financial covenants, eliminate mandatory amortization of principal and provide for a bullet maturity of principal on December 31, 2002, and remove the change of control event of default. Mercom's borrowings under the term credit agreement contain pricing and security provisions substantially the same as those in place prior to the purchase of the loan. The borrowings are secured by a pledge of the stock of Mercom's subsidiaries and a first lien on certain of the assets of Mercom and its subsidiaries, including inventory, equipment and receivables at December 31, 1998, $14,151 of principal was outstanding. The borrowings under the term credit agreement are eliminated in the Company's consolidated balance sheet.

9. MINORITY INTEREST

The activity in minority interest for the year ended December 31, 1998 is as follows:

	MERCOM	AVALON CABLE LLC	TOTAL
Issuance of Class A units by Avalon Cable LLC.......	--	45,000	45,000
Issuance of Class B-1 units by Avalon Cable LLC.....	--	4,345	4,345
Allocated to minority interest prior to restructuring....................................	--	365	365
Purchase of Cable Michigan, Inc.....................	13,457	--	13,457
Income (loss) allocated to minority interest........	398	(1,729)	(1,331)
Balance at December 31, 1998........................	$13,855	$47,981	$61,836

10. EMPLOYEE BENEFIT PLANS

Avalon Michigan has a qualified savings plan under Section 401(K) of the Internal Revenue Code. Contributions charged to expense for the period from November 5, 1998 to December 31, 1998 was $30.

11. COMMITMENTS AND CONTINGENCIES

Leases

Avalon New England and Avalon Michigan rent poles from utility companies for use in their operations. While rental agreements are generally short-term, Avalon New England and Avalon Michigan anticipate such rentals will continue in the future. Avalon New England and Avalon Michigan also lease office facilities and various items of equipment under month-to-month operating leases. Rent expense was $58 for the year ended December 31, 1998. Rental commitments are expected to continue at approximately $1 million a year for the foreseeable future, including pole rental commitments which are cancelable.

Legal Matters

The Company and its subsidiaries are subject to regulation by the Federal Communications Commission ("FCC") and other franchising authorities.

The Company and its subsidiaries are subject to the provisions of the Cable Television Consumer Protection and Competition Act of 1992, as amended, and the Telecommunications Act of 1996. The Company and its subsidiaries have either settled challenges or accrued for anticipated exposures related to rate regulation; however, there is no assurance that there will not be further additional challenges to its rates.

In the normal course of business, there are various legal proceedings outstanding. In the opinion of management, these proceedings will not have a material adverse effect on the financial condition or results of operations of the Company and its subsidiaries.

12. RELATED PARTY TRANSACTIONS AND BALANCES

During 1998, Avalon New England received $3,341 from Avalon Holdings. In consideration for this amount, Avalon New England executed a note payable to Avalon Holdings. This note is recorded as note payable-affiliate on the balance sheet at December 31, 1998. Interest accrues at the rate of 5.57% per year and Avalon New England has recorded accrued interest on this note of $100 at December 31, 1998.

13. SUBSEQUENT EVENT

In May 1999, the Company signed an agreement with Charter Communications, Inc. ("Charter Communications") under which Charter Communications agreed to purchase Avalon Cable LLC's cable television systems and assume some of their debt. The acquisition by Charter Communications is subject to regulatory approvals. The Company expects to consummate this transaction in the fourth quarter of 1999.

This agreement, if closed, would constitute a change in control under the Indenture pursuant to which the Senior Subordinated Notes and the Senior Discount Notes (collectively, the "Notes") were issued. The Indenture provides that upon the occurrence of a change of control of the Company (a "Change of Control") each holder of the Notes has the right to require the Company to purchase all or any part (equal to $1,000 or an integral multiple thereof) of such holder's Notes at an offer price in cash equal to 101% of the aggregate principal amount thereon (or 101% of the accreted value for the Senior Discount Notes as of the date of purchase if prior to the full accretion date) plus accrued and unpaid interest and Liquidated Damages (as defined in the Indenture) thereof, if any, to the date of purchase.

This agreement, if closed, would represent a Change of Control which, on the closing date, constitutes an event of default under the Credit Facility giving the lender the right to terminate the credit commitment and declare all amounts outstanding immediately due and payable. Charter Communications has agreed to repay all amounts due under the Credit Facility or cause all events of default under the Credit Facility arising from the Change of Control to be waived.

AVALON CABLE OF MICHIGAN HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

	JUNE 30, 1999	DECEMBER 31, 1998
	(UNAUDITED)	
	(IN THOUSANDS)	
ASSETS		
Cash	$ 3,457	$ 9,288
Accounts receivable, net of allowance for doubtful accounts of $1,509 and $943	6,158	5,862
Prepayments and other current assets	1,121	1,388
Accounts receivable from related parties	--	124
Deferred income taxes	--	377
Total Current assets	10,736	17,039
Property, plant and equipment, net	116,587	111,421
Intangible assets, net	470,041	462,117
Deferred charges and other assets	1,107	1,302
Total assets	$598,471	$591,879
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Current portion of notes payable	$ 25	$ 20
Accounts payable and accrued expenses	13,983	11,646
Advance billings and customer deposits	3,136	3,171
Accounts payable-affiliate	3,160	2,023
Total Current liabilities	20,304	16,860
Long-term debt	446,079	402,949
Notes payable-affiliate	--	3,341
Deferred income taxes	70,152	80,811
Total liabilities	536,535	503,961
Commitments and contingencies (Note 5)		
Minority interest	45,627	61,836
Stockholders' equity		
Common stock	--	--
Additional paid-in capital	35,000	35,000
Accumulated deficit	(18,691)	(8,918)
Total stockholders' equity	16,309	26,082
Total liabilities and shareholders' equity	$598,471	$591,879

The accompanying notes are an integral part of these financial statements.

AVALON CABLE OF MICHIGAN HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF OPERATIONS

	FOR THE SIX MONTHS ENDED JUNE 30, 1999	FOR THE SIX MONTHS ENDED JUNE 30, 1998
	(UNAUDITED) (IN THOUSANDS)	
REVENUE		
Basic services	$ 42,064	$ 131
Premium services	4,079	15
Other	5,626	8
Total Revenue	51,769	154
Operating expenses		
Selling, general and administrative	9,544	21
Programming	13,966	39
Technical and operations	5,932	17
Depreciation and amortization	22,096	53
Income from operations	231	24
Interest income	708	--
Interest expense	(23,246)	(5)
Income loss before income taxes	(22,307)	19
Benefit from income taxes	10,180	--
Income (loss) before minority interest	(12,127)	19
Minority interest in loss of consolidated entity	2,354	--
Net income (loss)	$ (9,773)	$ 19

The accompanying notes are an integral part of these financial statements

AVALON CABLE OF MICHIGAN HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	FOR THE SIX MONTHS ENDED JUNE 30, 1999				
	COMMON SHARES OUTSTANDING	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	ACCUMULATED DEFICIT	TOTAL SHAREHOLDERS' EQUITY
			(UNAUDITED) (IN THOUSANDS)		
Balance, December 31, 1998....	100	$ --	$35,000	$ (8,918)	$26,082
Net loss for the six months ended June 30, 1999.........	--	--	--	(9,773)	(9,773)
Balance, June 30, 1999........	100	$ --	$35,000	$(18,691)	$16,309

The accompanying notes are an integral part of these financial statements.

AVALON CABLE OF MICHIGAN HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

	FOR THE SIX MONTHS ENDED JUNE 30, 1999	FOR THE SIX MONTHS ENDED JUNE 30, 1998
	(UNAUDITED) (IN THOUSANDS)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	$ (9,773)	$ 19
Depreciation and amortization	22,096	53
Accretion of Senior Discount Notes	6,630	--
Decrease in minority interest	(2,354)	--
Net change in certain assets and liabilities, net of business acquisitions		
Decrease in accounts receivable	247	22
(Increase)/decrease in prepayment and other assets	342	(16)
Increase in accounts payable and accrued expenses	2,440	152
Decrease in deferred revenue	(35)	(152)
Increase in accounts payable, net-affiliate	1,000	--
Deferred income taxes, net	(10,282)	--
Net cash provided by operating activities	10,311	78
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(9,881)	(101)
Payment for acquisitions	(39,420)	(8,187)
Net cash used in investing activities	(49,301)	(8,288)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in Notes payable-affiliate	(3,341)	733
Capital Contribution	--	1,062
Proceeds from the issuance of the Credit Facility	36,500	6,700
Net cash provided by financing activities	33,159	8,495
Net increase (decrease) in cash	(5,831)	285
Cash at beginning of the period	9,288	--
Cash at end of the period	$ 3,457	$ 285

The accompanying notes are an integral part of these financial statements.

AVALON CABLE OF MICHIGAN HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 1999
(IN THOUSANDS)

1. DESCRIPTION OF BUSINESS

Avalon Cable of Michigan Holdings, Inc. ("the Company") was formed in June 1998, pursuant to the laws of the state of Delaware. Avalon Cable of Michigan Inc. ("Avalon Michigan") was formed in June 1998, pursuant to the laws of the state of Delaware as a wholly owned subsidiary of the Company. On June 3, 1998, Avalon Michigan entered into an Agreement and Plan of Merger (the "Agreement") among the Company, Cable Michigan, Inc. ("Cable Michigan") and Avalon Michigan, pursuant to which Avalon Michigan will merge into Cable Michigan and Cable Michigan will become a wholly owned subsidiary of the Company (the "Merger").

In accordance with the terms of the Agreement, each share of common stock, par value $1.00 per share ("common stock"), of Cable Michigan outstanding prior to the effective time of the Merger (other than treasury stock, shares owned by the Company or its subsidiaries, or shares as to which dissenters' rights have been exercised) shall be converted into the right to receive $40.50 in cash (the "Merger Consideration"), subject to certain possible closing adjustments.

In conjunction with the acquisition of Cable Michigan, Avalon Michigan acquired Cable Michigan's 62% ownership interest in Mercom, Inc. ("Mercom").

On November 6, 1998, Avalon Michigan completed its merger into and with Cable Michigan. The total consideration paid in conjunction with the merger, including fees and expenses was $431,629, including repayment of all existing Cable Michigan indebtedness and accrued interest of $135,205. The Agreement also permitted Avalon Michigan to agree to acquire the remaining shares of Mercom that it did not own.

The Company contributed $137,375 in cash to Avalon Michigan, which was used to consummate the Merger. On November 5, 1998, the Company received $105,000 in cash in exchange for promissory notes to lenders (the "Bridge Agreement"). On November 6, 1998, the Company contributed the proceeds received from the Bridge Agreement and an additional $35,000 in cash to Avalon Michigan in exchange for 100 shares of common stock.

On November 6, 1998, Avalon Cable of New England Holdings, Inc contributed its 100% interest in Avalon Cable of New England LLC ("Avalon New England") to Avalon Cable LLC in exchange for a membership interest in Avalon Cable LLC. This contribution was between entities under common control and was accounted for similar to a pooling-of-interests. Under this pooling-of-interests method, the results of operations for Avalon include the results of operations from the date of inception (September 4, 1997) of Avalon New England. On November 6, 1998, Avalon Cable LLC received $63,000 from affiliated entities, which was comprised of (i) a $45,000 capital contribution by Avalon Investors, LLC ("Avalon Investors") and (ii) a $18,000 promissory note from Avalon Cable Holdings LLC ("Avalon Holdings"), which was used to make a $62,800 cash contribution to Avalon New England.

The cash contribution received by Avalon New England was used to (i) extinguish existing indebtedness of $29,600 and (ii) fund a $33,200 loan to Avalon Holdings Finance which matures on December 31, 2001.

On December 10, 1998, Avalon Cable LLC received a dividend distribution from Avalon New England in the amount of $18,206, which was used by Avalon Cable LLC to pay off the promissory note payable to Avalon Holdings, plus accrued interest.

On March 26, 1999, after the acquisition of Mercom, the Company completed a series of transactions to facilitate certain aspects of its financing between affiliated entities under common control. As a result of these transactions:

- The Company contributed the Senior Discount Notes and associated debt finance costs to Avalon Cable LLC and became a guarantor of the Senior Discount Notes.

- Avalon Michigan contributed its assets and liabilities excluding deferred tax liabilities, net to Avalon Cable LLC in exchange for an approximate 88% voting interest in Avalon Cable LLC. Avalon Cable LLC contributed these assets and liabilities, excluding the Senior Discount Notes and associated debt finance costs, to its wholly-owned subsidiary, Avalon Cable of Michigan LLC.

- Avalon Cable of Michigan LLC has become the operator of the Michigan cluster replacing Avalon Michigan;

- Avalon Cable of Michigan LLC is an obligor on the Senior Subordinated Notes replacing Avalon Michigan; and

- Avalon Michigan is a guarantor of the obligations of Avalon Cable of Michigan LLC under the Senior Subordinated Notes. Avalon Michigan does not have significant assets, other than its 88% investment in Avalon Cable LLC at June 30, 1999.

As a result of this reorganization between entities under common control, the Company accounted for the reorganization similar to a pooling-of-interests. Under the pooling-of-interests method, the results of operations include the results of operations from the earliest date that a member becomes a part of the control group by inception or acquisition. For the Company, the results of operations are from the date of inception (September 4, 1997) for Avalon New England, a wholly-owned subsidiary of Avalon Cable LLC.

The Company has a majority interest in Avalon Cable LLC. Avalon Cable LLC wholly-owns Avalon Cable Holdings Finance, Avalon New England, and Avalon Cable of Michigan LLC.

Avalon Cable of Michigan LLC and Avalon New England provide cable services to various areas in Michigan and New England, respectively. Avalon New England and Avalon Michigan LLC's cable systems offer customer packages for basic cable programming services which are offered at a per channel charge or packaged together to form a tier of services offered at a discount from the combined channel rate. Avalon New England and Avalon Cable of Michigan LLC's cable systems also provide premium cable services to their customers for an extra monthly charge. Customers generally pay initial connection charges and fixed monthly fees for cable programming and premium cable services, which constitute the principle sources of revenue for the Company.

Avalon Holdings Finance was formed for the sole purpose of facilitating financings associated with the acquisition of various cable operating companies. Avalon Cable Holdings Finance, Inc. conducts no other activities.

2. BASIS OF PRESENTATION

Pursuant to the rules and regulations of the Securities and Exchange Commission, certain financial information has been condensed and certain footnote disclosures have been omitted. Such information and disclosures are normally included in financial statements prepared in accordance with generally accepted accounting principles.

AVALON CABLE OF MICHIGAN HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
JUNE 30, 1999

These condensed financial statements should be read in conjunction with the Company's audited financial statements at December 31, 1998 and notes thereto as included elsewhere herein.

The condensed financial statements as of June 30, 1999 and for the six month periods ended June 30, 1999 and 1998 are unaudited; however, in the opinion of management, such statements include all adjustments (consisting solely of normal and recurring adjustments except for the acquisition of Cross Country Cable, LLC ("Cross Country"), Nova Cablevision, Inc., Nova Cablevision VI, L.P. and Nova Cablevision VII, L.P. ("Nova Cable"), Novagate Communication Corporation ("Novagate"), Traverse Internet, R/Com. L.C., the Mercom Merger and the contribution of assets and liabilities by Avalon Michigan) necessary to present fairly the financial information included therein.

3. MERGER AND ACQUISITIONS

The Merger agreement between the Company and Avalon Michigan permitted Avalon Michigan to agree to acquire the 1,822,810 shares (approximately 38% of the outstanding stock) of Mercom that it did not own (the "Mercom Acquisition"). On September 10, 1998 Avalon Michigan and Mercom entered into a definitive agreement (the "Mercom Merger Agreement") providing for the acquisition by Avalon Michigan of all of such shares at a price of $12.00 per share. Avalon Michigan completed this acquisition in March 1999. The total estimated consideration payable in conjunction with the Mercom Acquisition, excluding fees and expenses was $21,900. The purchase price was allocated as follows: approximately $13,800 to the elimination of minority interest, $1,170 to property, plant and equipment, $6,700 to cable franchises and the excess of consideration paid over the fair market value of the net assets acquired, or goodwill, of $240.

In March 1999, Avalon Cable of Michigan Inc. acquired the cable television systems of Nova Cable for approximately $7,800, excluding transaction fees.

On January 21, 1999, the Company through its subsidiary, Avalon Cable of New England, LLC and subsidiaries, acquired Novagate for a purchase price of $2,900.

On March 26, 1999, the Company through its subsidiary, Avalon Cable of Michigan, LLC, acquired the assets of R/Com, L.C., for a total purchase price of approximately $450.

In January 1999, the Company acquired all of the issued and outstanding Common Stock of Cross Country for a purchase price of approximately $2,500, excluding transaction fees.

On April 1, 1999, the Company, through its subsidiary Avalon New England, acquired Traverse Internet for $2,400.

The acquisitions have been accounted for as purchases and the results of the companies acquired have been included in the accompanying financial statements since their acquisition dates. Accordingly, the consideration was allocated to the net assets based on their respective fair market values. The excess of the consideration paid over the estimated fair market values of the net assets acquired was $12,940 and is being amortized using the straight line method over 15 years.

In July 1999, Avalon New England purchased all of the cable systems of Taconic Technology Corporation for approximately $8,525 (excluding transaction fees).

AVALON CABLE OF MICHIGAN HOLDINGS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)
JUNE 30, 1999

4. MINORITY INTEREST

The activity in minority interest for the six months ended June 30, 1999 is as follow:

	MERCOM	AVALON CABLE LLC	TOTAL
Balance at December 31, 1998	$13,855	$47,981	$61,836
Purchase of the minority interest of Mercom	(13,855)	--	(13,855)
Loss allocated to minority interest	--	(2,354)	(2,354)
	--	$45,627	$45,627

5. COMMITMENTS AND CONTINGENCIES

In connection with the acquisition of Mercom, former shareholders of Mercom holding approximately 731,894 Mercom common shares or approximately 15.3% of all outstanding Mercom common shares gave notice of their election to exercise appraisal rights as provided by Delaware law. On July 2, 1999, former shareholders of Mercom holding 535,501 shares of Mercom common stock filed a petition for appraisal of stock in the Court of Chancery in the State of Delaware. With respect to 209,893 of the total number of shares for which the Company received notice, the Company received the notice of election from beneficial holders of Mercom common shares and not from holders of record. The Company believes that the notice with respect to the 209,893 shares did not comply with Delaware law and is ineffective. The Company cannot predict at this time the effect of the elections to exercise appraisal rights on the Company since the Company does not know the extent to which these former shareholders will continue to pursue appraisal rights under Delaware law or choose to abandon these efforts and accept the consideration payable in the Mercom merger. If these former shareholders continue to pursue their appraisal rights and if a Delaware court were to find that the fair value of the Mercom common shares, exclusive of any element of value arising from our acquisition of Mercom, exceeded $12.00 per share, the Company would have to pay the additional amount for each Mercom common share subject to the appraisal proceedings together with a fair rate of interest. The Company could be ordered by the Delaware court also to pay reasonable attorney's fees and the fees and expenses of experts for the shareholders. In addition, the Company would have to pay their own litigation costs. The Company have already provided for the consideration of $12.00 per Mercom common share due under the terms of our merger with Mercom with respect to these shares but have not provided for any additional amounts or costs. The Company can provide no assurance as to what a Delaware court would find in any appraisal proceeding or when this matter will be resolved. Accordingly, the Company cannot assure you that the ultimate outcome would not have a material adverse effect on the Company.

The Company is subject to the provisions of the Cable Television Consumer Protection and Competition Act of 1992, as amended, and the Telecommunications Act of 1996. The Company has either settled challenges or accrued for anticipated exposures related to rate regulation; however, there is no assurance that there will not be further additional challenges to its rates.

In the normal course of business, there are various legal proceedings outstanding. In the opinion of management, these proceedings will not have a material adverse effect on the financial condition or results of operations of the Company.

6. PENDING MERGER

In May 1999, the Company signed an agreement with Charter Communications, Inc. ("Charter Communications") under which Charter Communications agreed to purchase the Company's cable television systems and assume some of their debt. The acquisition by Charter Communications is subject to regulatory approvals. The Company expects to consummate this transaction in the fourth quarter of 1999.

This agreement, if closed, would constitute a change in control under the Indenture pursuant to which the Senior Subordinated Notes and the Senior Discount Notes (collectively, the "Notes") were issued. The Indenture provides that upon the occurrence of a change of control of the Company (a "Change of Control") each holder of the Notes has the right to require the Company to purchase all or any part (equal to $1,000 or an integral multiple thereof) of such holder's Notes at an offer price in cash equal to 101% of the aggregate principal amount thereon (or 101% of the accreted value for the Senior Discount Notes as of the date of purchase if prior to full accretion date) plus accrued and unpaid interest and Liquidated Damages (as defined in the Indenture) thereof, if any, to the date of purchase.

This agreement, if closed, would represent a Change of Control which, on the closing date, constitutes an event of default under the Credit Facility giving the lender the right to terminate the credit commitment and declare all amounts outstanding immediately due and payable. Charter Communications has agreed to repay all amounts due under the credit facility or cause all events of default under the credit facility arising from a change of control to be waived.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Shareholders of
Avalon Cable of Michigan, Inc.

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations and changes in shareholders' deficit and of cash flows present fairly, in all material respects, the financial position of Cable Michigan, Inc. and subsidiaries (collectively, the "Company") at December 31, 1996 and 1997 and November 5, 1998, and the results of their operations and their cash flows for each of the two years ended December 31, 1996 and 1997 and the period from January 1, 1998 to November 5, 1998, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

PRICEWATERHOUSECOOPERS LLP

New York, New York
March 30, 1999

CABLE MICHIGAN, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	DECEMBER 31, 1997	NOVEMBER 5, 1998
	(DOLLARS IN THOUSANDS)	
ASSETS		
Cash and temporary cash investments	$ 17,219	$ 6,093
Accounts receivable, net of reserve for doubtful accounts of $541 at December 31, 1997 and $873 at November 5, 1998	3,644	4,232
Prepayments and other	663	821
Accounts receivable from related parties	166	396
Deferred income taxes	1,006	541
Total current assets	22,698	12,083
Property, plant and equipment, net	73,836	77,565
Intangible assets, net	45,260	32,130
Deferred charges and other assets	803	9,442
Total assets	$142,597	$131,220
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Current portion of long-term debt	$ --	$ 15,000
Accounts payable	5,564	8,370
Advance billings and customer deposits	2,242	1,486
Accrued taxes	167	1,035
Accrued cable programming expense	2,720	5,098
Accrued expenses	4,378	2,052
Accounts payable to related parties	1,560	343
Total current liabilities	16,631	33,384
Long-term debt	143,000	120,000
Deferred income taxes	22,197	27,011
Total liabilities	181,828	180,395
Minority interest	14,643	14,690
Commitments and contingencies (Note 11)	--	--
Preferred Stock	--	--
Common stock	--	--
Common shareholders' deficit	(53,874)	(63,865)
Total Liabilities and Shareholders' Deficit	$142,597	$131,220

The accompanying notes are an integral part of these consolidated financial statements.

CABLE MICHIGAN, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

	FOR THE YEARS ENDED DECEMBER 31, 1996	FOR THE YEARS ENDED DECEMBER 31, 1997	FOR THE PERIOD FROM JANUARY 1, 1998 TO NOVEMBER 5, 1998
	(DOLLARS IN THOUSANDS EXCEPT PER SHARE AND SHARE AMOUNTS)		
Revenues	$ 76,187	$ 81,299	$ 74,521
Costs and expenses, excluding management fees and depreciation and amortization	40,593	44,467	41,552
Management fees	3,498	3,715	3,156
Depreciation and amortization	31,427	32,082	28,098
Merger related expenses	--	--	5,764
Operating income	669	1,035	(4,049)
Interest income	127	358	652
Interest expense	(15,179)	(11,751)	(8,034)
Gain on sale of Florida cable system	--	2,571	--
Other (expense), net	(736)	(738)	(937)
(Loss) before income taxes	(15,119)	(8,525)	(12,368)
(Benefit) from income taxes	(5,712)	(4,114)	(1,909)
(Loss) before minority interest and equity in unconsolidated entities	(9,407)	(4,411)	(10,459)
Minority interest in loss (income) of consolidated entity	1,151	53	(75)
Net (Loss)	$ (8,256)	$ (4,358)	$ (10,534)
Basic and diluted earnings per average common share Net (loss) to shareholders	$ (1.20)	$ (.63)	$ (1.53)
Average common shares and common stock equivalents outstanding	6,864,799	6,870,528	6,891,932

The accompanying notes are an integral part of these consolidated financial statements.

CABLE MICHIGAN, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT

FOR THE YEARS ENDED DECEMBER 31, 1996 AND 1997 AND THE PERIOD FROM JANUARY 1, 1998 TO NOVEMBER 5, 1998

	COMMON SHARES OUTSTANDING	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	DEFICIT	SHAREHOLDER'S NET INVESTMENT	TOTAL SHAREHOLDERS' DEFICIT
	(DOLLARS IN THOUSANDS EXCEPT SHARE AMOUNTS)					
Balance, December 31, 1995	1,000	$ 1	$ --	$ --	$(73,758)	$(73,757)
Net loss	--	--	--	--	(8,256)	(8,256)
Transfers from CTE	--	--	--	--	2,272	2,272
Balance, December 31, 1996	1,000	1	--	--	(79,742)	(79,741)
Net loss from 1/1/97 through 9/30/97	--	--	--	--	(3,251)	(3,251)
Net loss from 10/1/97 through 12/31/97	--	--	--	(1,107)	--	(1,107)
Transfers from RCN Corporation	--	--	--	--	30,225	30,225
Common stock issued in connection with the Distribution	6,870,165	6,870	--	(59,638)	52,768	--
Balance, December 31, 1997	6,871,165	6,871	--	(60,745)	--	(53,874)
Net loss from January 1, 1998 to November 5, 1998	--	--	--	(10,534)	--	(10,534)
Exercise of stock options	30,267	30	351	--	--	381
Tax benefits of stock option exercises	--	--	162	--	--	162
Balance, November 5, 1998	6,901,432	$6,901	$513	$(71,279)	$ --	$(63,865)

The accompanying notes are an integral part of these consolidated financial statements.

CABLE MICHIGAN, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	FOR THE YEARS ENDED DECEMBER 31, 1996	FOR THE YEARS ENDED DECEMBER 31, 1997	FOR THE PERIOD FROM JANUARY 1, 1998 TO NOVEMBER 5, 1998
	(DOLLARS IN THOUSANDS)		
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (loss)	$ (8,256)	$ (4,358)	$(10,534)
Gain on pension curtailment/settlement	(855)	--	--
Depreciation and amortization	31,427	32,082	28,098
Deferred income taxes, net	988	(4,359)	(3,360)
Provision for losses on accounts receivable	843	826	710
Gain on sale of Florida cable systems	--	(2,571)	--
Increase (decrease) in minority interest	(1,151)	(53)	47
Other non-cash items	2,274	1,914	--
Net change in certain assets and liabilities, net of business acquisitions			
Accounts receivable and customer deposits	(1,226)	(617)	(2,054)
Accounts payable	1,365	2,234	2,806
Accrued expenses	125	580	52
Accrued taxes	(99)	61	868
Accounts receivable from related parties	567	1,549	(230)
Accounts payable to related parties	1,314	(8,300)	(1,217)
Other, net	501	(644)	(158)
Net cash provided by operating activities	27,817	18,344	15,028
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment	(9,605)	(14,041)	(18,697)
Acquisitions, net of cash acquired	--	(24)	--
Proceeds from sale of Florida cable systems	--	3,496	--
Other	390	560	--
Net cash used in investing activities	(9,215)	(10,009)	(18,697)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of long-term debt	--	128,000	--
Redemption of long-term debt	(1,500)	(17,430)	(8,000)
Proceeds from the issuance of common stock	--	--	543
Transfers from CTE	--	12,500	--
Change in affiliate notes, net	(16,834)	(116,836)	--
Payments made for debt financing costs	--	(647)	--
Net cash provided by (used in) financing activities	(18,334)	5,587	(7,457)
Net increase/(decrease) in cash and temporary cash investments	268	13,922	(11,126)
Cash and temporary cash investments at beginning of year	3,029	3,297	17,219
Cash and temporary cash investments at end of year	$ 3,297	$ 17,219	$ 6,093
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION			
Cash paid during the year for Interest	$ 15,199	$ 11,400	$ 7,777
Income taxes	29	370	315

Supplemental Schedule of Non-cash Investing and Financing Activities:

In September 1997, in connection with the transfer of CTE's investment in Mercom to the Company, the Company assumed CTE's $15,000 Term Credit Facility.

Certain intercompany accounts receivable and payable and intercompany note balances were transferred to shareholders' net investment in connection with the Distribution described in note 1.

The accompanying notes are an integral part of these consolidated financial statements.

CABLE MICHIGAN, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(DOLLARS IN THOUSANDS EXCEPT PER SHARE DATA)
DECEMBER 31, 1998

1. BACKGROUND AND BASIS OF PRESENTATION

Prior to September 30, 1997, Cable Michigan, Inc. and subsidiaries (the "Company") was operated as part of C-TEC Corporation ("C-TEC"). On September 30, 1997, C-TEC distributed 100 percent of the outstanding shares of common stock of its wholly owned subsidiaries, RCN Corporation ("RCN") and the Company to holders of record of C-TEC's Common Stock and C-TEC's Class B Common Stock as of the close of business on September 19, 1997 (the "Distribution") in accordance with the terms of the Distribution Agreement dated September 5, 1997 among C-TEC, RCN and the Company. The Company consists of C-TEC's Michigan cable operations, including its 62% ownership in Mercom, Inc. ("Mercom"). In connection with the Distribution, C-TEC changed its name to Commonwealth Telephone Enterprises, Inc. ("CTE"). RCN consists primarily of C-TEC's bundled residential voice, video and Internet access operations in the Boston to Washington, D.C. corridor, its existing New York, New Jersey and Pennsylvania cable television operations, a portion of its long distance operations and its international investment in Megacable, S.A. de C.V. C-TEC, RCN, and the Company continue as entities under common control until the Company completes the Merger (as described below).

On June 3, 1998, the Company entered into an Agreement and Plan of Merger (the "Agreement") among the Company, Avalon Cable of Michigan Holdings Inc. ("Avalon Holdings") and Avalon Cable of Michigan Inc. ("Avalon Sub"), pursuant to which Avalon Sub will merge into the Company and the Company will become a wholly owned subsidiary of Avalon Holdings (the "Merger").

In accordance with the terms of the Agreement, each share of common stock, par value $1.00 per share ("common stock"), of the Company outstanding prior to the effective time of the Merger (other than treasury stock, shares owned by Avalon Holdings or its subsidiaries, or shares as to which dissenters' rights have been exercised) shall be converted into the right to receive $40.50 in cash (the "Merger Consideration"), subject to certain possible closing adjustments.

On November 6, 1998, the Company completed its merger into and with Avalon Cable Michigan, Inc. The total consideration payable in conjunction with the merger, including fees and expenses is approximately 431,600. Subsequent to the merger, the arrangements with RCN and CTE (as described below) were terminated. The Merger agreement also permitted the Company to agree to acquire the remaining shares of Mercom that it did not own.

Cable Michigan provides cable services to various areas in the state of Michigan. Cable Michigan's cable television systems offer customer packages for basic cable programming services which are offered at a per channel charge or packaged together to form a tier of services offered at a discount from the combined channel rate. Cable Michigan's cable television systems also provide premium cable services to their customers for an extra monthly charge. Customers generally pay initial connection charges and fixed monthly fees for cable programming and premium cable services, which constitute the principle sources of revenue for the Company.

The consolidated financial statements have been prepared using the historical basis of assets and liabilities and historical results of operations of all wholly and majority owned subsidiaries. However, the historical financial information presented herein reflects periods during which the Company did not operate as an independent company and accordingly, certain assumptions were made in preparing such financial information. Such information, therefore, may not necessarily reflect the results of operations, financial condition or cash flows of the Company in the future or what they would have been had the Company been an independent, public company during the reporting periods. All material intercompany transactions and balances have been eliminated.

RCN's corporate services group has historically provided substantial support services such as finance, cash management, legal, human resources, insurance and risk management. Prior to the Distribution, the corporate office of C-TEC allocated the cost for these services pro rata among the business units supported primarily based on assets; contribution to consolidated earnings before interest, depreciation, amortization, and income taxes; and number of employees. In the opinion of management, the method of allocating these costs is reasonable; however, such costs are not necessarily indicative of the costs that would have been incurred by the Company on a stand-alone basis.

CTE, RCN and the Company have entered into certain agreements subsequent to the Distribution, and governing various ongoing relationships, including the provision of support services between the three companies, including a distribution agreement and a tax-sharing agreement.

The fee per year for support services from RCN will be 4.0% of the revenues of the Company plus a direct allocation of certain consolidated cable administration functions of RCN. The direct charge for customer service along with the billing service and the cable guide service will be a pro rata share (based on subscribers) of the expenses incurred by RCN to provide such customer service and to provide such billing and cable guide service for RCN and the Company.

CTE has agreed to provide or cause to be provided to RCN and the Company certain financial data processing services for a transitional period after the Distribution. The fees for such services will be an allocated portion (based on relative usage) of the cost incurred by CTE to provide such financial data processing services to all three groups.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and temporary cash investments

For purposes of reporting cash flows, the Company considers all highly liquid investments purchased with an original maturity of three months or less to be temporary cash investments. Temporary cash investments are stated at cost, which approximates market.

Property, plant and equipment and depreciation

Property, plant and equipment reflects the original cost of acquisition or construction, including payroll and related costs such as taxes, pensions and other fringe benefits, and certain general administrative costs.

Depreciation is provided on the straight-line method based on the useful lives of the various classes of depreciable property. The average estimated lives of depreciable cable property, plant and equipment are:

Buildings	12-25 years
Cable television distribution equipment	8.5-12 years
Vehicles	5 years
Other equipment	12 years

Maintenance and repair costs are charged to expense as incurred. Major replacements and betterments are capitalized. Gain or loss is recognized on retirements and dispositions.

Intangible assets

Intangible assets are amortized on a straight-line basis over the expected period of benefit ranging from 5 to 19.3 years. Intangible assets include cable franchises. The cable systems owned or managed by the Company are constructed and operated under fixed-term franchises or other types of operating authorities (referred to collectively herein as "franchises") that are generally nonexclusive and are granted by local governmental authorities. The provisions of these local franchises are subject to federal regulation. Costs incurred to obtain or renew franchises are capitalized and amortized over the term of the applicable franchise agreement.

Accounting for impairments

The Company follows the provisions of Statement of Financial Accounting Standards No. 121 -- "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of" ("SFAS 121").

SFAS 121 requires that long-lived assets and certain identifiable intangibles to be held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In performing the review for recoverability, the Company estimates the net future cash flows expected to result from the use of the asset and its eventual disposition. If the sum of the expected net future cash flows (undiscounted and without interest charges) is less than the carrying amount of the asset, an impairment loss is recognized. Measurement of an impairment loss for long-lived assets and identifiable intangibles expected to be held and used is based on the fair value of the asset.

No impairment losses have been recognized by the Company pursuant to SFAS 121.

Revenue recognition

Revenues from cable programming services are recorded in the month the service is provided. Installation fee revenue is recognized in the period in which the installation occurs.

Advertising expense

Advertising costs are expensed as incurred. Advertising expense charged to operations was $514, $560, and $505 in 1996, 1997, and for the period from January 1, 1998 to November 5, 1998 respectively.

CABLE MICHIGAN, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

Stock-based compensation

The Company applies Accounting Principles Board Opinion No. 25 -- "Accounting for Stock Issued to Employees" ("APB 25") in accounting for its stock plans. The Company has adopted the disclosure-only provisions of Statement of Financial Accounting Standards No. 123 -- "Accounting for Stock-Based Compensation" ("SFAS 123").

Earnings (loss) per share

The Company has adopted statement of Financial Accounting Standards No. 128 -- "Earnings Per Share" ("SFAS 128"). Basic earnings (loss) per share is computed based on net income (loss) divided by the weighted average number of shares of common stock outstanding during the period.

Diluted earnings (loss) per share is computed based on net income (loss) divided by the weighted average number of shares of common stock outstanding during the period after giving effect to convertible securities considered to be dilutive common stock equivalents. The conversions of stock options during periods in which the Company incurs a loss from continuing operations is not assumed since the effect is anti-dilutive. The number of stock options which would have been converted in 1997 and in 1998 and had a dilutive effect if the Company had income from continuing operations are 55,602 and 45,531, respectively.

For periods prior to October 1, 1997, during which the Company was a wholly owned subsidiary of C-TEC, earnings (loss) per share was calculated by dividing net income (loss) by one-fourth the average common shares of C-TEC outstanding, based upon a distribution ratio of one share of Company common stock for each four shares of C-TEC common equity owned.

Income taxes

The Company and Mercom file separate consolidated federal income tax returns. Prior to the Distribution, income tax expense was allocated to C-TEC's subsidiaries on a separate return basis except that C-TEC's subsidiaries receive benefit for the utilization of net operating losses and investment tax credits included in the consolidated tax return even if such losses and credits could not have been used on a separate return basis. The Company accounts for income taxes using Statement of Financial Accounting Standards No. 109 -- "Accounting for Income Taxes". The statement requires the use of an asset and liability approach for financial reporting purposes. The asset and liability approach requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between financial reporting basis and tax basis of assets and liabilities. If it is more likely than not that some portion or all of a deferred tax asset will not be realized, a valuation allowance is recognized.

Reclassification

Certain amounts have been reclassified to conform with the current year's presentation.

3. BUSINESS COMBINATION AND DISPOSITIONS

The Agreement between Avalon Cable of Michigan Holdings, Inc. and the Company permitted the Company to agree to acquire the 1,822,810 shares (approximately 38% of the outstanding stock) of Mercom that it did not own (the "Mercom Acquisition"). On September 10, 1998 the Company and Mercom entered into a definitive agreement (the "Mercom Merger Agreement") providing for the acquisition by the Company of all of such shares at a price of $12.00 per share. The Company completed this acquisition in March 1999. The total estimated consideration payable in conjunction with the Mercom Acquisition, excluding fees and expenses was $21,900.

In March 1999, Avalon Michigan Inc. acquired the cable television systems of Nova Cablevision, Inc., Nova Cablevision VI, L.P. and Nova Cablevision VII, L.P. for approximately $7,800, excluding transaction fees.

In July 1997, Mercom sold its cable system in Port St. Lucie, Florida for cash of approximately $3,500. The Company realized a pretax gain of $2,571 on the transaction.

4. PROPERTY, PLANT AND EQUIPMENT

	DECEMBER 31, 1997	NOVEMBER 5, 1998
Cable plant	$158,655	$ 174,532
Buildings and land	2,837	2,917
Furniture, fixtures and vehicles	5,528	6,433
Construction in process	990	401
Total property, plant and equipment	168,010	184,283
Less accumulated depreciation	(94,174)	(106,718)
Property, plant and equipment, net	$ 73,836	$ 77,565

Depreciation expense was $15,728, $16,431 and $14,968 for the years ended December 31, 1996 and 1997, and the period from January 1, 1998 to November 5, 1998, respectively.

5. INTANGIBLE ASSETS

Intangible assets consist of the following at:

	DECEMBER 31, 1997	NOVEMBER 5, 1998
Cable Franchises	$134,889	$ 134,889
Noncompete agreements	473	473
Goodwill	3,990	3,990
Other	1,729	1,729
Total	141,081	141,081
Less accumulated amortization	(95,821)	(108,951)
Intangible assets, net	$ 45,260	$ 32,130

Amortization expense charged to operations for the years ended December 31, 1996 and 1997 was $15,699 and $15,651, respectively, and $13,130 for the period from January 1, 1998 to November 5, 1998.

6. INCOME TAXES

The income tax provision (benefit) in the accompanying consolidated financial statements of operations is comprised of the following:

	1996	1997	1998
CURRENT			
Federal	$(6,700)	$ 245	$ 320
State	--	--	28
Total Current	(6,700)	245	348
DEFERRED:			
Federal	988	(4,359)	(2,074)
State	--	--	(183)
Total Deferred	988	(4,359)	(2,257)
Total (benefit) for income taxes	$(5,712)	$(4,114)	$(1,909)

The benefit for income taxes is different from the amounts computed by applying the U.S. statutory federal tax rate of 35% for 1996, 34% for 1997 and 35% for the period from January 1, 1998 to November 5, 1998. The differences are as follows:

	YEAR ENDED DECEMBER 31, 1996	YEAR ENDED DECEMBER 31, 1997	PERIOD FROM JANUARY 1, 1998 TO NOVEMBER 11, 1998
(Loss) before (benefit) for income taxes	$(15,119)	$(8,525)	$(12,368)
Federal tax (benefit) at statutory rates	(5,307)	(2,899)	(4,329)
State income taxes	--	--	(101)
Goodwill	175	171	492
Increase (decrease) in valuation allowance	(518)	(1,190)	--
Nondeductible expenses	--	147	2,029
Benefit of rate differential applied to reversing timing differences	--	(424)	--
Other, net	(62)	81	--
(Benefit) for income taxes	$ (5,712)	$(4,114)	$ (1,909)

Mercom, which files a separate consolidated income tax return, has the following net operating losses available:

YEAR	TAX NET OPERATING LOSSES	EXPIRATION DATE
1992	$ 435	2007
1995	$2,713	2010

In 1997, Mercom was liable for Federal Alternative Minimum Tax (AMT). At December 31, 1997 and at November 5, 1998, the cumulative minimum tax credits are $141 and $141, respectively. This amount can be carried forward indefinitely to reduce regular tax liabilities that exceed AMT in future years.

Temporary differences that give rise to a significant portion of deferred tax assets and liabilities are as follows:

	DECEMBER 31, 1997	NOVEMBER 5, 1998
NOL carryforwards	$ 1,588	$ 1,132
Alternative minimum tax credits	141	141
Reserves	753	210
Other, net	230	309
Total deferred assets	2,712	1,792
Property, plant and equipment	(11,940)	(10,515)
Intangible assets	(11,963)	(10,042)
Total deferred liabilities	(23,903)	(20,557)
Subtotal	(21,191)	(18,765)
Valuation allowance	--	--
Total deferred taxes	$(21,191)	$(18,765)

In the opinion of management, based on the future reversal of taxable temporary differences, primarily depreciation and amortization, the Company will more likely than not be able to realize all of its deferred tax assets. As a result, the net change in the valuation allowance for deferred tax assets during 1997 was a decrease of $1,262, which $72 related to Mercom of Florida.

Due to the sale of Mercom of Florida, the Company's deferred tax liabilities decreased by $132.

7. DEBT

Long-term debt outstanding at November 5, 1998 is as follows:

	DECEMBER 31, 1997	NOVEMBER 5, 1998
Term Credit Facility	$100,000	$100,000
Revolving Credit Facility	28,000	20,000
Term Loan	15,000	15,000
Total	143,000	135,000
Current portion of long-term debt	--	15,000
Total Long-Term Debt	$143,000	$120,000

Credit Facility

The Company had an outstanding line of credit with a banking institution for $3 million. No amounts were outstanding under this facility.

The Company has in place two secured credit facilities (the "Credit Facilities") pursuant to a single credit agreement with a group of lenders for which First Union National Bank acts as agent (the "Credit Agreement"), which was effective as of July 1, 1997. The first is a five-year revolving credit facility in the amount of $65,000 (the "Revolving Credit Facility"). The second is an eight-year term credit facility in the amount of $100,000 (the "Term Credit Facility").

The interest rate on the Credit Facilities will be, at the election of the Company, based on either a LIBOR or a Base Rate option (6.25% at November 5, 1998) (each as defined in the Credit Agreement).

The entire amount of the Term Credit Facility has been drawn and as of November 5, 1998, $100,000 of the principal was outstanding thereunder. The entire amount of the Revolving Credit Facility is available to the Company until June 30, 2002. As of November 5, 1998, $20,000 of principal was outstanding thereunder. Revolving loans may be repaid and reborrowed from time to time.

The Term Credit Facility is payable over six years in quarterly installments, from September 30, 1999 through June 30, 2005. Interest only is due through June 1999. The Credit Agreement is currently unsecured.

The Credit Agreement contains restrictive covenants which, among other things, require the Company to maintain certain debt to cash flow, interest coverage and fixed charge coverage ratios and place certain limitations on additional debt and investments. The Company does not believe that these covenants will materially restrict its activities.

Term Loan

On September 30, 1997, the Company assumed all obligations of CTE under a $15 million credit facility extended by a separate group of lenders for which First Union National Bank also acts as agent (the "$15 Million Facility"). The $15 Million Facility matures in a single installment on June 30, 1999 and is collateralized by a first priority pledge of all shares of Mercom owned by the Company. The $15 Million Facility has interest rate provisions (6.25% at November 5, 1998), covenants and events of default substantially the same as the Credit Facilities.

On November 6, 1998, the long-term debt of the Company was paid off in conjunction with the closing of the merger.

Mercom debt

In August 1997, the Mercom revolving credit agreement for $2,000 expired. Mercom had no borrowings under the revolving credit agreement in 1996 or 1997.

On September 29, 1997, the Company purchased and assumed all of the bank's interest in the term credit agreement and the note issued thereunder. Immediately after the purchase, the term credit agreement was amended in order to, among other things, provide for less restrictive financial covenants, eliminate mandatory amortization of principal and provide for a bullet maturity of principal on December 31, 2002, and remove the change of control event of default. Mercom's borrowings under the term credit agreement contain pricing and security provisions substantially the same as those in place prior to the purchase of the loan. The borrowings are secured by a pledge of the stock of Mercom's subsidiaries and a first lien on certain of the assets of Mercom and its subsidiaries, including inventory, equipment and receivables. At November 5, 1998, $14,151 of principal was outstanding. The borrowings under the term credit agreement are eliminated in the Company's consolidated balance sheet.

8. COMMON STOCK AND STOCK PLANS

The Company has authorized 25,000,000 shares of $1 par value common stock, and 50,000,000 shares of $1 par value Class B common stock. The Company also has authorized

10,000,000 shares of $1 par value preferred stock. At November 5, 1998, 6,901,432 common shares are issued and outstanding.

In connection with the Distribution, the Company Board of Directors (the "Board") adopted the Cable Michigan, Inc. 1997 Equity Incentive Plan (the "1997 Plan"), designed to provide equity-based compensation opportunities to key employees when shareholders of the Company have received a corresponding benefit through appreciation in the value of Cable Michigan Common Stock.

The 1997 Plan contemplates the issuance of incentive stock options, as well as stock options that are not designated as incentive stock options, performance-based stock options, stock appreciation rights, performance share units, restricted stock, phantom stock units and other stock-based awards (collectively, "Awards"). Up to 300,000 shares of Common Stock, plus shares of Common Stock issuable in connection with the Distribution related option adjustments, may be issued pursuant to Awards granted under the 1997 Plan.

All employees and outside consultants to the Company and any of its subsidiaries and all Directors of the Company who are not also employees of the Company are eligible to receive discretionary Awards under the 1997 Plan.

Unless earlier terminated by the Board, the 1997 Plan will expire on the 10th anniversary of the Distribution. The Board or the Compensation Committee may, at any time, or from time to time, amend or suspend and, if suspended, reinstate, the 1997 Plan in whole or in part.

Prior to the Distribution, certain employees of the Company were granted stock option awards under C-TEC's stock option plans. In connection with the Distribution, 380,013 options covering Common Stock were issued. Each C-Tec option was adjusted so that each holder would hold options to purchase shares of Commonwealth Telephone Enterprise Common Stock, RCN Common Stock and Cable Michigan Common Stock. The number of shares subject to, and the exercise price of, such options were adjusted to take into account the Distribution and to ensure that the aggregate intrinsic value of the resulting RCN, the Company and Commonwealth Telephone Enterprises options immediately after the Distribution was equal to the aggregate intrinsic value of the C-TEC options immediately prior to the Distribution.

Information relating to the Company stock options is as follows:

	NUMBER OF SHARES	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding December 31, 1995	301,000	
Granted	33,750	$ 8.82
Exercised	(7,250)	--
Canceled	(35,500)	10.01
Outstanding December 31, 1996	292,000	8.46
Granted	88,013	8.82
Exercised	--	--
Canceled	(375)	10.01
Outstanding December 31, 1997	379,638	8.82
Granted	47,500	31.25
Exercised	(26,075)	26.21
Canceled	(10,250)	--
Outstanding November 5, 1998	390,813	$11.52
Shares exercisable November 5, 1998	155,125	$ 8.45

The range of exercise prices for options outstanding at November 5, 1998 was $8.46 to $31.25.

No compensation expense related to stock option grants was recorded in 1997. For the period ended November 5, 1998 compensation expense in the amount of $161 was recorded relating to services rendered by the Board.

Under the term of the Merger Agreement the options under the 1997 Plan vest upon the closing of the merger and each option holder will receive $40.50 per option.

Pro forma information regarding net income and earnings per share is required by SFAS 123, and has been determined as if the Company had accounted for its stock options under the fair value method of SFAS 123. The fair value of these options was estimated at the date of grant using a Black Scholes option pricing model with the following weighted average assumptions for the period ended November 5, 1998. The fair value of these options was estimated at the date of grant using a Black Scholes option pricing model with weighted average assumptions for dividend yield of 0% for 1996, 1997 and 1998; expected volatility of 39.5% for 1996, 38.6% prior to the Distribution and 49.8% subsequent to the Distribution for 1997 and 40% for 1998; risk-free interest rate of 5.95%, 6.52% and 5.68% for 1996, 1997 and 1998 respectively, and expected lives of 5 years for 1996 and 1997 and 6 years for 1998.

The weighted-average fair value of options granted during 1997 and 1998 was $4.19 and $14.97, respectively.

For purposes of pro forma disclosures, the estimated fair value of the options is amortized to expense over the options' vesting period. The Company's pro forma net earnings and earnings per share were as follows:

	FOR THE YEARS ENDED DECEMBER 31, 1996	FOR THE YEARS ENDED DECEMBER 31, 1997	FOR THE PERIOD FROM JANUARY 1, TO NOVEMBER 5, 1998
Net (Loss) as reported	$(8,256)	$(4,358)	$(10,534)
Net (Loss) pro forma	(8,256)	(4,373)	(10,174)
Basic (Loss) per share-as reported	(1.20)	(0.63)	(1.45)
Basic (Loss) per share-pro forma	(1.20)	(0.64)	(1.48)
Diluted (Loss) per share-as reported	(1.20)	(0.63)	(1.45)
Diluted (Loss) per share-pro forma	(1.20)	(0.64)	(1.48)

In November 1996, the C-TEC shareholders approved a stock purchase plan for certain key executives (the "Executive Stock Purchase Plan" or "C-TEC ESPP"). Under the C-TEC ESPP, participants may purchase shares of C-TEC Common Stock in an amount of between 1% and 20% of their annual base compensation and between 1% and 100% of their annual bonus compensation and provided, however, that in no event shall the participant's total contribution exceed 20% of the sum of their annual compensation, as defined by the C-TEC ESPP. Participant's accounts are credited with the number of share units derived by dividing the amount of the participant's contribution by the average price of a share of C-TEC Common Stock at approximately the time such contribution is made. The share units credited to participant's account do not give such participant any rights as a shareholder with respect to, or any rights as a holder or record owner of, any shares of C-TEC Common Stock. Amounts representing share units that have been credited to a participant's account will be distributed, either in a lump sum or in installments, as elected by the participant, following the earlier of the participant's termination of employment with the Company or three calendar years following the date on which the share units were initially credited to the participant's account. It is anticipated that, at the time of distribution, a participant will receive one share of C-TEC Common Stock for each share unit being distributed.

Following the crediting of each share unit to a participant's account, a matching share of Common Stock is issued in the participant's name. Each matching share is subject to forfeiture as provided in the C-TEC ESPP. The issuance of matching shares will be subject to the participant's execution of an escrow agreement. A participant will be deemed to be the holder of, and may exercise all the rights of a record owner of, the matching shares issued to such participant while such matching shares are held in escrow. Shares of restricted C-TEC Common Stock awarded under the C-TEC ESPP and share units awarded under the C-TEC ESPP that relate to C-TEC Common Stock were adjusted so that following the Distribution, each such participant was credited with an aggregate equivalent value of restricted shares of common stock of CTE, the Company and RCN. In September 1997, the Board approved the Cable Michigan, Inc. Executive Stock Purchase Plan, ("the "Cable Michigan ESPP"), with terms substantially the same as the C-TEC ESPP. The number of shares which may be distributed under the Cable Michigan ESPP as matching shares or in payment of share units is 30,000.

9. PENSIONS AND EMPLOYEE BENEFITS

Prior to the Distribution, the Company's financial statements reflect the costs experienced for its employees and retirees while included in the C-TEC plans.

CABLE MICHIGAN, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

Through December 31, 1996, substantially all employees of the Company were included in a trusteed noncontributory defined benefit pension plan, maintained by C-TEC. Upon retirement, employees are provided a monthly pension based on length of service and compensation. C-TEC funds pension costs to the extent necessary to meet the minimum funding requirements of ERISA. Substantially, all employees of C-TEC's Pennsylvania cable television operations (formerly Twin Country Trans Video, Inc.) were covered by an underfunded plan which was merged into C-TEC's overfunded plan on February 28, 1996.

The information that follows relates to the entire C-TEC noncontributory defined benefit plan. The components of C-TEC's pension cost are as follows for 1996:

Benefits earned during the year (service costs).............	$ 2,365
Interest cost on projected benefit obligation..............	3,412
Actual return on plan assets...............................	(3,880)
Other components -- net....................................	(1,456)
Net periodic pension cost..................................	$ 441

The following assumptions were used in the determination of the consolidated projected benefit obligation and net periodic pension cost (credit) for December 31, 1996:

Discount Rate..	7.5%
Expected long-term rate of return on plan assets............	8.0%
Weighted average long-term rate of compensation increases...	6.0%

The Company's allocable share of the consolidated net periodic pension costs (credit), based on the Company's proportionate share of consolidated annualized salaries as of the valuation date, was approximately $10 for 1996. These amounts are reflected in operating expenses. As discussed below, no pension cost (credit) was recognized in 1997.

In connection with the restructuring, C-TEC completed a comprehensive study of its employee benefit plans in 1996. As a result of this study, effective December 31, 1996, in general, employees of the Company no longer accrue benefits under the defined benefit pension plans and became fully vested in their benefit accrued through that date. C-TEC notified affected participants in December 1996. In December 1996, C-TEC allocated pension plan assets of $6,984 and the related liabilities to a separate plan for employees who no longer accrue benefits after sum distributions. The allocation of assets and liabilities resulted in a curtailment/settlement gain of $4,292. The Company's allocable share of this gain was $855. This gain results primarily from the reduction of the related projected benefit obligation. The curtailed plan has assets in excess of the projected benefit obligation.

C-TEC sponsors a 401(k) savings plan covering substantially all employees of the Company who are not covered by collective bargaining agreements. Contributions made by the Company to the 401(k) plan are based on a specific percentage of employee contributions. Contributions charged to expense were $128 in 1996. Contributions charged to expense in 1997 prior to the Distribution were $107.

In connection with the Distribution, the Company established a qualified saving plan under Section 401(k) of the Code. Contributions charged to expense in 1997 were $53. Contributions charged to expense for the period from January 1, 1998 to November 5, 1998 were $164.

CABLE MICHIGAN, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

10. COMMITMENTS AND CONTINGENCIES

Total rental expense, primarily for office space and pole rental, was $984, $908 and $1,077 for the year ended December 31, 1996, 1997 and for the period from January 1, 1998 to November 5, 1998, respectively. Rental commitments are expected to continue to approximate $1 million a year for the foreseeable future, including pole rental commitments which are cancelable.

The Company is subject to the provisions of the Cable Television Consumer Protection and Competition Act of 1992, as amended, and the Telecommunications Act of 1996. The Company has either settled challenges or accrued for anticipated exposures related to rate regulation; however, there is no assurance that there will not be further additional challenges to its rates. The 1996 statements of operations include charges aggregating approximately $833 relating to cable rate regulation liabilities. No additional charges were incurred in the year ended December 31, 1997 and for the period from January 1, 1998 to November 5, 1998.

In the normal course of business, there are various legal proceedings outstanding. In the opinion of management, these proceedings will not have a material adverse effect on the financial condition or results of operations of the Company.

The Company has agreed to indemnify RCN and C-TEC and their respective subsidiaries against any and all liabilities which arise primarily from or relate primarily to the management or conduct of the business of the Company prior to the effective time of the Distribution. The Company has also agreed to indemnify RCN and C-TEC and their respective subsidiaries against 20% of any liability which arises from or relates to the management or conduct prior to the effective time of the Distribution of the businesses of C-TEC and its subsidiaries and which is not a true C-TEC liability, a true RCN liability or a true Company liability.

The Tax Sharing Agreement, by and among the Company, RCN and C-TEC (the "Tax Sharing Agreement"), governs contingent tax liabilities and benefits, tax contests and other tax matters with respect to tax returns filed with respect to tax periods, in the case of the Company, ending or deemed to end on or before the Distribution date. Under the Tax Sharing Agreement, adjustments to taxes that are clearly attributable to the Company group, the RCN group, or the C-TEC group will be borne solely by such group. Adjustments to all other tax liabilities will be borne 50% by C-TEC, 20% by the Company and 30% by RCN.

Notwithstanding the above, if as a result of the acquisition of all or a portion of the capital stock or assets of the Company, the Distribution fails to qualify as a tax-free distribution under Section 355 of the Internal Revenue Code, then the Company will be liable for any and all increases in tax attributable thereto.

11. AFFILIATE AND RELATED PARTY TRANSACTIONS

The Company has the following transactions with affiliates:

	FOR THE YEAR ENDED 1996	FOR THE YEAR ENDED 1997	FOR THE PERIOD ENDED NOVEMBER 5, 1998
Corporate office costs allocated to the Company	$ 3,498	$3,715	$1,866
Cable staff and customer service costs allocated from RCN Cable	3,577	3,489	3,640
Interest expense on affiliate notes	13,952	8,447	795
Royalty fees charged by CTE	585	465	--
Charges for engineering services	296	--	--
Other affiliate expenses	189	171	157

In addition, RCN has agreed to obtain programming from third party suppliers for Cable Michigan, the costs of which will be reimbursed to RCN by Cable Michigan. In those circumstances where RCN purchases third party programming on behalf of both RCN and the Company, such costs will be shared by each company, on a pro rata basis, based on each company's number of subscribers.

At December 31, 1997 and November 5, 1998, the Company has accounts receivable from related parties of $166 and $396 respectively, for these transactions. At December 31, 1997 and November 5, 1998, the Company has accounts payable to related parties of $1,560 and $343 respectively, for these transactions.

The Company had a note payable to RCN Corporation of $147,567 at December 31, 1996 primarily related to the acquisition of the Michigan cable operations and its subsequent operations. The Company repaid approximately $110,000 of this note payable in 1997. The remaining balance was transferred to shareholder's net investment in connection with the Distribution.

12. OFF BALANCE SHEET RISK AND CONCENTRATION OF CREDIT RISK

The Company places its cash and temporary investments with high credit quality financial institutions. The Company also periodically evaluates the creditworthiness of the institutions with which it invests. The Company does, however, maintain unsecured cash and temporary cash investment balances in excess of federally insured limits.

The Company's trade receivables reflect a customer base centered in the state of Michigan. The Company routinely assesses the financial strength of its customers; as a result, concentrations of credit risk are limited.

13. DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

a. The fair value of the revolving credit agreement is considered to be equal to carrying value since the debt re-prices at least every six months and the Company believes that its credit risk has not changed from the time the floating rate debt was borrowed and therefore, would obtain similar rates in the current market.

CABLE MICHIGAN, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

b. The fair value of the cash and temporary cash investments approximates fair value because of the short maturity of these instruments.

14. QUARTERLY INFORMATION (UNAUDITED)

The Company estimated the following quarterly data based on assumptions which it believes are reasonable. The quarterly data may differ from quarterly data subsequently presented in interim financial statements.

	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
1998				
Revenue	$20,734	$22,311	$22,735	$ 8,741
Operating income before depreciation, amortization, and management fees	9,043	10,047	10,185	12,277
Operating income (loss)	7,000	(3,324)	(674)	(7,051)
Net (loss)	(1,401)	(5,143)	(2,375)	(1,615)
Net (loss) per average Common Share	(0.20)	(0.75)	(0.34)	(.23)
1997				
Revenue	$19,557	$20,673	$20,682	$20,387
Operating income before depreciation, amortization, and management fees	8,940	9,592	9,287	9,013
Operating income (loss)	275	809	(118)	69
Net (loss)	N/A	N/A	N/A	(1,107)
Net (loss) per average Common Share	N/A	N/A	N/A	$ (.16)

The fourth quarter information for the quarter ended December 31, 1998 includes the results of operations of the Company for the period from October 1, 1998 through November 5, 1998.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Managers
of Avalon Cable of New England LLC

In our opinion, the accompanying balance sheet and the related statements of operations, partners' equity (deficit) and of cash flows present fairly, in all material respects, the financial position of Amrac Clear View, a Limited Partnership, (the "Partnership"), as of May 28, 1998 and the results of its operations and its cash flows for the period ended May 28, 1998, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Partnership's management; our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for the opinion expressed above.

PRICEWATERHOUSECOOPERS LLP

Boston, Massachusetts
September 11, 1998

AMRAC CLEAR VIEW, A LIMITED PARTNERSHIP

BALANCE SHEET
MAY 28, 1998

ASSETS	
Current Assets	
Cash and cash equivalents	$ 415,844
Subscribers and other receivables, net of allowance for doubtful accounts of $16,445	45,359
Prepaid expenses and other current assets	129,004
Total current assets	590,207
Property, plant and equipment, net	483,134
	$1,073,341

LIABILITIES AND PARTNERS' EQUITY	
Accounts payable	$ 57,815
Accrued expenses	84,395
Total current liabilities	142,210
Commitments and contingencies (Note 7)	
Partners' equity	931,131
	$1,073,341

The accompanying notes are an integral part of these financial statements.

AMRAC CLEAR VIEW, A LIMITED PARTNERSHIP

STATEMENT OF OPERATIONS
FOR THE PERIOD FROM JANUARY 1, 1998 THROUGH MAY 28, 1998

REVENUE:	
Basic services	$651,878
Premium services	78,365
Other	49,067
	779,310
OPERATING EXPENSES:	
Programming	193,093
Selling, general and administrative	151,914
Technical and operations	98,628
Depreciation and amortization	47,268
Management fees	41,674
Income from operations	246,733
Interest income	2,319
Interest (expense)	(1,871)
Net income	$247,181

The accompanying notes are an integral part of these financial statements.

AMRAC CLEAR VIEW, A LIMITED PARTNERSHIP

STATEMENT OF CHANGES IN PARTNERS' EQUITY (DEFICIT)
FOR THE PERIOD FROM JANUARY 1, 1998 THROUGH MAY 28, 1998

	GENERAL PARTNER	CLASS A LIMITED PARTNER	CLASS B LIMITED PARTNER	INVESTOR LIMITED PARTNERS	TOTAL
Partners' (deficit) equity at December 31, 1997	$(6,756)	$(6,756)	$(2,703)	$700,165	$683,950
Net income	6,180	6,180	2,472	232,349	247,181
Partners' equity at May 28, 1998	$ (576)	$ (576)	$ (231)	$932,514	$931,131

The accompanying notes are an integral part of these financial statements.

AMRAC CLEAR VIEW, A LIMITED PARTNERSHIP

STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM JANUARY 1, 1998 THROUGH MAY 28, 1998

CASH FLOWS FROM OPERATING ACTIVITIES	
Net income	$247,181
Adjustments to reconcile net earnings to net cash provided by operating activities:	
Depreciation and amortization	47,268
CHANGES IN OPERATING ASSETS AND LIABILITIES:	
Decrease in subscribers and other receivables	21,038
Increase in prepaid expenses and other current assets	(52,746)
Increase in accounts payable	9,866
Increase in accrued expenses	3,127
Net cash provided by operating activities	275,734
CASH FLOWS FOR INVESTING ACTIVITIES	
Capital expenditures	(61,308)
Cash flows for financing activities Repayment of long-term debt	(560,500)
Net increase in cash and cash equivalents	(346,074)
Cash and cash equivalents, beginning of the period	761,918
Cash and cash equivalents, end of the period	$415,844
SUPPLEMENTAL DISCLOSURES	
Cash paid during the period for:	
Interest	$ 6,939

The accompanying notes are an integral part of these financial statements.

AMRAC CLEAR VIEW, A LIMITED PARTNERSHIP

NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION AND NATURE OF BUSINESS

The Partnership is a Massachusetts limited partnership created pursuant to a Limited Partnership Agreement, dated as of October 1, 1986, as amended (the "Partnership Agreement"), by and among (1) Amrac Telecommunications as the general partner (the "General Partner"), (2) Clear View Cablevision, Inc. as the class A limited partner (the "Class A Limited Partner"), (3) Schuparra Properties, Inc., as the class B limited partner (the "Class B Limited Partner"), and (4) those persons admitted to the Partnership from time to time as investor limited partners (the "Investor Limited Partner").

The Partnership provides cable television service to the towns of Hadley and Belchertown located in western Massachusetts. At May 28, 1998, the Partnership provided services to approximately 5,100 customers residing in those towns.

The Partnership's cable television systems offer customer packages of basic and cable programming services which are offered at a per channel charge or are packaged together to form a tier of services offered at a discount from the combined channel rate. The Partnership's cable television systems also provide premium television services to their customers for an extra monthly charge. Customers generally pay initial connection charges and fixed monthly fees for cable programming and premium television services, which constitute the principal sources of revenue for the Partnership.

On October 7, 1997, the Partnership entered into a definitive agreement with Avalon Cable of New England LLC ("Avalon New England") whereby Avalon New England would purchase the assets and operations of the Partnership for $7,500,000. This transaction was consummated and became effective on May 29, 1998. The assets and liabilities at May 28, 1998, have not been adjusted or reclassified to reflect this transaction.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and use assumptions that affect the reported amounts of assets and liabilities and the disclosure for contingent assets and liabilities at the date of the financial statements as well as the reported amounts of revenues and expenses during the reported period. Actual results may vary from estimates used.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments purchased with an initial maturity of three months or less.

Revenue Recognition

Revenue is recognized as cable television services are provided.

Concentration of Credit Risk

Financial instruments which potentially expose the Partnership to a concentration of credit risk include cash, cash equivalents and subscriber and other receivables. The Partnership does not believe that such deposits are subject to any unusual credit risk beyond the normal credit risk associated with operating its business. The Partnership extends credit to customers on an unsecured basis in the normal course of business. The Partnership maintains reserves for potential credit losses and such losses, in the aggregate, have not historically exceeded management's expectations.

Property and Equipment

Property and equipment is stated at cost. Initial subscriber installation costs, including material, labor and overhead costs, are capitalized as a component of cable plant and equipment. Depreciation is computed for financial statement purposes using the straight-line method based upon the following lives:

Cable plant and equipment	10 years
Office furniture and equipment	5 to 10 years
Vehicles	6 years

Financial Instruments

The Partnership estimates that the fair value of all financial instruments at May 28, 1998 does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet.

Income Taxes

The Partnership is not subject to federal and state income taxes. Accordingly, no recognition has been given to income taxes in the accompanying financial statements of the Partnership since the income or loss of the Partnership is to be included in the tax returns of the individual partners.

Allocation of Profits and Losses and Distributions of Cash Flow

Partnership profits and losses (other than those arising from capital transactions, described below) and distributions of cash flow are allocated 94% to the Investor Limited Partners, 2.5% to the Class A Limited Partner, 1% to the Class B Limited Partner and 2.5% to the General Partner until Payout (as defined in the Partnership Agreement) and after Payout, 65% to the Investor Limited Partners, 15% to the Class A Limited Partner, 5% to the Class B Limited Partner and 15% to the General Partner.

Partnership profits and capital transactions are allocated first, in proportion to the partners' respective capital accounts until their respective account balances are zero and second, in proportion to any distributed cash proceeds resulting from the capital transaction and third, any remaining profit, if any, is allocated 65% to the Investor Limited Partners, 15% to the Class A Limited Partner, 5% to the Class B Limited Partner, and 15% to the General Partner.

Partnership losses from capital transactions are allocated first, in proportion to the partners' respective capital accounts until their respective account balances are zero and, second, any remaining loss, if any, is allocated 65% to the Investor Limited Partners, 15% to the Class A Limited Partner, 5% to the Class B Limited Partner, and 15% to the General Partner.

New Accounting Pronouncements

In June 1997, the Financial Accounting Standards Board ("FASB") issued SFAS No. 130, "Reporting Comprehensive Income," which establishes standards for reporting and display of comprehensive income and its components in financial statements. SFAS No. 130 states that comprehensive income includes reported net income of a company, adjusted for items that are currently accounted for as direct entries to equity, such as the net unrealized gain or loss on securities available for sale. SFAS No. 130 is effective for both interim and annual periods beginning after December 15, 1997. Management does not anticipate that adoption of SFAS No. 130 will have a material effect on the financial statements.

In June 1997, the FASB issued SFAS No. 131, "Disclosure about Segments of an Enterprise and Related Information," which establishes standards for reporting by public companies about operating segments of their business. SFAS No. 131 also establishes standards for related disclosures about products and services, geographic areas, and major customers. SFAS No. 131 is effective for periods beginning after December 15, 1997. Management does not anticipate that the adoption of SFAS No. 131 will have a material effect on the financial statements.

3. PREPAID EXPENSES AND OTHER CURRENT ASSETS

At May 28, 1998, prepaid expenses and other current assets consist of the following:

Deferred transaction costs	$ 91,024
Other	37,980
	$129,004

Deferred transaction costs consist primarily of attorney fees related to the sale of assets of the Partnership (Note 1).

4. PROPERTY, PLANT AND EQUIPMENT

At May 28, 1998, property, plant and equipment consists of the following:

Cable plant and equipment	$ 3,460,234
Office furniture and equipment	52,531
Vehicles	32,468
	3,545,233
Accumulated depreciation	(3,062,099)
	$ 483,134

Depreciation expense was $47,018 for the period from January 1, 1998 through May 28, 1998.

5. ACCRUED EXPENSES

At May 28, 1998, accrued expenses consist of the following:

Accrued compensation and benefits	$17,004
Accrued programming costs	24,883
Accrued legal costs	25,372
Other	17,136
	$84,395

6. LONG-TERM DEBT

The Partnership repaid its term loan, due to a bank, on January 15, 1998. Interest on the loan was paid monthly and accrued at the bank's prime rate plus 2% (10.5% at December 31, 1997). The loan was collateralized by substantially all of the assets of the Partnership and a pledge of all partnership interests. The total principal outstanding at December 31, 1997 was $560,500.

7. COMMITMENTS AND CONTINGENCIES

The Partnership rents poles from utility companies for use in its operations. These rentals amounted to approximately $15,918 of rent expense during the period. While rental agreements are generally short-term, the Partnership anticipates such rentals will continue in the future. The Partnership leases office facilities and various items of equipment under month-to-month operating leases. Rental expense under operating leases amounted to $8,171 during the period.

The operations of the Partnership are subject to regulation by the Federal Communications Commission and various franchising authorities.

From time to time the Partnership is also involved with claims that arise in the normal course of business. In the opinion of management, the ultimate liability with respect to these claims will not have a material adverse effect on the operations, cash flows or financial position of the Partnership.

8. RELATED PARTY TRANSACTIONS

The General Partner provides management services to the Partnership for which it receives a management fee of 5% of revenue. The General Partner also allocates, in accordance with a management agreement, certain general, administrative and payroll costs to the Partnership. For the period from January 1, 1998 through May 28, 1998, management fees totaled $41,674 and allocated general, administrative and payroll costs totaled $3,625, which are included in selling general and administrative expenses.

The Partnership believes that these fees and allocations were made on a reasonable basis. However, the amounts paid are not necessarily indicative of the level of expenses that might have been incurred had the Partnership contracted directly with third parties. The Partnership has not attempted to obtain quotes from third parties to determine what the cost of obtaining such services from third parties would have been.

INDEPENDENT AUDITORS' REPORT

To the Partners of
AMRAC CLEAR VIEW, A LIMITED PARTNERSHIP

We have audited the accompanying balance sheets of Amrac Clear View, a Limited Partnership as of December 31, 1996 and 1997, and the related statements of net earnings, changes in partners' equity (deficit) and cash flows for each of the three years in the period ended December 31, 1997. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on the financial statements based on our audit.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Amrac Clear View, a Limited Partnership as of December 31, 1996 and 1997, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1997 in conformity with generally accepted accounting principles.

GREENFIELD, ALTMAN, BROWN, BERGER & KATZ, P.C.

Canton, Massachusetts
February 13, 1998

AMRAC CLEAR VIEW, A LIMITED PARTNERSHIP

BALANCE SHEETS
AT DECEMBER 31, 1996 AND 1997

	1996	1997
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 475,297	$ 761,918
Subscribers and other receivables, net of allowance for doubtful accounts of $2,500 in 1996 and $3,000 in 1997	49,868	66,397
Prepaid expenses:		
Legal	--	53,402
Miscellaneous	28,016	20,633
Total current assets	553,181	902,350
Property and equipment, net of accumulated depreciation $2,892,444 in 1996 and $3,015,081 in 1997	473,438	468,844
OTHER ASSETS:		
Franchise cost, net of accumulated amortization of $6,757 in 1996 and $7,417 in 1997	3,133	2,473
Deferred financing costs, net of accumulated amortization of $60,247 in 1996 and $73,447 in 1997	13,200	--
	16,333	2,473
	$1,042,952	$1,373,667
LIABILITIES AND PARTNERS' EQUITY		
CURRENT LIABILITIES:		
Current maturities of long-term debt	$ 356,500	$ 397,500
Accounts payable-trade	34,592	47,949
Accrued expenses:		
Utilities	59,668	--
Miscellaneous	50,074	81,268
Total current liabilities	500,834	526,717
Long-term debt, net of current maturities	488,000	163,000
Commitments and contingencies (Note 4)		
Partners' equity	54,118	683,950
	$1,042,952	$1,373,667

See notes to financial statements

AMRAC CLEAR VIEW, A LIMITED PARTNERSHIP

STATEMENTS OF NET EARNINGS
FOR THE YEARS ENDED DECEMBER 31, 1995, 1996 AND 1997

	1995	1996	1997
Revenues	$1,701,322	$1,807,181	$1,902,080
Less cost of service	644,736	656,881	687,433
Net revenues	1,056,586	1,150,300	1,214,647
Operating expenses excluding management fees and depreciation and amortization	330,574	388,284	351,031
Management fees	94,317	96,742	101,540
Depreciation and amortization	330,913	340,166	136,497
	755,804	825,192	589,068
Earnings from operations	300,782	325,108	625,579
OTHER EXPENSES (INCOME):			
Interest income		(7,250)	(23,996)
Interest expense	130,255	98,603	70,738
Utility refunds			(50,995)
	130,255	91,353	(4,253)
Net earnings	$ 170,527	$ 233,755	$ 629,832

See notes to financial statements

AMRAC CLEAR VIEW, A LIMITED PARTNERSHIP

STATEMENT OF CHANGES IN PARTNERS' EQUITY (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 1995, 1996 AND 1997

	GENERAL PARTNER	CLASS A LIMITED PARTNER	CLASS B LIMITED PARTNER	INVESTOR LIMITED PARTNERS	TOTAL
Partners' deficit at December 31, 1994	$(31,012)	$(31,012)	$(12,405)	$(211,905)	$(286,334)
Net earnings for the year	4,263	4,263	1,705	160,296	170,527
Partners' distributions during the year	(1,596)	(1,596)	(638)	(60,000)	(63,830)
Partners' deficit at December 31, 1995	(28,345)	(28,345)	(11,338)	(111,609)	(179,637)
Net earnings for the year	5,844	5,844	2,337	219,730	233,755
Partners' equity (deficit) at December 31, 1996	(22,501)	(22,501)	(9,001)	108,121	54,118
Net earnings for the year	15,745	15,745	6,298	592,044	629,832
Partners' equity (deficit) at December 31, 1997	$ (6,756)	$ (6,756)	$ (2,703)	$ 700,165	$ 683,950

See notes to financial statements

AMRAC CLEAR VIEW, A LIMITED PARTNERSHIP

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 1995, 1996 AND 1997

	1995	1996	1997
CASH FLOWS FROM OPERATING ACTIVITIES			
Net earnings	$ 170,527	$ 233,755	$ 629,832
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	330,913	340,166	136,497
Changes in assets and liabilities:			
(Increase) decrease in:			
Subscribers and other receivables	4,573	(12,093)	(16,529)
Prepaid expenses	(3,378)	(9,468)	(46,019)
Increase (decrease) in accounts payable and accrued expenses	(66,424)	69,262	(15,117)
Net cash provided by operating activities	436,211	621,622	688,664
CASH FLOWS FOR INVESTING ACTIVITIES			
Purchases of equipment	(116,794)	(74,879)	(118,043)
CASH FLOWS FOR FINANCING ACTIVITIES			
Repayment of long-term debt	(239,250)	(260,750)	(284,000)
Distributions to partners	(63,830)		
Net cash used by financing activities	(303,080)	(260,750)	(284,000)
Net increase in cash and cash equivalents	16,337	285,993	286,621
Cash and cash equivalents, beginning of year	172,967	189,304	475,297
Cash and cash equivalents, end of year	$ 189,304	$ 475,297	$ 761,918
SUPPLEMENTAL DISCLOSURES			
Cash paid during the year for:			
Interest	$ 133,540	$ 94,038	$ 73,124

See notes to financial statements

AMRAC CLEAR VIEW, A LIMITED PARTNERSHIP

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1995, 1996 AND 1997

1. SUMMARY OF BUSINESS ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES:

This summary of significant accounting policies of Amrac Clear View, a Limited Partnership (the "Partnership"), is presented to assist in understanding the Partnership's financial statements. The financial statements and notes are representations of the Partnership's management, which is responsible for their integrity and objectivity. The accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Operations:

The Partnership provides cable television service to the residents of the towns of Hadley and Belchertown in western Massachusetts.

Credit concentrations:

The Partnership maintains cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to $100,000. At various times during the year the Partnership's cash balances exceeded the federally insured limits.

Concentration of credit risk with respect to subscriber receivables are limited due to the large number of subscribers comprising the Partnership's customer base.

Property and equipment/depreciation:

Property and equipment are carried at cost. Minor additions and renewals are expensed in the year incurred. Major additions and renewals are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. Total depreciation for the years ended December 31, 1995, 1996 and 1997 was $321,872, $331,707 and $122,637, respectively.

Other assets/amortization:

Amortizable assets are recorded at cost. The Partnership amortizes intangible assets using the straight-line method over the useful lives of the various items. Total amortization for the years ended December 31, 1995, 1996 and 1997 was $9,041, $8,459 and $13,860, respectively.

Cash equivalents:

For purposes of the statements of cash flows, the Partnership considers all short-term instruments purchased with a maturity of three months or less to be cash equivalents. There were no cash equivalents at December 31, 1995 and 1997. Cash equivalents at December 31, 1996, amounted to $300,000.

AMRAC CLEAR VIEW, A LIMITED PARTNERSHIP

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 1995, 1996 AND 1997

Advertising:

The Partnership follows the policy of charging the costs of advertising to expense as incurred. Advertising expense was $1,681, $1,781 and $2,865 for the years ended December 31, 1995, 1996 and 1997, respectively.

Income taxes:

The Partnership does not incur a liability for federal or state income taxes. The current income or loss of the Partnership is included in the taxable income of the partners, and therefore, no provision for income taxes is reflected in the financial statements.

Revenues:

The principal sources of revenues are the monthly charges for basic and premium cable television services and installation charges in connection therewith.

Allocation of profits and losses and distributions of cash flow:

Partnership profits and losses, (other than those arising from capital transactions, described below), and distributions of cash flow are allocated 94% to the Investor Limited Partners, 2.5% to the Class A Limited Partner, 1% to the Class B Limited Partner and 2.5% to the General Partner until Payout (as defined in the Partnership Agreement) and after Payout, 65% to the Investor Limited Partners, 15% to the Class A Limited Partner, 5% to the Class B Limited Partner and 15% to the General Partner.

Partnership profits from capital transactions are allocated first, in proportion to the partners' respective capital accounts until their respective account balances are zero and second, in proportion to any distributed cash proceeds resulting from the capital transaction and third, any remaining profit, if any, is allocated 65% to the Investor Limited Partners, 15% to the Class A Limited Partner, 5% to the Class B Limited Partner, and 15% to the General Partner.

Partnership losses from capital transactions are allocated first, in proportion to the partners' respective capital accounts until their respective account balances are zero and, second, any remaining loss, if any, is allocated 65% to the Investor Limited Partners, 15% to the Class A Limited Partner, 5% to the Class B Limited Partner, and 15% to the General Partner.

2. PROPERTY AND EQUIPMENT:

Property and equipment consists of the following at December 31:

	1996	1997
Cable plant and equipment	3,274,684	3,391,750
Office furniture and equipment	63,373	64,350
Vehicles	27,825	27,825
	3,365,882	3,483,925

Depreciation is provided over the estimated useful lives of the above items as follows:

Cable plant and equipment	10 years
Office furniture and equipment	5-10 years
Vehicles	6 years

AMRAC CLEAR VIEW, A LIMITED PARTNERSHIP

NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 1995, 1996 AND 1997

3. LONG-TERM DEBT:

The Partnership's term loan, due to a bank, is payable in increasing quarterly installments through June 30, 1999. Interest on the loan is paid monthly and accrues at the bank's prime rate plus 2% (10.5% at December 31, 1997). The loan is collateralized by substantially all of the assets of the Partnership and a pledge of all partnership interests. The total principal outstanding at December 31, 1997 was $560,500.

Annual maturities are as follows:

1998	397,500
1999	163,000
	560,500

The loan agreement contains covenants including, but not limited to, maintenance of certain debt ratios as well as restrictions on capital expenditures and investments, additional indebtedness, partner distributions and payment of management fees. The Partnership was in compliance with all covenants at December 31, 1996 and 1997. In 1995, the Partnership obtained, from the bank, unconditional waivers of the following covenant violations: (1) to make a one-time cash distribution of $63,830, (2) to increase the capital expenditure limit to $125,000, and (3) to waive certain other debt ratio and investment restrictions, which were violated during the year.

4. COMMITMENTS AND CONTINGENCIES:

The Partnership rents poles from utility companies in its operations. These rentals amounted to approximately $31,000, $39,500 and $49,000 for the years ended December 31, 1995, 1996 and 1997, respectively. While rental agreements are generally short-term, the Partnership anticipates such rentals will continue in the future.

The Partnership leases a motor vehicle under an operating lease that expires in December 1998. The minimum lease cost for 1998 is approximately $6,000.

5. RELATED-PARTY TRANSACTIONS:

The General Partner provides management services to the Partnership for which it receives a management fee of 5% of revenue. The General Partner also allocates, in accordance with a management agreement, certain general, administrative and payroll costs to the Partnership. For the years ended December 31, 1995, 1996 and 1997, management fees totaled $87,800, $90,242 and $95,040, respectively and allocated general, administrative and payroll costs totaled $7,200, $7,450 and $8,700, respectively. During each year the Partnership also incurred tap audit fees payable to the General Partner totaling $4,000. At December 31, 1996, the balance due from the General Partner was $12,263. The balance due to Amrac Telecommunications at December 31, 1997 was $4,795.

6. SUBSEQUENT EVENTS:

On October 7, 1997, the Partnership entered into an agreement with another cable television service provider to sell all of its assets for $7,500,000. The Partnership received, in escrow, $250,000, which shall be released as liquidating damages if the closing fails to occur solely as a result of a breach of the agreement. As of December 31, 1997, the Partnership incurred $53,402 in legal costs associated with the sale which are included in prepaid expenses. Subject to certain regulatory approvals, it is anticipated that the transaction will be consummated in the Spring of 1998.

On January 15, 1998, the Partnership paid, prior to the maturity date, its outstanding term loan due to a bank as described in Note 3.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Managers of
Avalon Cable of New England LLC

In our opinion, the accompanying combined balance sheets and the related combined statements of operations, changes in stockholder's deficit and cash flows present fairly, in all material respects, the financial position of the Combined Operations of Pegasus Cable Television of Connecticut, Inc. and the Massachusetts Operations of Pegasus Cable Television, Inc. at December 31, 1996 and 1997 and June 30, 1998, and the results of their operations, changes in stockholder's deficit and their cash flows for each of the three years in the period ended December 31, 1997 and for the six months ended June 30, 1998, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

PRICEWATERHOUSECOOPERS LLP

Philadelphia, Pennsylvania
March 30, 1999

THE COMBINED OPERATIONS OF PEGASUS CABLE TELEVISION OF CONNECTICUT, INC.
AND THE MASSACHUSETTS OPERATIONS OF PEGASUS CABLE TELEVISION, INC.

COMBINED BALANCE SHEETS

	DECEMBER 31, 1996	DECEMBER 31, 1997	JUNE 30, 1998
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	$ 389,097	$ 1,092,084	$ 1,708,549
Accounts receivable, less allowance for doubtful accounts at December 31, 1996 and 1997 and June 30, 1998 of $11,174, $3,072 and $0, respectively	140,603	116,112	144,653
Prepaid expenses and other	62,556	90,500	92,648
Total current assets	592,256	1,298,696	1,945,850
Property and equipment, net	4,164,545	3,565,597	3,005,045
Intangible assets, net	2,174,084	2,096,773	1,939,904
Accounts receivable, affiliates	4,216,682	5,243,384	5,692,013
Deposits and other	436,382	456,135	406,135
Total assets	$11,583,949	$12,660,585	$12,988,947
LIABILITIES AND STOCKHOLDER'S DEFICIT			
CURRENT LIABILITIES:			
Current portion of long-term debt	$ 71,744	$ 34,272	$14,993,581
Accounts payable	786,284	803,573	764,588
Accrued incentive compensation	117,692	149,823	220,724
Accrued franchise fees	193,369	173,735	86,332
Accrued pole rental	83,910	78,345	52,954
Accrued expenses	383,572	203,561	42,038
Total current liabilities	1,636,571	1,443,309	16,160,217
Long-term debt, net	15,043,763	15,018,099	--
Accrued interest	2,811,297	4,685,494	5,622,593
Other	299,030	299,030	299,030
Total liabilities	19,790,661	21,445,932	22,081,840
Commitments and contingent liabilities	--	--	--
STOCKHOLDER'S DEFICIT:			
Common stock-par value $1 per share; 10,000 shares authorized; 7,673 shares issued and outstanding	7,673	7,673	7,673
Accumulated deficit	(8,214,385)	(8,793,020)	(9,100,566)
Total stockholder's deficit	(8,206,712)	(8,785,347)	(9,092,893)
Total liabilities and stockholder's deficit	$11,583,949	$12,660,585	$12,988,947

See accompanying notes to combined financial statements

THE COMBINED OPERATIONS OF PEGASUS CABLE TELEVISION OF CONNECTICUT, INC. AND THE MASSACHUSETTS OPERATIONS OF PEGASUS CABLE TELEVISION, INC.

COMBINED STATEMENTS OF OPERATIONS

	YEARS ENDED DECEMBER 31,			SIX MONTHS ENDED
	1995	1996	1997	JUNE 30, 1998
REVENUES:				
Basic and satellite service	$ 4,371,736	$ 4,965,377	$ 5,353,735	$2,841,711
Premium services	619,035	640,641	686,513	348,628
Other	144,300	169,125	150,714	86,659
Total revenues	5,135,071	5,775,143	6,190,962	3,276,998
OPERATING EXPENSES:				
Programming	1,119,540	1,392,247	1,612,458	876,588
General and administrative	701,420	811,795	829,977	391,278
Technical and operations	713,239	702,375	633,384	341,249
Marketing and selling	20,825	15,345	19,532	12,041
Incentive compensation	48,794	101,945	94,600	70,900
Management fees	368,085	348,912	242,267	97,714
Depreciation and amortization	1,658,455	1,669,107	1,565,068	834,913
Income from operations	504,713	733,417	1,193,676	652,315
Interest expense	(1,745,635)	(1,888,976)	(1,884,039)	(937,662)
Interest income	956	2,067	93,060	29
Other income (expense), net	794	(2,645)	(27,800)	(17,228)
Loss before state income taxes	(1,239,172)	(1,156,137)	(625,103)	(302,546)
Provision for state income taxes	20,000	25,000	16,000	5,000
Net loss	$(1,259,172)	$(1,181,137)	$ (641,103)	$ (307,546)

See accompanying notes to combined financial statements

THE COMBINED OPERATIONS OF PEGASUS CABLE TELEVISION OF CONNECTICUT, INC.
AND THE MASSACHUSETTS OPERATIONS OF PEGASUS CABLE TELEVISION, INC.

COMBINED STATEMENTS OF CHANGES IN STOCKHOLDER'S DEFICIT

	COMMON STOCK NUMBER OF SHARES	COMMON STOCK PAR VALUE	ACCUMULATED DEFICIT	TOTAL STOCKHOLDER'S DEFICIT
Balances at January 1, 1995	7,673	$7,673	$(5,774,076)	$(5,766,403)
Net loss			(1,259,172)	(1,259,172)
Balances at December 31, 1995	7,673	7,673	(7,033,248)	(7,025,575)
Net loss			(1,181,137)	(1,181,137)
Balances at December 31, 1996	7,673	7,673	(8,214,385)	(8,206,712)
Net loss			(641,103)	(641,103)
Stock incentive compensation			62,468	62,468
Balances at December 31, 1997	7,673	7,673	(8,793,020)	(8,785,347)
Net loss			(307,546)	(307,546)
Balances at June 30, 1998	7,673	$7,673	$(9,100,566)	$(9,092,893)

See accompanying notes to combined financial statements

THE COMBINED OPERATIONS OF PEGASUS CABLE TELEVISION OF CONNECTICUT, INC.
AND THE MASSACHUSETTS OPERATIONS OF PEGASUS CABLE TELEVISION, INC.

COMBINED STATEMENTS OF CASH FLOWS

	YEARS ENDED DECEMBER 31,			SIX MONTHS ENDED
	1995	1996	1997	JUNE 30, 1998
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net loss	$(1,259,172)	$(1,181,137)	$ (641,103)	$ (307,546)
Adjustments to reconcile net loss to net cash provided by operating activities:				
Depreciation and amortization	1,658,455	1,669,107	1,565,068	834,913
Bad debt expense	26,558	48,566	45,839	36,074
Change in assets and liabilities:				
Accounts receivable	(75,263)	(88,379)	(21,348)	(64,615)
Prepaid expenses and other	(403,212)	75,208	(27,944)	(2,148)
Accounts payable and accrued expenses	239,207	981,496	(93,322)	221,219
Accrued interest	902,006	1,874,198	1,874,197	937,099
Deposits and other	83,431	--	(19,753)	50,000
Net cash provided by operating activities	1,172,010	3,379,059	2,681,634	1,704,996
CASH FLOWS FROM INVESTING ACTIVITIES:				
Capital expenditures	(163,588)	(1,174,562)	(691,269)	(114,221)
Purchase of intangible assets	(127,340)	(72,753)	(197,540)	(3,271)
Net cash used for investing activities	(290,928)	(1,247,315)	(888,809)	(117,492)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds from long-term debt	37,331	--	--	--
Repayments of long-term debt	(13,764)	--	--	(10,837)
Capital lease repayments	(19,764)	(52,721)	(63,136)	(47,952)
Advances to affiliates, net	(404,576)	(2,562,295)	(1,026,702)	(912,250)
Net cash used by financing activities	(400,773)	(2,615,016)	(1,089,838)	(971,039)
Net increase in cash and cash equivalents	480,309	(483,272)	702,987	616,465
Cash and cash equivalents, beginning of year	392,060	872,369	389,097	1,092,084
Cash and cash equivalents, end of year	$ 872,369	$ 389,097	$ 1,092,084	$1,708,549
SUPPLEMENTAL CASH FLOW INFORMATION:				
Cash paid during the year for interest	$ 843,629	$ 14,778	$ 9,842	$ 563
Cash paid during the year for income taxes	--	--	$ 9,796	$ 25,600
Supplemental Non-Cash Investing and Financing Activities:				
Capital contribution and related accrued incentive compensation	--	--	$ 62,468	--
Acquisition of plant under capital leases	$ 298,250	$ 48,438	--	--

See accompanying notes to combined financial statements

THE COMBINED OPERATIONS OF PEGASUS CABLE TELEVISION OF CONNECTICUT, INC.
AND THE MASSACHUSETTS OPERATIONS OF PEGASUS CABLE TELEVISION, INC.

NOTES TO COMBINED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION:

These financial statements reflect the results of operations and financial position of Pegasus Cable Television of Connecticut, Inc. ("PCT-CT"), a wholly owned subsidiary of Pegasus Cable Television, Inc. ("PCT"), and the Massachusetts Operations of Pegasus Cable Television, Inc. ("PCT-MA" or the "Massachusetts Operations") (referred herein as the "Combined Operations"). PCT is a wholly owned subsidiary of Pegasus Media & Communications, Inc. ("PM&C"). PM&C is a wholly owned subsidiary of Pegasus Communications Corporation ("PCC").

On July 21, 1998, PCT sold the assets of its Combined Operations to Avalon Cable of New England, LLC. for $30.1 million. In January 1997, PCT sold the assets of its only other operating division, a cable television system that provided service to individual and commercial subscribers in New Hampshire (the "New Hampshire Operations") for $7.1 million.

In presenting the historical financial position, results of operations and cash flows of the Combined Operations, it has been necessary to eliminate the results and financial position of the New Hampshire Operations. Many items are identifiable as relating to the New Hampshire or Massachusetts divisions as PCT has historically separated results of operations as well as billing and collection activity. However, in certain areas, assumptions and estimates have been required in order to eliminate the New Hampshire Operations for periods prior to its sale. For purposes of eliminating the following balances: Prepaid expenses and other; Deposits and other; Accounts payable; and Accrued expenses, balances have been apportioned between the New Hampshire Operations and the Massachusetts Operations on the basis of subscriber counts. Amounts due to and due from affiliates have been allocated to PCT-MA and are included in these financial statements.

Prior to October 1996, BDI Associates, L.P. provided substantial support services such as finance, accounting and human resources to PCT. Since October 1996, these services have been provided by PCC. All non-accounting costs of PCC are allocated on the basis of average time spent servicing the divisions, while the costs of the accounting function are allocated on the basis of revenue. In the opinion of management, the methods used in allocating costs from PCC are reasonable; however, the costs of these services as allocated are not necessarily indicative of the costs that would have been incurred by the Combined Operations on a stand-alone basis.

The financial information included herein may not necessarily reflect the results of operations, financial position and cash flows of the Combined Operations in the future or what they would have been had it been a separate, stand-alone entity during the periods presented.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Use of Estimates in the Preparation of Financial Statements:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingencies. Actual results could differ from those estimates.

Property and Equipment:

Property and equipment are stated at cost. The cost and related accumulated depreciation of assets sold, retired, or otherwise disposed of are removed from the respective accounts, and any

NOTES TO COMBINED FINANCIAL STATEMENTS -- (CONTINUED)

resulting gains or losses are included in the statement of operations. Initial subscriber installation costs, including material, labor and overhead costs of the hookup, are capitalized as part of the distribution facilities. The costs of disconnection and reconnection are charged to expense.

Depreciation is computed for financial reporting purposes using the straight-line method based upon the following lives:

Reception and distribution facilities	7 to 11 years
Building and improvements	12 to 39 years
Equipment, furniture and fixtures	5 to 10 years
Vehicles	3 to 5 years

Intangible Assets:

Intangible assets are stated at cost and amortized by the straight-line method. Costs of successful franchise applications are capitalized and amortized over the lives of the related franchise agreements, while unsuccessful franchise applications and abandoned franchises are charged to expense. Financing costs incurred in obtaining long-term financing are amortized over the term of the applicable loan. Intangible assets are reviewed periodically for impairment or whenever events or circumstances provide evidence that suggest that the carrying amounts may not be recoverable. The Company assesses the recoverability of its intangible assets by determining whether the amortization of the respective intangible asset balance can be recovered through projected undiscounted future cash flows.

Amortization of intangible assets is computed for financial reporting purposes using the straight-line method based upon the following lives:

Organization costs	5 years
Other intangibles	5 years
Deferred franchise costs	15 years

Revenue:

The Combined Operations recognize revenue when video and audio services are provided.

Advertising Costs:

Advertising costs are charged to operations as incurred and totaled $20,998, $12,768, $14,706 and $8,460 for the years ended December 31, 1995, 1996 and 1997 and for the six months ended June 30, 1998, respectively.

Cash and Cash Equivalents:

Cash and cash equivalents include highly liquid investments purchased with an initial maturity of three months or less. The Combined Operations have cash balances in excess of the federally insured limits at various banks.

Income Taxes:

The Combined Operations is not a separate tax paying entity. Accordingly, its results of operations have been included in the tax returns filed by PCC. The accompanying financial statements include tax computations assuming the Combined Operations filed separate returns and reflect the application of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS 109").

Concentration of Credit Risk:

Financial instruments which potentially subject the Combined Operations to concentrations of credit risk consist principally of trade receivables. Concentrations of credit risk with respect to trade receivables are limited due to the large number of customers comprising the Combined Operation's customer base.

3. PROPERTY AND EQUIPMENT:

Property and equipment consist of the following:

	DECEMBER 31, 1996	DECEMBER 31, 1997	JUNE 30, 1998
Land	$ 8,000	$ 8,000	$ 8,000
Reception and distribution facilities	8,233,341	9,009,179	9,123,402
Building and improvements	242,369	250,891	250,891
Equipment, furniture and fixtures	307,844	312,143	312,143
Vehicles	259,503	287,504	287,504
Other equipment	139,408	79,004	79,004
	9,190,465	9,946,721	10,060,944
Accumulated depreciation	(5,025,920)	(6,381,124)	(7,055,899)
Net property and equipment	$ 4,164,545	$ 3,565,597	$ 3,005,045

Depreciation expense amounted to $1,059,260, $1,267,831, $1,290,217 and $674,775 for the years ended December 31, 1995, 1996 and 1997 and for the six months ended June 30, 1998, respectively.

4. INTANGIBLES:

Intangible assets consist of the following:

	DECEMBER 31, 1996	DECEMBER 31, 1997	JUNE 30, 1998
Deferred franchise costs	$4,367,594	$ 4,486,016	$4,486,333
Deferred financing costs	1,042,079	1,156,075	1,159,027
Organization and other costs	439,188	389,187	389,187
	5,848,861	6,031,278	6,034,547
Accumulated amortization	(3,674,777)	(3,934,505)	(4,094,643)
Net intangible assets	$2,174,084	$ 2,096,773	$1,939,904

Amortization expense amounted to $599,195, $401,276, $274,851 and $160,138 for the years ended December 31, 1995, 1996 and 1997 and for the six months ended June 30, 1998, respectively.

5. LONG-TERM DEBT:

Long-term debt consists of the following at:

	DECEMBER 31, 1996	DECEMBER 31, 1997	JUNE 30, 1998
Note payable to PM&C, payable by PCT, interest is payable quarterly at an annual rate of 12.5%. Principal is due on July 1, 2005. The note is collateralized by substantially all of the assets of the Combined Operations and imposes certain restrictive covenants	$14,993,581	$14,993,581	$14,993,581
Capital lease obligations	121,926	58,790	--
	15,115,507	15,052,371	14,993,581
Less current maturities	71,744	34,272	14,993,581
Long-term debt	$15,043,763	$15,018,099	$ --

6. LEASES:

The Combined Operations lease utility pole attachments and occupancy of underground conduits. Rent expense for the years ended December 31, 1995, 1996 and 1997 and for the six months ended June 30, 1998 was $184,386, $185,638, $173,930 and $90,471, respectively. The Combined Operations lease equipment under long-term leases and have the option to purchase the equipment for a nominal cost at the termination of the leases. The related obligations are included in long-term debt. There are no future minimum lease payments on capital leases at June 30, 1998. Property and equipment that was leased include the following amounts that have been capitalized:

	DECEMBER 31, 1996	DECEMBER 31, 1997
Billing and phone systems	$ 56,675	$ 56,675
Vehicles	166,801	129,227
	223,476	185,902
Accumulated depreciation	(69,638)	(101,397)
Total	$153,838	$ 84,505

7. RELATED PARTY TRANSACTIONS:

The Combined Operations pay management fees to various related parties. The management fees are for certain administrative and accounting services, billing and programming services, and the reimbursement of expenses incurred therewith. For the years ended December 31, 1995, 1996 and 1997 and for the six months ended June 30, 1998, the fees and expenses were $368,085, $348,912, $242,267 and $97,714, respectively.

As described in Note 5, PCT has an outstanding loan from its parent company. This loan has been allocated to PCT-MA and is included in these financial statements. Interest expense on that loan was $916,274, $1,874,198, $1,874,195 and $937,098 for the years ended December 31, 1995, 1996 and 1997 and for the six months ended June 30, 1998 respectively. Other related party transaction balances at December 31, 1996 and 1997 and June 30, 1998 included

$4,216,682, $5,243,384 and $5,692,013 in accounts receivable, affiliates; $581,632, $6,433 and $331,374 in accounts payable; and $299,030, $299,030 and $299,030 in other liabilities, respectively. These related party balances arose primarily as a result of financing capital expenditures, interest payments, programming and other operating expenses.

8. INCOME TAXES:

The deferred income tax assets and liabilities recorded in the balance sheet are as follows:

	DECEMBER 31, 1996	DECEMBER 31, 1997	JUNE 30, 1998
ASSETS:			
Excess of tax basis over book basis from tax gain recognized upon incorporation of PCT And PCT-CT	$ 707,546	$ 707,546	$ 707,546
Loss carryforwards	1,324,236	1,039,849	957,318
Other	6,997	11,856	11,856
Total deferred tax assets	2,038,779	1,759,251	1,676,720
LIABILITIES:			
Excess of book basis over tax basis of property, plant and equipment and intangible asset	(258,311)	(294,934)	(335,014)
Other	(118,086)	(134,859)	(135,267)
Total deferred tax liabilities	(376,397)	(429,793)	(470,281)
Net deferred tax assets	1,662,382	1,329,458	1,206,439
Valuation allowance	(1,662,382)	(1,329,458)	(1,206,439)
Net deferred tax liabilities	$ --	$ --	$ --

The Combined Operations have recorded a valuation allowance to reflect the estimated amount of deferred tax assets which may not be realized due to the expiration of deferred tax assets related to the incorporation of PCT and PCT-CT and the expiration of net operating loss carryforwards.

9. EMPLOYEE BENEFIT PLANS:

The Company employees participate in PCC's stock option plan that awards restricted stock (the "Restricted Stock Plan") to eligible employees of the Company.

Restricted Stock Plan

The Restricted Stock Plan provides for the granting of restricted stock awards representing a maximum of 270,000 shares (subject to adjustment to reflect stock dividends, stock splits, recapitalizations and similar changes in the capitalization of PCC) of Class A Common Stock of the Company to eligible employees who have completed at least one year of service. Restricted stock received under the Restricted Stock Plan vests over four years. The Plan terminates in September 2006. The expense for this plan amounted to $82,425, $80,154 and $63,533 in 1996 and 1997 and for the six months ended June 30, 1998, respectively.

401(k) Plans

Effective January 1, 1996, PM&C adopted the Pegasus Communications Savings Plan (the "US 401(k) Plan") for eligible employees of PM&C and its domestic subsidiaries. Substantially all Company employees who, as of the enrollment date under the 401(k) Plans, have completed at least one year of service with the Company are eligible to participate in one of the 401(k) Plans. Participants may make salary deferral contributions of 2% to 6% of their salary to the 401(k) Plans. The expense for this plan amounted to $19,520, $14,446 and $7,367 in 1996 and 1997 and for the six months ended June 30, 1998, respectively.

All employee contributions to the 401(k) Plans are fully vested at all times and all Company contributions, if any, vest 34% after two years of service with the Company (including years before the 401(k) Plans were established), 67% after three years of service and 100% after four years of service. A participant also becomes fully vested in Company contributions to the 401(k) Plans upon attaining age 65 or upon his or her death or disability.

10. COMMITMENTS AND CONTINGENT LIABILITIES:

Legal Matters:

The operations of PCT-CT and PCT-MA are subject to regulation by the Federal Communications Commission ("FCC") and other franchising authorities.

From time to time the Combined Operations are also involved with claims that arise in the normal course of business. In the opinion of management, the ultimate liability with respect to these claims will not have a material adverse effect on the operations, cash flows or financial position of the Combined Operations.

REPORT OF INDEPENDENT AUDITORS

Partners
Falcon Communications, L.P.

We have audited the accompanying consolidated balance sheets of Falcon Communications, L.P. (successor to Falcon Holding Group, L.P.) as of December 31, 1997 and 1998, and the related consolidated statements of operations, partners' deficit and cash flows for each of the three years in the period ended December 31, 1998. These consolidated financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Falcon Communications, L.P. (successor to Falcon Holding Group, L.P.) at December 31, 1997 and 1998 and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1998, in conformity with generally accepted accounting principles.

/S/ ERNST & YOUNG LLP

Los Angeles, California
March 5, 1999

FALCON COMMUNICATIONS, L.P.
(SUCCESSOR TO FALCON HOLDING GROUP, L.P.)

CONSOLIDATED BALANCE SHEETS

	DECEMBER 31, 1997	DECEMBER 31, 1998
	(DOLLARS IN THOUSANDS)	
ASSETS:		
Cash and cash equivalents	$ 13,917	$ 14,284
Receivables:		
Trade, less allowance of $825,000 and $670,000 for possible losses	13,174	15,760
Affiliates	11,254	2,322
Other assets	16,352	16,779
Property, plant and equipment, less accumulated depreciation and amortization	324,559	505,894
Franchise cost, less accumulated amortization of $203,700,000 and $226,526,000	222,281	397,727
Goodwill, less accumulated amortization of $18,531,000 and $25,646,000	66,879	135,308
Customer lists and other intangible costs, less accumulated amortization of $25,517,000 and $59,422,000	59,808	333,017
Deferred loan costs, less accumulated amortization of $7,144,000 and $2,014,000	12,134	24,331
	$ 740,358	$1,445,422

LIABILITIES AND PARTNERS' DEFICIT

	1997	1998
LIABILITIES:		
Notes payable	$ 911,221	$1,611,353
Accounts payable	9,169	10,341
Accrued expenses	52,789	83,077
Customer deposits and prepayments	1,452	2,257
Deferred income taxes	7,553	8,664
Minority interest	354	403
Equity in losses of affiliated partnerships in excess of investment	3,202	--
TOTAL LIABILITIES	985,740	1,716,095
COMMITMENTS AND CONTINGENCIES		
REDEEMABLE PARTNERS' EQUITY	171,373	133,023
PARTNERS' DEFICIT:		
General partners	(13,200)	(408,369)
Limited partners	(403,555)	4,673
TOTAL PARTNERS' DEFICIT	(416,755)	(403,696)
	$ 740,358	$1,445,422

See accompanying notes to consolidated financial statements.

FALCON COMMUNICATIONS, L.P.
(SUCCESSOR TO FALCON HOLDING GROUP, L.P.)

CONSOLIDATED STATEMENTS OF OPERATIONS

	YEAR ENDED DECEMBER 31,		
	1996	1997	1998
	(DOLLARS IN THOUSANDS)		
REVENUES	$217,320	$255,886	$ 307,558
EXPENSES:			
Service costs	60,302	75,643	97,832
General and administrative expenses	36,878	46,437	63,401
Depreciation and amortization	100,415	118,856	152,585
Total expenses	197,595	240,936	313,818
Operating income (loss)	19,725	14,950	(6,260)
OTHER INCOME (EXPENSE):			
Interest expense, net	(71,602)	(79,137)	(102,591)
Equity in net income (loss) of investee partnerships	(44)	443	(176)
Other income (expense), net	814	885	(2,917)
Income tax benefit (expense)	1,122	2,021	(1,897)
Net loss before extraordinary item	(49,985)	(60,838)	(113,841)
Extraordinary item, retirement of debt	--	--	(30,642)
NET LOSS	$(49,985)	$(60,838)	$(144,483)

See accompanying notes to consolidated financial statements.

FALCON COMMUNICATIONS, L.P.
(SUCCESSOR TO FALCON HOLDING GROUP, L.P.)

CONSOLIDATED STATEMENTS OF PARTNERS' DEFICIT

	GENERAL PARTNERS	LIMITED PARTNERS	UNREALIZED GAIN ON AVAILABLE-FOR-SALE SECURITIES	TOTAL
	(DOLLARS IN THOUSANDS)			
PARTNERS' DEFICIT, January 1, 1996	$ (12,091)	$(399,423)	$(167)	$(411,681)
Sale of marketable securities	--	--	167	167
Capital contribution	--	5,000	--	5,000
Net loss for year	(500)	(49,485)	--	(49,985)
PARTNERS' DEFICIT, December 31, 1996	(12,591)	(443,908)	--	(456,499)
Reclassification from redeemable partners' equity	--	100,529	--	100,529
Capital contribution	--	53	--	53
Net loss for year	(609)	(60,229)	--	(60,838)
PARTNERS' DEFICIT, December 31, 1997	(13,200)	(403,555)	--	(416,755)
Reclassification of partners' deficit	(408,603)	408,603	--	--
Redemption of partners' interests	(155,908)	--	--	(155,908)
Net assets retained by the managing general partner	(5,392)	--	--	(5,392)
Reclassification from redeemable partners' equity	38,350	--	--	38,350
Acquisition of Falcon Video and TCI net assets	280,409	--	--	280,409
Capital contributions	83	--	--	83
Net loss for year	(144,108)	(375)	--	(144,483)
PARTNERS' DEFICIT, December 31, 1998	$(408,369)	$ 4,673	$ --	$(403,696)

See accompanying notes to consolidated financial statements.

FALCON COMMUNICATIONS, L.P.
(SUCCESSOR TO FALCON HOLDING GROUP, L.P.)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	YEAR ENDED DECEMBER 31,		
	1996	1997	1998
	(DOLLARS IN THOUSANDS)		
Cash flows from operating activities:			
Net loss	$ (49,985)	$(60,838)	$ (144,483)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Payment-in-kind interest expense	26,580	20,444	--
Amortization of debt discount	--	--	19,342
Depreciation and amortization	100,415	118,856	152,585
Amortization of deferred loan costs	2,473	2,192	2,526
Write-off deferred loan costs	--	--	10,961
Gain on sale of securities	(2,264)	--	--
Gain on casualty losses	--	(3,476)	(314)
Equity in net (income) loss of investee partnerships	44	(443)	176
Provision for losses on receivables, net of recoveries	2,417	5,714	4,775
Deferred income taxes	(2,684)	(2,748)	1,111
Other	764	1,319	278
Increase (decrease) from changes in:			
Receivables	(2,420)	(9,703)	(1,524)
Other assets	(274)	(4,021)	906
Accounts payable	4,750	(1,357)	337
Accrued expenses	10,246	13,773	24,302
Customer deposits and prepayments	569	(175)	633
Net cash provided by operating activities	90,631	79,537	71,611
Cash flows from investing activities:			
Capital expenditures	(57,668)	(76,323)	(96,367)
Proceeds from sale of available-for-sale securities	9,502	--	--
Increase in intangible assets	(4,847)	(1,770)	(7,124)
Acquisitions of cable television systems	(247,397)	--	(83,391)
Cash acquired in connection with the acquisition of TCI and Falcon Video Communications, L.P.	--	--	317
Proceeds from sale of cable system	15,000	--	--
Assets retained by the Managing General Partner	--	--	(3,656)
Other	1,163	1,806	1,893
Net cash used in investing activities	(284,247)	(76,287)	(188,328)
Cash flows from financing activities:			
Borrowings from notes payable	700,533	37,500	2,388,607
Repayment of debt	(509,511)	(40,722)	(2,244,752)
Deferred loan costs	(3,823)	(29)	(25,684)
Capital contributions	5,000	93	--
Redemption of partners' interests	--	--	(1,170)
Minority interest capital contributions	--	192	83
Net cash provided by (used in) financing activities	192,199	(2,966)	117,084
Increase (decrease) in cash and cash equivalents	(1,417)	284	367
Cash and cash equivalents, at beginning of year	15,050	13,633	13,917
Cash and cash equivalents, at end of year	$ 13,633	$ 13,917	$ 14,284

See accompanying notes to consolidated financial statements.

FALCON COMMUNICATIONS, L.P.
(SUCCESSOR TO FALCON HOLDING GROUP, L.P.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 -- SUMMARY OF ACCOUNTING POLICIES

FORM OF PRESENTATION

Falcon Communications, L.P., a California limited partnership (the "Partnership") and successor to Falcon Holding Group, L.P. ("FHGLP"), owns and operates cable television systems serving small to medium-sized communities and the suburbs of certain cities in 25 states. On September 30, 1998, pursuant to a Contribution and Purchase Agreement dated as of December 30, 1997, as amended (the "Contribution Agreement"), FHGLP acquired the assets and liabilities of Falcon Video Communications, L.P. ("Falcon Video" or the "Falcon Video Systems"), in exchange for ownership interests in FHGLP. Simultaneously with the closing of that transaction, in accordance with the Contribution Agreement, FHGLP contributed substantially all of the existing cable television system operations owned by FHGLP and its subsidiaries (including the Falcon Video Systems) to the Partnership and TCI Falcon Holdings, LLC ("TCI") contributed certain cable television systems owned and operated by affiliates of TCI (the "TCI Systems") to the Partnership (the "TCI Transaction"). As a result, TCI holds approximately 46% of the equity interests of the Partnership and FHGLP holds the remaining 54% and serves as the managing general partner of the Partnership. The TCI Transaction is being accounted for as a recapitalization of FHGLP into the Partnership and the concurrent acquisition by the Partnership of the TCI Systems.

The consolidated financial statements include the accounts of the Partnership and its subsidiary holding companies and cable television operating partnerships and corporations, which include Falcon Cable Communications LLC ("Falcon LLC"), a Delaware limited liability company that serves as the general manager of the cable television subsidiaries. The assets contributed by FHGLP to the Partnership excluded certain immaterial investments, principally FHGLP's ownership of 100% of the outstanding stock of Enstar Communications Corporation ("ECC"), which is the general partner and manager of fifteen limited partnerships operating under the name "Enstar". ECC's ownership interest in the Enstar partnerships ranges from 0.5% to 5%. Upon the consummation of the TCI Transaction, the management of the Enstar partnerships was assigned to the Partnership by FHGLP. The consolidated statements of operations and statements of cash flows for the year ended December 31, 1998 include FHGLP's interest in ECC for the nine months ended September 30, 1998. The effects of ECC's operations on all previous periods presented are immaterial.

Prior to closing the TCI Transaction, FHGLP owned and operated cable television systems in 23 states. FHGLP also controlled, held varying equity interests in and managed certain other cable television partnerships (the "Affiliated Partnerships") for a fee. FHGLP is a limited partnership, the sole general partner of which is Falcon Holding Group, Inc., a California corporation ("FHGI"). FHGI also holds a 1% interest in certain of the subsidiaries of the Partnership. At the beginning of 1998, the Affiliated Partnerships were comprised of Falcon Classic Cable Income Properties, L.P. ("Falcon Classic") whose cable television systems are referred to as the "Falcon Classic Systems," Falcon Video and the Enstar partnerships. As discussed in Note 3, the Falcon Classic Systems were acquired by FHGLP during 1998. The Falcon Video Systems were acquired on September 30, 1998 in connection with the TCI Transaction. As a result of these transactions, the Affiliated Partnerships consist solely of the Enstar partnerships from October 1, 1998 forward.

All significant intercompany accounts and transactions have been eliminated in consolidation. The consolidated financial statements do not give effect to any assets that the partners may have outside their interests in the Partnership, nor to any obligations, including income taxes, of the partners.

On July 12, 1996, the Partnership acquired the assets of Falcon Cable Systems Company ("FCSC"), an Affiliated Partnership. The results of operations of these cable systems have been included in the consolidated financial statements from July 12, 1996. Management fees and reimbursed expenses received by the Partnership from FCSC for the period of January 1, 1996 through July 11, 1996 are also included in the consolidated financial statements and have not been eliminated in consolidation. See Note 3.

CASH EQUIVALENTS

For purposes of the consolidated statements of cash flows, the Partnership considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents. Cash equivalents at December 31, 1996, 1997 and 1998 included $4.1 million, $4.5 million and $345,000 of investments in commercial paper and short-term investment funds of major financial institutions.

INVESTMENTS IN AFFILIATED PARTNERSHIPS

Prior to closing the TCI Transaction, the Partnership was the general partner of certain entities, which in turn acted as general partner of the Affiliated Partnerships. The Partnership's effective ownership interests in the Affiliated Partnerships were less than one percent. The Affiliated Partnerships were accounted for using the equity method of accounting. Equity in net losses were recorded to the extent of the investments in and advances to the partnerships plus obligations for which the Partnership, as general partner, was responsible. The liabilities of the Affiliated Partnerships, other than amounts due the Partnership, principally consisted of debt for borrowed money and related accrued interest. The Partnership's ownership interests in the Affiliated Partnerships were eliminated in 1998 with the acquisition of Falcon Video and Falcon Classic and the retention by FHGLP of its interests in the Enstar partnerships.

PROPERTY, PLANT, EQUIPMENT AND DEPRECIATION AND AMORTIZATION

Property, plant and equipment are stated at cost. Direct costs associated with installations in homes not previously served by cable are capitalized as part of the distribution system, and reconnects are expensed as incurred. For financial reporting, depreciation and amortization is computed using the straight-line method over the following estimated useful lives.

CABLE TELEVISION SYSTEMS:	
Headend buildings and equipment	10-16 years
Trunk and distribution	5-15 years
Microwave equipment	10-15 years
OTHER:	
Furniture and equipment	3-7 years
Vehicles	3-10 years
Leasehold improvements	Life of lease

FALCON COMMUNICATIONS, L.P.
(SUCCESSOR TO FALCON HOLDING GROUP, L.P.)

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FRANCHISE COST AND GOODWILL

The excess of cost over the fair values of tangible assets and customer lists of cable television systems acquired represents the cost of franchises and goodwill. In addition, franchise cost includes capitalized costs incurred in obtaining new franchises and in the renewal of existing franchises. These costs are amortized using the straight-line method over the lives of the franchises, ranging up to 28 years (composite 15 year average). Goodwill is amortized over 20 years. Costs relating to unsuccessful franchise applications are charged to expense when it is determined that the efforts to obtain the franchise will not be successful.

CUSTOMER LISTS AND OTHER INTANGIBLE COSTS

Customer lists and other intangible costs include customer lists, covenants not to compete and organization costs which are amortized using the straight-line method over two to five years.

In 1998, the American Institute of Certified Public Accountants issued Statement of Position 98-5, "Reporting on Costs of Start-Up Activities". The new standard, which becomes effective for the Partnership on January 1, 1999, requires costs of start-up activities, including certain organization costs, to be expensed as incurred. Previously capitalized start-up costs are to be written off as a cumulative effect of a change in accounting principle. The Partnership believes that adoption of this standard will not have a material impact on the Partnership's financial position or results of operations.

DEFERRED LOAN COSTS

Costs related to borrowings are capitalized and amortized to interest expense over the life of the related loan.

RECOVERABILITY OF ASSETS

The Partnership assesses on an ongoing basis the recoverability of intangible assets (including goodwill) and capitalized plant assets based on estimates of future undiscounted cash flows compared to net book value. If the future undiscounted cash flow estimates were less than net book value, net book value would then be reduced to estimated fair value, which generally approximates discounted cash flows. The Partnership also evaluates the amortization periods of assets, including goodwill and other intangible assets, to determine whether events or circumstances warrant revised estimates of useful lives.

REVENUE RECOGNITION

Revenues from customer fees, equipment rental and advertising are recognized in the period that services are delivered. Installation revenue is recognized in the period the installation services are provided to the extent of direct selling costs. Any remaining amount is deferred and recognized over the estimated average period that customers are expected to remain connected to the cable television system. Management fees are recognized on the accrual basis based on a percentage of gross revenues of the respective cable television systems managed. Effective October 1, 1998, 20% of the management fees from the Enstar partnerships is retained by FHGLP.

DERIVATIVE FINANCIAL INSTRUMENTS

As part of the Partnership's management of financial market risk and as required by certain covenants in its New Credit Agreement, the Partnership enters into various transactions that involve contracts and financial instruments with off-balance-sheet risk, principally interest rate swap and interest rate cap agreements. The Partnership enters into these agreements in order to manage the interest-rate sensitivity associated with its variable-rate indebtedness. The differential to be paid or received in connection with interest rate swap and interest rate cap agreements is recognized as interest rates change and is charged or credited to interest expense over the life of the agreements. Gains or losses for early termination of those contracts are recognized as an adjustment to interest expense over the remaining portion of the original life of the terminated contract.

In June 1998, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities," which is required to be adopted in years beginning after June 15, 1999. The Partnership expects to adopt the new statement effective January 1, 2000. SFAS 133 will require the Partnership to recognize all derivatives on the balance sheet at fair value. Derivatives that are not hedges must be adjusted to fair value through income. If the derivative is a hedge, depending on the nature of the hedge, changes in the fair value of derivatives are either offset against the changes in fair value of assets, liabilities, or firm commitments through earnings or recognized in other comprehensive income until the hedged item is recognized in earnings. The ineffective portion of a derivative's change in fair value will be immediately recognized in earnings. The Partnership believes that adoption of SFAS 133 will not have a material impact on the Partnership's financial position or results of operations.

INCOME TAXES

The Partnership and its subsidiaries, except for Falcon First, are limited partnerships or limited liability companies and pay no income taxes as entities except for nominal taxes assessed by certain state jurisdictions. All of the income, gains, losses, deductions and credits of the Partnership are passed through to its partners. The basis in the Partnership's assets and liabilities differs for financial and tax reporting purposes. At December 31, 1998, the book basis of the Partnership's net assets exceeded its tax basis by $621.8 million.

REPORTING COMPREHENSIVE INCOME

In June 1997, the FASB issued SFAS No. 130, "Reporting Comprehensive Income," which established standards for the reporting and display of comprehensive income and its components in a full set of comparative general-purpose financial statements. SFAS 130 became effective for the Partnership on January 1, 1998. The Partnership does not currently have items of comprehensive income.

ADVERTISING COSTS

All advertising costs are expensed as incurred.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

RECLASSIFICATIONS

Certain prior year amounts have been reclassified to conform with the 1998 presentation.

NOTE 2 -- PARTNERSHIP MATTERS

The Amended and Restated Agreement of Limited Partnership of FCLP ("FCLP Partnership Agreement") provides that profits and losses will be allocated, and distributions will be made, in proportion to the partners' percentage interests. FHGLP is the managing general partner and a limited partner and owns a 54% interest in FCLP, and TCI is a general partner and owns a 46% interest. The partners' percentage interests are based on the relative net fair market values of the assets contributed to FCLP under the Contribution Agreement, as estimated at the closing. The percentage interests were subsequently adjusted to reflect the December 1998 redemption of a small part of FHGLP's partnership interest. To the extent the relative net fair market values of the assets contributed to FCLP under the Contribution Agreement, as finally determined, are different from the estimates used to calculate the partners' percentage interests, one or the other of the partners will be required to make an additional cash capital contribution to FCLP so as to cause the partners' capital contributions to be in proportion to their percentage interests. Any such additional cash contribution is required to be made only to the extent of distributions by FCLP to the contributing partner. Any such additional cash contribution must be accompanied by interest at 9% per year from the date of closing or, in certain cases, from the date on which FCLP incurred any liability that affected the net fair market value of the parties' capital contributions.

At any time after September 30, 2005, either TCI or FHGLP can offer to sell to the other partner the offering partner's entire partnership interest in FCLP for a negotiated price. The partner receiving such an offer may accept or reject the offer. If the partner receiving such an offer rejects it, the offering partner may elect to cause FCLP to be liquidated and dissolved in accordance with the FCLP Partnership Agreement.

The Partnership expires on July 1, 2013. The Partnership will be dissolved prior to its expiration date under certain circumstances, including the withdrawal of FHGLP as the managing general partner (unless the partners vote to continue the Partnership), the sale of substantially all of the Partnership's assets, and at the election by TCI in the event of changes in FCLP's key management.

The FCLP Partnership Agreement provides for an Advisory Committee consisting of six individual representatives, three of whom are appointed by FHGLP, two of whom are appointed by TCI and one of whom is appointed by joint designation of FHGLP and TCI. The FCLP Partnership Agreement prohibits FCLP from taking certain actions without the affirmative vote of a majority of the members of the Advisory Committee, including, but not limited to, the following: (1) the acquisition or disposition of assets under certain circumstances; and (2) conducting or entering into any line of business other than the ownership and operation of cable television systems and related and ancillary businesses.

The FCLP Partnership Agreement further prohibits the Partnership from taking certain actions without the affirmative approval of TCI, including, but not limited to, the following: (1) any merger, consolidation, recapitalization or other reorganization, with certain permitted exceptions;

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(2) the acquisition or disposition of assets under certain circumstances; (3) any sale or disposition of assets that would result in the allocation of taxable income or gain to TCI; (4) incurring indebtedness if, after giving effect to such indebtedness, FCLP's Operating Cash Flow Ratio, as defined, would exceed 8.0:1 through April 15, 2000 and 7.5:1 thereafter; (5) the issuance or redemption of any partnership interest or convertible interest, with certain permitted exceptions; (6) any transaction with FHGLP or any affiliate of FHGLP, with certain permitted exceptions; (7) the adoption or amendment of any management incentive plan; (8) the incurring of Net Overhead Expenses, as defined, that exceed 4.5% of the gross revenues of FCLP and its subsidiaries in any fiscal year; or (9) the liquidation or dissolution of FCLP, except in accordance with the provisions of the FCLP Partnership Agreement.

TCI may elect to purchase all of FHGLP's interests in the Partnership in certain circumstances if a court finds that FHGLP has engaged in conduct while acting as Managing General Partner that has resulted in material harm to the Partnership or TCI.

Prior to the closing of the TCI Transaction, the FHGLP Partnership Agreement gave certain partners of FHGLP certain rights and priorities with respect to other partners. Among these rights were stated obligations of the Partnership to redeem certain partners' partnership interests at fair value or, in some cases, at stated value. These rights and priorities were eliminated upon the closing of the TCI Transaction. At the closing of the TCI Transaction, a portion of the partnership interests held by certain FHGLP limited partners, having an agreed value of $154.7 million, were redeemed for cash.

Under the amended FHGLP partnership agreement, the non-management limited partners of FHGLP may elect at certain times either to require the incorporation of FHGLP or to require that FHGLP elect to incorporate FCLP. Neither of these elections may be made prior to March 30, 2006. If the non-management limited partners of FHGLP make either of these elections, then, at any time more than six months after the election and prior to the date on which the incorporation is completed, the non-management limited partners of FHGLP may elect to require that FCLP (or, if FHGLP has purchased all of TCI's interest in FCLP, FHGLP) purchase all of the non-management partners' partnership interests in FHGLP. Under certain circumstances, a non-management limited partner of FHGLP may elect to exclude its partnership interest in FHGLP from the purchase and sale and, upon such election, all put and call rights with respect to such partner's partnership interest in FHGLP will terminate.

The put and call rights with respect to the partnership interests of the non-management partners will terminate automatically if either FHGLP or FCLP is incorporated, if the corporation that succeeds to the assets of FHGLP or FCLP concurrently effects an initial public offering, and if the aggregate price to the public (before underwriting discounts or commissions, registration fees, and other expenses) of all stock sold in the public offering (including stock sold by any selling shareholders, but excluding stock of a different class from that acquired by the non-management partners in the incorporation) is at least $150 million.

At any time on or after April 1, 2006, FCLP (or, if FHGLP has purchased all of TCI's interest in FCLP, FHGLP) may require that each of the non-management limited partners of FHGLP sell its entire interest in FHGLP to FCLP or FHGLP, as applicable. In the case of either a put or a call of the non-management limited partners' interests in FHGLP, the purchase price will equal the amount that would be distributed to each partner in dissolution and liquidation of FHGLP, assuming the sale of FCLP's assets at fair market value, as determined by three appraisers.

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The estimated redemption values at December 31, 1997 and December 31, 1998 were $171.4 million and $133 million, respectively, and are reflected in the consolidated financial statements as redeemable partners' equity. Such amounts were determined based on management's estimate of the redemption value of such interests under current market conditions. Management of the Partnership will continue to adjust the recorded redemption values based on its estimate of the relative fair value of the interests subject to redemption. The actual redemption value of any partnership interests will generally be determined through the third-party appraisal mechanisms described in the partnership agreements, and the appraisers will not be bound by management's estimates. Accordingly, such appraised valuations may be greater than or less than management's estimates and any such variations could be significant.

While the Partnership has assumed the obligations of FHGLP under the 1993 Incentive Performance Plan (the "Incentive Performance Plan"), FHGLP has agreed to contribute cash to the Partnership in an amount equal to any payments made by the Partnership under the Incentive Performance Plan.

NOTE 3 -- ACQUISITIONS AND SALES

The Partnership acquired the cable television systems of FCSC on July 12, 1996 through a newly-formed subsidiary operating partnership for a purchase price of $253 million including transaction costs. The acquisition of FCSC was accounted for by the purchase method of accounting, whereby the purchase price of the FCSC assets was allocated based on an appraisal. The excess of purchase price over the fair value of net assets acquired, or $18.2 million, has been recorded as goodwill and is being amortized using the straight-line method over 20 years.

In March and July 1998, FHGLP acquired the Falcon Classic Systems for an aggregate purchase price of $83.4 million. Falcon Classic had revenue of approximately $20.3 million for the year ended December 31, 1997.

As discussed in Note 1, on September 30, 1998 the Partnership acquired the TCI Systems and the Falcon Video Systems in accordance with the Contribution Agreement.

The acquisitions of the TCI Systems, the Falcon Video Systems and the Falcon Classic Systems were accounted for by the purchase method of accounting, whereby the purchase prices were allocated to the assets acquired and liabilities assumed based on their estimated fair values at the dates of acquisition, as follows:

	TCI SYSTEMS	FALCON VIDEO SYSTEMS	FALCON CLASSIC SYSTEMS
	(DOLLARS IN THOUSANDS)		
Purchase Price:			
General partnership interests issued	$234,457	$ 43,073	$ --
Debt assumed	275,000	112,196	--
Debt incurred	--	--	83,391
Other liabilities assumed	955	3,315	2,804
Transaction costs	2,879	--	--
	513,291	158,584	86,195

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	TCI SYSTEMS	FALCON VIDEO SYSTEMS	FALCON CLASSIC SYSTEMS
		(DOLLARS IN THOUSANDS)	
Fair Market Value of Net Assets Acquired:			
Property, plant and equipment	77,992	41,889	33,539
Franchise costs	170,799	36,374	7,847
Customer lists and other intangible assets	217,443	53,602	34,992
Other assets	4,165	2,381	3,164
	470,399	134,246	79,542
Excess of purchase price over fair value of assets acquired and liabilities assumed	$ 42,892	$ 24,338	$ 6,653

The excess of purchase price over the fair value of net assets acquired has been recorded as goodwill and is being amortized using the straight-line method over 20 years. The allocation of the purchase price may be subject to possible adjustment pursuant to the Contribution Agreement.

The general partnership interests issued in the TCI Transaction were valued in proportion to the estimated fair value of the TCI Systems and the Falcon Video Systems as compared to the estimated fair value of the Partnership's assets, which was agreed upon in the Contribution Agreement by all holders of Partnership interests.

Sources and uses of funds for each of the transactions were as follows:

	TCI SYSTEMS	FALCON VIDEO SYSTEMS	FALCON CLASSIC SYSTEMS
		(DOLLARS IN THOUSANDS)	
Sources of Funds:			
Cash on hand	$ 11,429	$ 59,038	$ 6,591
Advance under bank credit facilities	429,739	56,467	76,800
Total sources of funds	$441,168	$115,505	$83,391
Uses of Funds:			
Repay debt assumed from TCI and existing debt of Falcon Video, including accrued interest	$429,739	$115,505	$ --
Purchase price of assets	--	--	83,391
Payment of assumed obligations at closing	6,495	--	--
Transaction fees and expenses	2,879	--	--
Available funds	2,055	--	--
Total uses of funds	$441,168	$115,505	$83,391

The following unaudited condensed consolidated statements of operations present the consolidated results of operations of the Partnership as if the acquisitions referred to above had occurred at the beginning of the periods presented and are not necessarily indicative of what

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would have occurred had the acquisitions been made as of such dates or of results which may occur in the future.

	YEAR ENDED DECEMBER 31,		
	1996	1997	1998
	(DOLLARS IN THOUSANDS)		
Revenues	$ 399,449	$ 424,994	$ 426,827
Expenses	(429,891)	(438,623)	(444,886)
Operating loss	(30,442)	(13,629)	(18,059)
Interest and other expenses	(126,904)	(115,507)	(130,632)
Loss before extraordinary item	$(157,346)	$(129,136)	$(148,691)

NOTE 4 -- DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

CASH AND CASH EQUIVALENTS

The carrying amount approximates fair value due to the short maturity of those instruments.

NOTES PAYABLE

The fair value of the Partnership's 11% Senior Subordinated Notes, 8.375% Senior Debentures and 9.285% Senior Discount Debentures is based on quoted market prices for those issues of debt. The fair value of the Partnership's other subordinated notes is based on quoted market prices for similar issues of debt with similar maturities. The carrying amount of the Partnership's remaining debt outstanding approximates fair value due to its variable rate nature.

INTEREST RATE HEDGING AGREEMENTS

The fair value of interest rate hedging agreements is estimated by obtaining quotes from brokers as to the amount either party would be required to pay or receive in order to terminate the agreements.

The following table depicts the fair value of each class of financial instruments for which it is practicable to estimate that value as of December 31:

	1997		1998	
	CARRYING VALUE	FAIR VALUE	CARRYING VALUE	FAIR VALUE
	(DOLLARS IN THOUSANDS)			
Cash and cash equivalents	$ 13,917	$ 13,917	$ 14,284	$ 14,284
Notes payable (Note 6):				
11% Senior Subordinated Notes	282,193	299,125	--	--
8.375% Senior Debentures	--	--	375,000	382,500
9.285% Senior Discount Debentures	--	--	294,982	289,275
Bank credit facilities	606,000	606,000	926,000	926,000
Other Subordinated Notes	15,000	16,202	15,000	16,426
Capitalized lease obligations	10	10	1	1
Other	8,018	8,018	370	370

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	NOTIONAL AMOUNT	FAIR VALUE	NOTIONAL AMOUNT	FAIR VALUE
Interest Rate Hedging Agreements (Note 6):				
Interest rate swaps	$585,000	$ (371)	$1,534,713	$(22,013)
Interest rate caps	25,000	(148)	--	--

The carrying value of interest rate swaps and caps was an asset of $402,000 at December 31, 1997 and a net obligation of $20.3 million at December 31, 1998. See Note 6(g). The amount of debt on which current interest expense has been affected is $520 million and $960 million for swaps at December 31, 1997 and 1998 and $25 million for caps at December 31, 1997. The balance of the contract totals presented above reflects contracts entered into as of December 31 which do not become effective until existing contracts expire.

NOTE 5 -- PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of:

	DECEMBER 31, 1997	DECEMBER 31, 1998
	(DOLLARS IN THOUSANDS)	
Cable television systems	$ 555,253	$ 765,641
Furniture and equipment	19,067	25,576
Vehicles	12,067	18,381
Land, buildings and improvements	10,723	16,505
	597,110	826,103
Less accumulated depreciation and amortization	(272,551)	(320,209)
	$ 324,559	$ 505,894

NOTE 6 -- NOTES PAYABLE

Notes payable consist of:

	DECEMBER 31, 1997	DECEMBER 31, 1998
	(DOLLARS IN THOUSANDS)	
FCLP (formerly FHGLP) Only:		
11% Senior Subordinated Notes(a)	$282,193	$ --
8.375% Senior Debentures(b)	--	375,000
9.285% Senior Discount Debentures, less unamortized discount(b)	--	294,982
Capitalized lease obligations	10	1
Owned Subsidiaries:		
Amended and Restated Credit Agreement(c)	606,000	--
New Credit Facility(d)	--	926,000
Other subordinated notes(e)	15,000	15,000
Other(f)	8,018	370
	$911,221	$1,611,353

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(a) 11% Senior Subordinated Notes

On March 29, 1993, FHGLP issued $175 million aggregate principal amount of 11% Senior Subordinated Notes due 2003 (the "Notes"). Interest payment dates were semi-annual on each March 15 and September 15 commencing September 15, 1993. Through September 15, 2000 FHGLP, at its option, could pay all or any portion of accrued interest on the Notes by delivering to the holders thereof, in lieu of cash, additional Notes having an aggregate principal amount equal to the amount of accrued interest not paid in cash. Through December 31, 1997, the Partnership elected to issue $107.2 million additional notes as payment-in-kind for interest. The Partnership elected to pay the interest payment due March 15, 1998 in cash and, under the terms of the Notes, was required to continue to make cash payments.

On May 19, 1998, FHGLP repurchased approximately $247.8 million aggregate principal amount of the Notes for an aggregate purchase price of $270.3 million pursuant to a fixed spread tender offer for all outstanding Notes. The Notes tendered represented approximately 88% of the Notes previously outstanding. The approximate $34.4 million of Notes not repurchased in the tender offer were redeemed on September 15, 1998 in accordance with their terms.

(b) 8.375% Senior Debentures and 9.285% Senior Discount Debentures

On April 3, 1998, FHGLP and its wholly-owned subsidiary, Falcon Funding Corporation ("FFC" and, collectively with FHGLP, the "Issuers"), sold $375,000,000 aggregate principal amount of 8.375% Senior Debentures due 2010 (the "Senior Debentures") and $435,250,000 aggregate principal amount at maturity of 9.285% Senior Discount Debentures due 2010 (the "Senior Discount Debentures" and, collectively with the Senior Debentures, the "Debentures") in a private placement. The Debentures were exchanged for debentures with the same form and terms, but registered under the Securities Act of 1933, as amended, in August 1998.

In connection with consummation of the TCI Transaction, the Partnership was substituted for FHGLP as an obligor under the Debentures and thereupon FHGLP was released and discharged from any further obligation with respect to the Debentures and the related Indenture. FFC remains as an obligor under the Debentures and is now a wholly owned subsidiary of the Partnership. FFC was incorporated solely for the purpose of serving as a co-issuer of the Debentures and does not have any material operations or assets and will not have any revenues.

The Senior Discount Debentures were issued at a price of 63.329% per $1,000 aggregate principal amount at maturity, for total gross proceeds of approximately $275.6 million, and will accrete to stated value at an annual rate of 9.285% until April 15, 2003. The unamortized discount amounted to $140.3 million at December 31, 1998. After giving effect to offering discounts, commissions and estimated expenses of the offering, the sale of the Debentures (representing aggregate indebtedness of approximately $650.6 million as of the date of issuance) generated net proceeds of approximately $631 million. The Partnership used substantially all the net proceeds from the sale of the Debentures to repay outstanding bank indebtedness.

(c) Amended and Restated Credit Agreement

The Partnership had a $775 million senior secured Amended and Restated Credit Agreement that was scheduled to mature on July 11, 2005. The Amended and Restated Credit Agreement required the Partnership to make annual reductions of $1 million on the term loan portion commencing December 31, 1997. Maximum available borrowings under the Amended and Restated Credit Agreement were $774 million at December 31, 1997. The Amended and Restated Credit Agreement required interest on the amount outstanding under the reducing revolver portion to be tied to the ratio of consolidated total debt (as defined) to consolidated annualized cash flow (as defined). Interest rates were based on LIBOR or prime rates at the option of the Partnership. The LIBOR margin under the reducing revolver ranged from 0.75% to 1.625%, while interest on the term loan was at the LIBOR rate plus 2.375%.

At December 31, 1997, the weighted average interest rate on borrowings outstanding under the Amended and Restated Credit Agreement (including the effects of the interest rate hedging agreements) was 7.69%. The Partnership was also required to pay a commitment fee per annum on the unused portion.

(d) New Credit Facility

On June 30, 1998, the Partnership entered into a new $1.5 billion senior credit facility (the "New Credit Facility") which replaced the Amended and Restated Credit Agreement and provided funds for the closing of the TCI Transaction. See Note 1. The borrowers under the New Credit Facility were the operating subsidiaries prior to consummation of the TCI Transaction and, following the TCI Transaction, the borrower is Falcon LLC. The restricted companies, as defined under the New Credit Facility, are Falcon LLC and each of its subsidiaries (excluding certain subsidiaries designated as excluded companies from time to time) and each restricted company (other than Falcon LLC) is also a guarantor of the New Credit Facility.

The New Credit Facility consists of three committed facilities (one revolver and two term loans) and one uncommitted $350 million supplemental credit facility (the terms of which will be negotiated at the time the Partnership makes a request to draw on such facility). Facility A is a $650 million revolving credit facility maturing December 29, 2006; Facility B is a $200 million term loan maturing June 29, 2007; and Facility C is a $300 million term loan maturing December 31, 2007. All of Facility C and approximately $126 million of Facility B were funded on June 30, 1998, and the debt outstanding under the Amended and Restated Credit Agreement of approximately $329 million was repaid. As a result, from June 30, 1998 until September 29, 1998, FHGLP had an excess cash balance of approximately $90 million. Immediately prior to closing the TCI Transaction, approximately $39 million was borrowed under Facility A to discharge certain indebtedness of Falcon Video. In connection with consummation of the TCI Transaction, Falcon LLC assumed the approximately $433 million of indebtedness outstanding under the New Credit Facility. In addition to utilizing cash on hand of approximately $63 million, Falcon LLC borrowed the approximately $74 million remaining under Facility B and approximately $366 million under Facility A to discharge approximately $73 million of Falcon Video indebtedness and to retire approximately $430 million of TCI indebtedness assumed as part of the contribution of the TCI Systems. As a result of these borrowings, the amount outstanding under the New Credit Facility at December 31, 1998 was $926 million. Subject to covenant limitations, the Partnership had available to it additional borrowing capacity thereunder of $224 million at December 31, 1998. However, limitations imposed by the Partnership's partnership agreement as amended would limit available borrowings at December 31, 1998 to $23.1 million.

(e) Other subordinated notes

Other subordinated notes consist of 11.56% Subordinated Notes due March 2001. The subordinated note agreement contains certain covenants which are substantially the same as the

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covenants under the New Credit Facility, which is described in (d) above. At December 31, 1998, management believes that the Partnership was in compliance with such covenants.

(f) Other

Other notes payable as of December 31, 1997 consisted of $7.5 million owed by Enstar Finance Company, LLC ("EFC"). FHGLP's interest in EFC was not contributed to FCLP on September 30, 1998. Consequently, EFC's obligations are excluded from those of the Partnership as of December 31, 1998.

(g) Interest Rate Hedging Agreements

The Partnership utilizes interest rate hedging agreements to establish long-term fixed interest rates on a portion of its variable-rate debt. The New Credit Facility requires that interest be tied to the ratio of consolidated total debt to consolidated annualized cash flow (in each case, as defined therein), and further requires that the Partnership maintain hedging arrangements with respect to at least 50% of the outstanding borrowings thereunder plus any additional borrowings of the Partnership, including the Debentures, for a two year period. As of December 31, 1998, borrowings under the New Credit Facility bore interest at an average rate of 7.55% (including the effect of interest rate hedging agreements). The Partnership has entered into fixed interest rate hedging agreements with an aggregate notional amount at December 31, 1998 of $1.485 billion, including contracts of $160 million assumed from Falcon Video in connection with the TCI Transaction. Agreements in effect at December 31, 1998 totaled $910 million, with the remaining $575 million to become effective as certain of the existing contracts mature during 1999 through October of 2004. These agreements expire at various times through October, 2006. In addition to these agreements, the Partnership has one interest rate swap contract with a notional amount of $25 million under which it pays variable LIBOR rates and receives fixed rate payments.

The hedging agreements resulted in additional interest expense of $1 million, $350,000 and $1.2 million for the years ended December 31, 1996, 1997 and 1998, respectively. The Partnership does not believe that it has any significant risk of exposure to non-performance by any of its counterparties.

(h) Debt Maturities

The Partnership's notes payable outstanding at December 31, 1998 mature as follows:

YEAR	8.375% SENIOR DEBENTURES	9.285% SENIOR DEBENTURES	NOTES TO BANKS	OTHER SUBORDINATED NOTES	OTHER	TOTAL
	(DOLLARS IN THOUSANDS)					
1999	$ --	$ --	$ 5,000	$ --	$371	$ 5,371
2000	--	--	5,000	--	--	5,000
2001	--	--	5,000	15,000	--	20,000
2002	--	--	5,000	--	--	5,000
2003	--	--	5,000	--	--	5,000
Thereafter	375,000	435,250	901,000	--	--	1,711,250

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(i) Extraordinary Item

Fees and expenses incurred in connection with the repurchase of the Notes on May 19, 1998 and the retirement of the remaining Notes on September 15, 1998 were $19.7 million in the aggregate. In addition, the unamortized portion of deferred loan costs related to the Notes and the Amended and Restated Credit Agreement, which amounted to $10.9 million in the aggregate, were written off as an extraordinary charge upon the extinguishment of the related debt.

NOTE 7 -- COMMITMENTS AND CONTINGENCIES

The Partnership leases land, office space and equipment under operating leases expiring at various dates through the year 2039. See Note 9.

Future minimum rentals for operating leases at December 31, 1998 are as follows:

YEAR	TOTAL (DOLLARS IN THOUSANDS)
1999	$ 2,758
2000	2,545
2001	2,264
2002	1,919
2003	1,119
Thereafter	4,449
	$15,054

In most cases, management expects that, in the normal course of business, these leases will be renewed or replaced by other leases. Rent expense amounted to $2.1 million in 1996, $2.4 million in 1997 and $3.1 million in 1998.

In addition, the Partnership rents line space on utility poles in some of the franchise areas it serves. These rentals amounted to $2.8 million for 1996, $3.1 million for 1997 and $3.9 million for 1998. Generally, such pole rental agreements are short-term; however, the Partnership anticipates such rentals will continue in the future.

Beginning in August 1997, the Partnership elected to self-insure its cable distribution plant and subscriber connections against property damage as well as possible business interruptions caused by such damage. The decision to self-insure was made due to significant increases in the cost of insurance coverage and decreases in the amount of insurance coverage available. In October 1998, the Partnership reinstated third party insurance coverage against damage to its cable distribution plant and subscriber connections and against business interruptions resulting from such damage. This coverage is subject to a significant annual deductible and is intended to limit the Partnership's exposure to catastrophic losses, if any, in future periods. Management believes that the relatively small size of the Partnership's markets in any one geographic area, coupled with their geographic separation, will mitigate the risk that the Partnership could sustain losses due to seasonal weather conditions or other events that, in the aggregate, could have a material adverse effect on the Partnership's liquidity and cash flows. The Partnership continues to purchase insurance coverage in amounts management views as appropriate for all other property, liability, automobile, workers' compensation and other types of insurable risks.

The Partnership is required under various franchise agreements at December 31, 1998 to rebuild certain existing cable systems at a cost of approximately $83 million.

The Partnership is regulated by various federal, state and local government entities. The Cable Television Consumer Protection and Competition Act of 1992 (the "1992 Cable Act"), provides for among other things, federal and local regulation of rates charged for basic cable service, cable programming service tiers ("CPSTs") and equipment and installation services. Regulations issued in 1993 and significantly amended in 1994 by the Federal Communications Commission (the "FCC") have resulted in changes in the rates charged for the Partnership's cable services. The Partnership believes that compliance with the 1992 Cable Act has had a negative impact on its operations and cash flow. It also presently believes that any potential future liabilities for refund claims or other related actions would not be material. The Telecommunications Act of 1996 (the "1996 Telecom Act") was signed into law on February 8, 1996. As it pertains to cable television, the 1996 Telecom Act, among other things, (i) ends the regulation of certain CPSTs in 1999; (ii) expands the definition of effective competition, the existence of which displaces rate regulation; (iii) eliminates the restriction against the ownership and operation of cable systems by telephone companies within their local exchange service areas; and (iv) liberalizes certain of the FCC's cross-ownership restrictions.

The Partnership has various contracts to obtain basic and premium programming from program suppliers whose compensation is generally based on a fixed fee per customer or a percentage of the gross receipts for the particular service. Some program suppliers provide volume discount pricing structures or offer marketing support to the Partnership. The Partnership's programming contracts are generally for a fixed period of time and are subject to negotiated renewal. The Partnership does not have long-term programming contracts for the supply of a substantial amount of its programming. Accordingly, no assurances can be given that the Partnership's programming costs will not continue to increase substantially or that other materially adverse terms will not be added to the Partnership's programming contracts. Management believes, however, that the Partnership's relations with its programming suppliers generally are good.

Effective December 1, 1998, the Partnership elected to obtain certain of its programming services through an affiliate of TCI. This election resulted in a reduction in the Partnership's programming costs, the majority of which will be passed on to its customers in the form of reduced rates in compliance with FCC rules. The Partnership has elected to continue to acquire its remaining programming services under its existing programming contracts, but may elect to acquire additional programming services through the TCI affiliate in the future. The Partnership, in the normal course of business, purchases cable programming services from certain program suppliers owned in whole or in part by an affiliate of TCI.

The Partnership is periodically a party to various legal proceedings. Such legal proceedings are ordinary and routine litigation proceedings that are incidental to the Partnership's business, and management presently believes that the outcome of all pending legal proceedings will not, individually or in the aggregate, have a material adverse effect on the financial condition or results of operations of the Partnership.

The Partnership, certain of its affiliates, and certain third parties have been named as defendants in an action entitled Frank O'Shea I.R.A. et al. v. Falcon Cable Systems Company, et al., Case No. BC 147386, pending in the Superior Court of the State of California, County of Los Angeles (the "Action"). Plaintiffs in the Action are certain former unitholders of FCSC purporting to represent a class consisting of former unitholders of FCSC other than those affiliated with

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

FCSC and/or its controlling persons. The complaint in the Action alleges, among other things, that defendants breached their fiduciary and contractual duties to unitholders, and acted negligently, with respect to the purchase from former unitholders of their interests in FCSC in 1996. A settlement of the action has been agreed to and will be presented to the court for approval on April 22, 1999. The terms of the settlement, if approved, are not expected to have a material adverse effect on the financial condition of the Partnership. Net of insurance proceeds, the settlement's cost to the Partnership would amount to approximately $2.7 million, all of which had been reserved as of December 31, 1998. The Partnership recognized expenses related to the settlement of $52,000, $145,000 and $2.5 million in 1996, 1997 and 1998, respectively.

NOTE 8 -- EMPLOYEE BENEFIT PLANS

The subsidiaries of the Partnership have a cash or deferred profit sharing plan (the "Profit Sharing Plan") covering substantially all of their employees. FHGLP joined in the adoption of the FHGI cash or deferred profit sharing plan as of March 31, 1993. The provisions of this plan were amended to be substantially identical to the provisions of the Profit Sharing Plan.

The Profit Sharing Plan provides that each participant may elect to make a contribution in an amount up to 20% of the participant's annual compensation which otherwise would have been payable to the participant as salary. The Partnership's contribution to the Profit Sharing Plan, as determined by management, is discretionary but may not exceed 15% of the annual aggregate compensation (as defined) paid to all participating employees. There were no contributions for the Profit Sharing Plan in 1996, 1997 or 1998.

On September 30 1998, the Partnership assumed the obligations of FHGLP for its 1993 Incentive Performance Plan (the "Incentive Plan"). The value of the interests in the Incentive Plan is tied to the equity value of certain partnership units in FHGLP held by FHGI. In connection with the assumption by the Partnership, FHGLP agreed to fund any benefits payable under the Incentive Plan through additional capital contributions to the Partnership, the waiver of its rights to receive all or part of certain distributions from the Partnership and/or a contribution of a portion of its partnership units to the Partnership. The benefits which are payable under the Incentive Plan are equal to the amount of distributions which FHGI would have otherwise received with respect to 1,932.67 of the units of FHGLP held by FHGI and a portion of FHGI's interest in certain of the partnerships that are the general partners of the Partnership's operating subsidiaries. Benefits are payable under the Incentive Plan only when distributions would otherwise be paid to FHGI with respect to the above-described units and interests. The Incentive Plan is scheduled to terminate on January 5, 2003, at which time the Partnership is required to distribute the units described above to the participants in the Incentive Plan. At such time, FHGLP is required to cause the units to be contributed to the Partnership to fund such distributions. The participants in the Incentive Plan are present and former employees of the Partnership, FHGLP and its operating affiliates, all of whom are 100% vested. Prior to the closing of the TCI Transaction, FHGLP amended the Incentive Plan to provide for payments by FHGLP at the closing of the TCI Transaction to participants in an aggregate amount of approximately $6.5 million and to reduce by such amount FHGLP's obligations to make future payments to participants under the Incentive Plan.

In 1999, the Partnership adopted a Restricted Unit Plan (the "New FCLP Incentive Plan" or "Plan") for the benefit of certain employees. Grants of restricted units are provided at the discretion of the Advisory Committee. The value of the units in the New FCLP Incentive Plan is tied to the equity value of FCLP above a base equity as determined initially in 1999 by the partners, and for grants in subsequent years by an appraisal. Benefits are payable under the New FCLP Incentive Plan only when distributions would otherwise be payable to equity holders of FCLP. An initial grant of 100,000 units representing 2.75% of the equity of FCLP in excess of the equity base was approved and will be allocated to the participants in the Plan. There is a five-year vesting requirement for all participants.

NOTE 9 -- RELATED PARTY TRANSACTIONS

The Partnership is a separate, stand-alone holding company which employs all of the management personnel. The Partnership is financially dependent on the receipt of permitted payments from its operating subsidiaries, management and consulting fees from domestic cable ventures, and the reimbursement of specified expenses by certain of the Affiliated Partnerships to fund its operations. Expected increases in the funding requirements of the Partnership combined with limitations on its sources of cash may create liquidity issues for the Partnership in the future. Specifically, the Amended and Restated Credit Agreement and, subsequently, the New Credit Facility, permitted the subsidiaries of the Partnership to remit to the Partnership no more than 4.25% of their net cable revenues, as defined, in any year, effective July 12, 1996. Beginning on January 1, 1999, this limitation was increased to 4.5% of net cable revenues in any year. As a result of the 1998 acquisition by the Partnership of the Falcon Classic and Falcon Video Systems, the Partnership will no longer receive management fees and reimbursed expenses from Falcon Classic or receive management fees from Falcon Video. Commencing on October 1, 1998, FHGLP retains 20% of the management fees paid by the Enstar partnerships. The management fees earned from the Enstar partnerships were $1.9 million, $2 million and $1.9 million for the years ended December 31, 1996, 1997 and 1998, respectively.

The management and consulting fees and expense reimbursements earned from the Affiliated Partnerships amounted to approximately $6.3 million and $3.7 million, $5.2 million and $2.1 million and $3.7 million and $1.5 million for the years ended December 31, 1996, 1997 and 1998, respectively. The fees and expense reimbursements of $6.3 million and $3.7 million earned in 1996 included $1.5 million and $1 million earned from FCSC from January 1, 1996 through July 11, 1996. The fees and expense reimbursements of $3.7 million and $1.5 million earned in 1998 included $191,000 and $128,000 earned from Falcon Classic from January 1, 1998 through July 16, 1998, and $1.2 million in management fees from Falcon Video from January 1, 1998 through September 30, 1998. Subsequent to these acquisitions, the amounts payable to the Partnership in respect of its management of the former FCSC, Falcon Classic and Falcon Video Systems became subject to the limitations contained in the Amended and Restated Credit Agreement and, subsequently, the New Credit Facility.

Receivables from the Affiliated Partnerships for services and reimbursements described above amounted to approximately $11.3 million and $2.3 million (which, in 1997, included $7.5 million of notes receivable from the Enstar partnerships) at December 31, 1997 and 1998.

Included in Commitments and Contingencies (Note 7) are two facility lease agreements with the Partnership's Chief Executive Officer and his wife, or entities owned by them, requiring annual future minimum rental payments aggregating $2.1 million through 2001, one facility being assumed by a subsidiary as part of the assets acquired on July 12, 1996 from FCSC. That subsidiary acquired the property in February 1999 for $282,500, a price determined by two independent appraisals. During the years ended December 31, 1996, 1997 and 1998 rent expense on the first facility amounted to $397,000, $383,000 and $416,000, respectively. The rent paid for the second facility for the period July 12, 1996 through December 31, 1996 amounted to

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approximately $18,000, and the amount paid in each of 1997 and 1998 was approximately $41,000.

In addition, the Partnership provides certain accounting, bookkeeping and clerical services to the Partnership's Chief Executive Officer. The costs of services provided were determined based on allocations of time plus overhead costs (rent, parking, supplies, telephone, etc.). Such services amounted to $118,300, $163,000 and $212,000 for the years ended December 31, 1996, 1997 and 1998, respectively. These costs were net of amounts reimbursed to the Partnership by the Chief Executive Officer amounting to $75,000, $55,000 and $72,000 for the years ended December 31, 1996, 1997 and 1998, respectively.

NOTE 10 -- OTHER INCOME (EXPENSE)

Other income (expense) is comprised of the following:

	YEAR ENDED DECEMBER 31,		
	1996	1997	1998
	(DOLLARS IN THOUSANDS)		
Gain on sale of Available-for-Sale Securities	$ 2,264	$ --	$ --
Gain on insured casualty losses	--	3,476	314
Write down of investment	(1,000)	--	--
Gain (loss) on sale of investment	--	(1,360)	174
Net lawsuit settlement costs	--	(1,030)	(2,614)
Other, net	(450)	(201)	(791)
	$ 814	$ 885	$(2,917)

NOTE 11 -- SUBSEQUENT EVENTS

In March 1999, AT&T and Tele-Communications, Inc. completed a merger under which Tele-Communications, Inc. became a unit of AT&T called AT&T Broadband & Internet Services. The unit will continue to be headquartered in the Denver area. Leo J. Hindery, Jr., who had been president of Tele-Communications, Inc. since January 1997, was named President and Chief Executive Officer of AT&T Broadband & Internet Services, which became the owner of TCI Falcon Holdings, LLC as a result of the merger.

The Partnership entered into a letter of intent with AT&T to form a joint venture. This joint venture would provide local or any-distance communications services, other than mobile wireless services, video entertainment services and high speed Internet access services, to residential and certain small business customers under the AT&T brand name over the Partnership's infrastructure. Formation of the joint venture is subject to certain conditions. The Partnership is unable to predict if or when such conditions will be met.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

NOTE 12 -- SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

OPERATING ACTIVITIES

During the years ended December 31, 1996, 1997 and 1998, the Partnership paid cash interest amounting to approximately $39.7 million, $48.1 million and $84.9 million, respectively.

INVESTING ACTIVITIES

See Note 3 regarding the non-cash investing activities related to the acquisitions of the cable systems of the TCI Systems, the Falcon Video Systems, the Falcon Classic Systems and FCSC.

FINANCING ACTIVITIES

See Note 3 regarding the non-cash financing activities relating to the acquisitions of the cable systems of the TCI Systems, the Falcon Video Systems, the Falcon Classic Systems and FCSC. See Note 2 regarding the reclassification to redeemable partners' equity.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

NOTE 13 -- FCLP (PARENT COMPANY ONLY)

The following parent-only condensed financial information presents Falcon Communications, L.P.'s balance sheets and related statements of operations and cash flows by accounting for the investments in its subsidiaries on the equity method of accounting. The condensed balance sheet information for 1997 and condensed statement of operations information through September 30, 1998 is for FHGLP (parent only). The accompanying condensed financial information should be read in conjunction with the consolidated financial statements and notes thereto.

CONDENSED BALANCE SHEET INFORMATION

	DECEMBER 31, 1997	DECEMBER 31, 1998
	(DOLLARS IN THOUSANDS)	
ASSETS:		
Cash and cash equivalents	$ 8,177	$ 1,605
Receivables:		
Intercompany notes and accrued interest receivable	226,437	655,128
Due from affiliates and other entities, of which $23,374,000 was contractually restricted or otherwise deferred at December 31, 1997 (see Note 9)	25,340	2,129
Prepaid expenses and other	711	236
Investments in affiliated partnerships	12,827	--
Other investments	1,519	--
Property, plant and equipment, less accumulated depreciation and amortization	1,323	3,599
Deferred loan costs, less accumulated amortization	4,846	20,044
	$ 281,180	$ 682,741
LIABILITIES:		
Notes payable	$ 10	$ --
Senior notes payable	282,193	669,982
Notes payable to affiliates	--	70,805
Accounts payable	179	135
Accrued expenses	14,025	14,000
Equity in net losses of subsidiaries in excess of investment	230,155	198,492
TOTAL LIABILITIES	526,562	953,414
REDEEMABLE PARTNERS' EQUITY	171,373	133,023
PARTNERS' DEFICIT	(416,755)	(403,696)
	$ 281,180	$ 682,741

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

FCLP (PARENT COMPANY ONLY)
CONDENSED STATEMENT OF OPERATIONS INFORMATION

	YEAR ENDED DECEMBER 31,		
	1996	1997	1998
	(DOLLARS IN THOUSANDS)		
REVENUES:			
Management fees:			
Affiliated Partnerships	$ 3,962	$ 2,873	$ 2,120
Subsidiaries	12,020	13,979	14,010
International and other	413	281	33
Total revenues	16,395	17,133	16,163
EXPENSES:			
General and administrative expenses	9,096	11,328	21,134
Depreciation and amortization	375	274	559
Total expenses	9,471	11,602	21,693
Operating income (loss)	6,924	5,531	(5,530)
OTHER INCOME (EXPENSE):			
Interest income	19,884	22,997	50,562
Interest expense	(27,469)	(30,485)	(59,629)
Equity in net losses of subsidiaries	(50,351)	(56,422)	(105,659)
Equity in net losses of investee partnerships	(73)	(4)	(31)
Other, net	1,100	(2,455)	--
Net loss before extraordinary item	(49,985)	(60,838)	(120,287)
Extraordinary item, retirement of debt	--	--	(24,196)
NET LOSS	$(49,985)	$(60,838)	$(144,483)

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

FCLP (PARENT COMPANY ONLY)
CONDENSED STATEMENT OF CASH FLOWS INFORMATION

	YEAR ENDED DECEMBER 31,		
	1996	1997	1998
	(DOLLARS IN THOUSANDS)		
Net cash provided by (used in) Operating activities	$(8,969)	$1,478	$(418,226)
Cash flows from investing activities:			
Distributions from affiliated partnerships	773	--	1,820
Capital expenditures	(242)	(417)	(2,836)
Investments in affiliated partnerships and other investments	(9,000)	(254)	(2,998)
Proceeds from sale of investments and other assets	3	702	1,694
Proceeds from sale of available-for-sale securities	9,502	--	--
Assets retained by Falcon Holding Group, L.P.	--	--	(2,893)
Net cash provided by (used in) investing activities	1,036	31	(5,213)
Cash flows from financing activities:			
Repayment of debt	(120)	(131)	(282,203)
Borrowings from notes payable	--	--	650,639
Borrowings from subsidiaries	--	--	70,805
Capital contributions	5,000	93	--
Redemption of partners' equity	--	--	(1,170)
Deferred loan costs	--	--	(21,204)
Net cash provided by (used in) financing activities	4,880	(38)	416,867
Net increase (decrease) in cash and cash equivalents	(3,053)	1,471	(6,572)
Cash and cash equivalents, at beginning of year	9,759	6,706	8,177
Cash and cash equivalents, at end of year	$ 6,706	$8,177	$ 1,605

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CONDENSED CONSOLIDATED BALANCE SHEETS

	DECEMBER 31, 1998*	JUNE 30, 1999 (UNAUDITED)
	(DOLLARS IN THOUSANDS)	
ASSETS:		
Cash and cash equivalents	$ 14,284	$ 11,852
Receivables:		
Trade, less allowance of $670,000 and $699,000 for possible losses	15,760	19,102
Affiliates	2,322	6,949
Other assets	16,779	35,007
Property, plant and equipment, less accumulated depreciation and amortization of $320,209,000 and $349,316,000	505,894	522,587
Franchise cost, less accumulated amortization of $226,526,000 and $251,998,000	397,727	384,197
Goodwill, less accumulated amortization of $25,646,000 and $30,547,000	135,308	133,480
Customer lists and other intangible costs, less accumulated amortization of $59,422,000 and $97,912,000	333,017	300,314
Deferred loan costs, less accumulated amortization of $2,014,000 and $2,352,000	24,331	23,354
	$1,445,422	$1,436,842
LIABILITIES AND PARTNERS' DEFICIT		
LIABILITIES:		
Notes payable	$1,611,353	$1,665,676
Accounts payable	10,341	6,088
Accrued expenses	83,077	138,804
Customer deposits and prepayments	2,257	2,630
Deferred income taxes	8,664	2,287
Minority interest	403	387
TOTAL LIABILITIES	1,716,095	1,815,872
COMMITMENTS AND CONTINGENCIES		
REDEEMABLE PARTNERS' EQUITY	133,023	400,471
PARTNERS' EQUITY (DEFICIT):		
General partner	(408,369)	(783,100)
Limited partners	4,673	3,599
TOTAL PARTNERS' DEFICIT	(403,696)	(779,501)
	$1,445,422	$1,436,842

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*As presented in the audited financial statements.

See accompanying notes to condensed consolidated financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	SIX MONTHS ENDED JUNE 30, 1998	SIX MONTHS ENDED JUNE 30, 1999
	(DOLLARS IN THOUSANDS) (UNAUDITED)	
REVENUES	$133,332	$ 212,205
OPERATING COSTS AND EXPENSES:		
Programming costs	25,933	47,233
Service costs	14,124	25,545
General and administrative expenses	24,516	39,779
Equity-based deferred compensation	--	44,600
Depreciation and amortization	64,006	110,048
Total operating costs and expenses	128,579	267,205
Operating income (loss)	4,753	(55,000)
OTHER INCOME (EXPENSE):		
Interest expense, net	(44,699)	(64,852)
Equity in net loss of investee partnerships	(266)	163
Other income (expense), net	(824)	9,807
Income tax benefit	1,831	2,459
NET LOSS BEFORE EXTRAORDINARY ITEMS	$(39,205)	$(107,423)
EXTRAORDINARY ITEMS	(28,412)	--
NET LOSS	$(67,617)	$(107,423)

See accompanying notes to condensed consolidated financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	SIX MONTHS ENDED JUNE 30, 1998	SIX MONTHS ENDED JUNE 30, 1999
	(DOLLARS IN THOUSANDS) (UNAUDITED)	
Net cash provided by operating activities	$ 13,558	$ 36,697
Cash flows from investing activities:		
Acquisition of cable television systems	(76,789)	(16,450)
Capital expenditures	(38,609)	(59,034)
Increase in intangible assets	(1,102)	(2,151)
Other	1,065	(2,107)
Net cash used in investing activities	(115,435)	(79,742)
Cash flows from financing activities:		
Borrowings from notes payable	1,445,957	68,500
Repayment of debt	(1,224,683)	(27,871)
Deferred loan costs	(23,944)	(16)
Other	83	--
Net cash provided by financing activities	197,413	40,613
Net increase (decrease) in cash and cash equivalents	95,536	(2,432)
Cash and cash equivalents at beginning of period	13,917	14,284
Cash and cash equivalents at end of period	$ 109,453	$ 11,852

See accompanying notes to condensed consolidated financial statements.

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NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 -- BASIS OF PRESENTATION

Falcon Communications, L.P., a California limited partnership (the "Partnership") and successor to Falcon Holding Group, L.P. ("FHGLP"), owns and operates cable television systems serving small to medium-sized communities and the suburbs of certain cities in 23 states. On September 30, 1998, pursuant to a Contribution and Purchase Agreement dated as of December 30, 1997, as amended (the "Contribution Agreement"), FHGLP acquired the assets and liabilities of Falcon Video Communications, L.P. ("Falcon Video" or the "Falcon Video systems"), in exchange for ownership interests in FHGLP. Simultaneously with the closing of that transaction, in accordance with the Contribution Agreement, FHGLP contributed substantially all of the existing cable television system operations owned by FHGLP and its subsidiaries (including the Falcon Video systems) to the Partnership and TCI Falcon Holdings, LLC ("TCI") contributed certain cable television systems owned and operated by affiliates of TCI (the "TCI systems") to the Partnership (the "TCI Transaction"). In March 1999, AT&T and Tele-Communications, Inc. completed a merger under which Tele-Communications, Inc. became a unit of AT&T called AT&T Broadband & Internet Services, which became the owner of TCI Falcon Holdings, LLC as a result of the merger. As a result, AT&T Broadband and Internet Services holds approximately 46% of the equity interests of the Partnership and FHGLP holds the remaining 54% and serves as the managing general partner of the Partnership. The TCI Transaction has been accounted for as a recapitalization of FHGLP into the Partnership and the concurrent acquisition by the Partnership of the TCI systems.

On May 26, 1999, the Partnership and Charter Communications ("Charter") announced a definitive agreement in which Charter will acquire the Partnership in a cash and stock transaction valued at approximately $3.6 billion. Closing of the pending sale is subject to obtaining all necessary government approvals, and is anticipated to take place in the fourth quarter of 1999.

NOTE 2 -- INTERIM FINANCIAL STATEMENTS

The interim financial statements for the six months ended June 30, 1999 and 1998 are unaudited. These condensed interim financial statements should be read in conjunction with the audited financial statements and notes thereto included in the Partnership's latest Annual Report on Form 10-K. In the opinion of management, such statements reflect all adjustments (consisting only of normal recurring adjustments) necessary for a fair presentation of the results of such periods. The results of operations for the six months ended June 30, 1999 are not indicative of results for the entire year.

NOTE 3 -- REDEEMABLE PARTNERS' EQUITY

Redeemable partners' equity has been adjusted as of June 30, 1999 based on the estimated redemption value to be recognized from the pending sale to Charter.

NOTE 4 -- EQUITY-BASED DEFERRED COMPENSATION

In connection with the pending sale of the Partnership to Charter discussed in Note 1, the Partnership recorded a non-cash charge of $42 million during the three months ended June 30, 1999 related to both the 1993 Incentive Performance Plan ($17.2 million) and the 1999 Employee Restricted Unit Plan ($24.8 million). The amounts were determined based on the value of the underlying ownership units, as established by the pending sale of the Partnership to Charter. $2.6 million of additional compensation related to the 1993 Incentive Performance Plan was recorded in the three months ended March 31, 1999 based on management's estimate of the increase in value of the underlying ownership interests since December 31, 1998. Payments under the plans are subject to closing of the sale to Charter, and will be paid from net sales proceeds. The total deferred compensation of $44.6 million under these plans is included in accrued expenses.

NOTE 5 -- ACQUISITIONS

In March 1998, the Partnership acquired substantially all of the assets of Falcon Classic Cable Income Properties, L.P. As discussed in Note 1, on September 30, 1998 the Partnership acquired the TCI systems and the Falcon Video systems in accordance with the Contribution Agreement. The following unaudited condensed consolidated pro forma statement of operations presents the consolidated results of operations of the Partnership as if the acquisitions had occurred at January 1, 1998 and is not necessarily indicative of what would have occurred had the acquisitions been made as of that date or of results which may occur in the future.

	SIX MONTHS ENDED JUNE 30, 1998 (DOLLARS IN THOUSANDS)
Revenues	$ 213,639
Expenses	(221,238)
Operating loss	(7,599)
Interest and other expenses	(63,951)
Net loss	$ (71,550)

In January 1999, the Partnership acquired the assets of certain cable systems located in Oregon for $800,700. The acquired systems serve approximately 591 customers, and are being operated as part of the Medford region. On March 15, 1999, the Partnership acquired the assets of certain cable systems located in Utah for $6.8 million. This system serves approximately 7,928 customers and is being operated as part of the St. George region. On March 22, 1999, the Partnership acquired the assets of the Franklin, Virginia system in exchange for the assets of its Scottsburg, Indiana systems and $8 million in cash and recognized a gain of $8.3 million. The Franklin system serves approximately 9,042 customers and the Scottsburg systems served approximately 4,507 customers. The effects of this transaction on results of operations are not material. On July 30, 1999, the Partnership acquired the assets of certain cable systems serving 6,500 customers located in Oregon for $9.5 million.

NOTE 6 -- RECENT DEVELOPMENTS

On April 8, 1999, the Partnership announced that it had executed a term sheet with regard to a joint venture to be formed called @Home Solutions, which would offer turnkey, fully managed and comprehensive high speed Internet access to cable operators serving small to medium-sized communities, including the Partnership. In connection with the sale of the Partnership to Charter as discussed in Note 1, the Partnership withdrew from the @Home Solutions joint venture and reimbursed @Home Solutions $500,000 for costs incurred.

NOTE 7 -- SALE OF SYSTEMS

On March 1, 1999, the Partnership contributed $2.4 million cash and certain systems located in Oregon with a net book value of $5.6 million to a joint venture with Bend Cable Communications, Inc., who manages the joint venture. The Partnership owns 17% of the joint venture. These systems had been acquired from Falcon Classic in March 1998, and served approximately 3,471 subscribers at March 1, 1999.

On March 26, 1999, the Partnership sold certain systems serving approximately 2,550 subscribers in Kansas for $3.2 million and recognized a gain of $2.5 million.

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Tele-Communications, Inc.:

We have audited the accompanying combined balance sheets of the TCI Falcon Systems (as defined in Note 1 to the combined financial statements) as of September 30, 1998 and December 31, 1997, and the related combined statements of operations and parent's investment, and cash flows for the nine-month period ended September 30, 1998 and for each of the years in the two-year period ended December 31, 1997. These combined financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the TCI Falcon Systems as of September 30, 1998 and December 31, 1997, and the results of their operations and their cash flows for the nine-month period ended September 30, 1998 and for each of the years in the two-year period ended December 31, 1997, in conformity with generally accepted accounting principles.

/s/ KPMG LLP

Denver, Colorado
June 21, 1999

TCI FALCON SYSTEMS
(A COMBINATION OF CERTAIN ASSETS, AS DEFINED IN NOTE 1)

COMBINED BALANCE SHEETS

	SEPTEMBER 30, 1998	DECEMBER 31, 1997
	(AMOUNTS IN THOUSANDS)	
ASSETS		
Trade and other receivables, net	$ 2,452	$ 4,665
Property and equipment, at cost:		
Land	1,289	1,232
Distribution systems	151,017	137,767
Support equipment and buildings	20,687	18,354
	172,993	157,353
Less accumulated depreciation	80,404	69,857
	92,589	87,496
Franchise costs	399,258	393,540
Less accumulated amortization	70,045	62,849
	329,213	330,691
Other assets, net of accumulated amortization	630	714
	$424,884	$423,566
LIABILITIES AND PARENT'S INVESTMENT		
Accounts payable	$ 729	$ 350
Accrued expenses	5,267	3,487
Deferred income taxes (note 4)	124,586	121,183
Total liabilities	130,582	125,020
Parent's investment (note 5)	294,302	298,546
Commitments and contingencies (note 6)	$424,884	$423,566

See accompanying notes to combined financial statements.

TCI FALCON SYSTEMS
(A COMBINATION OF CERTAIN ASSETS, AS DEFINED IN NOTE 1)

COMBINED STATEMENTS OF OPERATIONS AND PARENT'S INVESTMENT

	JANUARY 1, 1998 THROUGH SEPTEMBER 30, 1998	YEARS ENDED DECEMBER 31, 1997	1996
	(AMOUNTS IN THOUSANDS)		
Revenue	$ 86,476	$113,897	$102,155
Operating costs and expenses:			
Operating (note 5)	31,154	39,392	33,521
Selling, general and administrative	17,234	19,687	21,695
Administrative fees (note 5)	2,853	5,034	5,768
Depreciation	10,317	12,724	12,077
Amortization	7,440	9,785	8,184
	68,998	86,622	81,245
Operating income	17,478	27,275	20,910
Other income (expense):			
Intercompany interest expense (note 5)	(4,343)	(5,832)	(4,701)
Other, net	28	(84)	(44)
	(4,315)	(5,916)	(4,745)
Earnings before income taxes	13,163	21,359	16,165
Income tax expense	(5,228)	(8,808)	(6,239)
Net earnings	7,935	12,551	9,926
Parent's investment:			
Beginning of period	298,546	319,520	262,752
Change in due to Tele-Communications, Inc. ("TCI") (note 5)	(12,179)	(33,525)	46,842
End of period	$294,302	$298,546	$319,520

See accompanying notes to combined financial statements.

TCI FALCON SYSTEMS
(A COMBINATION OF CERTAIN ASSETS, AS DEFINED IN NOTE 1)

COMBINED STATEMENTS OF CASH FLOWS

	JANUARY 1, 1998 THROUGH SEPTEMBER 30, 1998	YEARS ENDED DECEMBER 31, 1997	1996
	(AMOUNTS IN THOUSANDS)		
Cash flows from operating activities:			
Net earnings	$ 7,935	$ 12,551	$ 9,926
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	17,757	22,509	20,261
Deferred income tax expense	3,403	7,181	4,533
Changes in operating assets and liabilities, net of effects of acquisitions:			
Change in receivables	2,213	(1,644)	(55)
Change in other assets	84	(125)	(248)
Change in accounts payable and accrued expenses	2,159	418	(473)
Net cash provided by operating activities	33,551	40,890	33,944
Cash flows from investing activities:			
Capital expended for property and equipment	(13,540)	(7,586)	(13,278)
Cash paid for acquisitions	--	--	(68,240)
Other investing activities	(809)	221	732
Net cash used in investing activities	(14,349)	(7,365)	(80,786)
Cash flows from financing activities:			
Change in due to TCI	(19,202)	(33,525)	46,842
Net cash provided by (used in) financing activities	(19,202)	(33,525)	46,842
Net change in cash	--	--	--
Cash:			
Beginning of period	--	--	--
End of period	$ --	$ --	$ --
Supplemental disclosure of cash flow information:			
Cash paid during the period for interest	$ 4,343	$ 5,832	$ 4,701
Cash paid during the period for income taxes	$ --	$ 140	$ 86

See accompanying notes to combined financial statements.

TCI FALCON SYSTEMS
(A COMBINATION OF CERTAIN ASSETS, AS DEFINED IN NOTE 1)

NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE PERIOD FROM JANUARY 1, 1998 TO SEPTEMBER 30, 1998,
AND FOR THE YEARS ENDED DECEMBER 31, 1997 AND 1996

(1) BASIS OF PRESENTATION

The combined financial statements include the accounts of thirteen of TCI's cable television systems serving certain subscribers within Oregon, Washington, Alabama, Missouri and California (collectively, the "TCI Falcon Systems"). This combination was created in connection with the Partnership formation discussed below. The TCI Falcon Systems were indirectly wholly-owned by TCI in all periods presented herein up to the date of the Contribution, as defined below. All significant inter-entity accounts and transactions have been eliminated in combination. The combined net assets of the TCI Falcon Systems including amounts due to TCI are referred to as "Parent's Investment".

TCI's ownership interests in the TCI Falcon Systems, as described above, were acquired through transactions wherein TCI acquired various larger cable entities (the "Original Systems"). The TCI Falcon System's combined financial statements include an allocation of the purchase price and certain purchase accounting adjustments, including the related deferred tax effects, from TCI's acquisition of the Original Systems. Such allocation and the related franchise cost amortization was based on the relative fair market value of the systems acquired. In addition, certain costs of TCI are charged to the TCI Falcon Systems based on their number of customers (see note 5). Although such allocations are not necessarily indicative of the costs that would have been incurred by the TCI Falcon Systems on a stand alone basis, management believes that the resulting allocated amounts are reasonable.

Partnership Formation

On September 30, 1998, TCI and Falcon Holding Group, LP ("Falcon") closed a transaction under a Contribution and Purchase Agreement (the "Contribution"), whereby TCI contributed the TCI Falcon Systems to a newly formed partnership (the "Partnership") between TCI and Falcon in exchange for an approximate 46% ownership interest in the Partnership. The accompanying combined financial statements reflect the position, results of operations and cash flows of the TCI Falcon Systems immediately prior to the Contribution, and, therefore, do not include the effects of such Contribution.

(2) ACQUISITION

On January 1, 1998, a subsidiary of TCI acquired certain cable television assets in and around Ellensburg, WA from King Videocable Company. On the same date, these assets were transferred to the TCI Falcon Systems. As a result of these transactions, the TCI Falcon Systems recorded non-cash increases in property and equipment of $2,100,000, in franchise costs of $4,923,000, and in parent's investment of $7,023,000. Assuming the acquisition had occurred on January 1, 1997, the TCI Falcon Systems' pro forma results of operations would not have been materially different from the results of operations for the year ended December 31, 1997.

(3) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Receivables

Receivables are reflected net of an allowance for doubtful accounts. Such allowance at September 30, 1998 and December 31, 1997 was not significant.

TCI FALCON SYSTEMS
(A COMBINATION OF CERTAIN ASSETS, AS DEFINED IN NOTE 1)

NOTES TO COMBINED FINANCIAL STATEMENTS -- (CONTINUED)

Property and Equipment

Property and equipment are stated at cost, including acquisition costs allocated to tangible assets acquired. Construction costs, labor and applicable overhead related to installations, and interest during construction are capitalized. During the nine-month period ended September 30, 1998 and for the years ended December 31, 1997 and 1996, interest capitalized was not significant.

Depreciation is computed on a straight-line basis using estimated useful lives of 3 to 15 years for distribution systems and 3 to 40 years for support equipment and buildings.

Repairs and maintenance are charged to operations, and renewals and additions are capitalized. At the time of ordinary retirements, sales or other dispositions of property, the original cost and cost of removal of such property are charged to accumulated depreciation, and salvage, if any, is credited thereto. Gains or losses are only recognized in connection with the sales of properties in their entirety.

Franchise Costs

Franchise costs include the difference between the cost of acquiring cable television systems and amounts assigned to their tangible assets. Such amounts are generally amortized on a straight-line basis over 40 years. Costs incurred by the TCI Falcon Systems in negotiating and renewing franchise agreements are amortized on a straight-line basis over the life of the franchise, generally 10 to 20 years.

Impairment of Long-Lived Assets

Management periodically reviews the carrying amounts of property, plant and equipment and its intangible assets to determine whether current events or circumstances warrant adjustments to such carrying amounts. If an impairment adjustment is deemed necessary based on an analysis of undiscounted cash flows, such loss is measured by the amount that the carrying value of such assets exceeds their fair value. Considerable management judgment is necessary to estimate the fair value of assets, accordingly, actual results could vary significantly from such estimates. Assets to be disposed of are carried at the lower of their financial statement carrying amount or fair value less costs to sell.

Revenue Recognition

Cable revenue for customer fees, equipment rental, advertising, and pay-per-view programming is recognized in the period that services are delivered. Installation revenue is recognized in the period the installation services are provided to the extent of direct selling costs. Any remaining amount is deferred and recognized over the estimated average period that customers are expected to remain connected to the cable television system.

Combined Statements of Cash Flows

Transactions effected through the intercompany account with TCI (except for the acquisition and dividend discussed in notes 2 and 5, respectively) have been considered constructive cash receipts and payments for purposes of the combined statements of cash flows.

TCI FALCON SYSTEMS
(A COMBINATION OF CERTAIN ASSETS, AS DEFINED IN NOTE 1)

NOTES TO COMBINED FINANCIAL STATEMENTS -- (CONTINUED)

Estimates

The preparation of combined financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the combined financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain prior year amounts have been reclassified for comparability with the 1998 presentation.

(4) INCOME TAXES

The TCI Falcon Systems were included in the consolidated federal income tax return of TCI. Income tax expense for the TCI Falcon Systems is based on those items in the consolidated calculation applicable to the TCI Falcon Systems. Intercompany tax allocation represents an apportionment of tax expense or benefit (other than deferred taxes) among subsidiaries of TCI in relation to their respective amounts of taxable earnings or losses. The payable or receivable arising from the intercompany tax allocation is recorded as an increase or decrease in amounts due to TCI. Deferred income taxes are based on the book and tax basis differences of the assets and liabilities within the TCI Falcon Systems. The income tax amounts included in the accompanying combined financial statements approximate the amounts that would have been reported if the TCI Falcon Systems had filed a separate income tax return.

Income tax expense for the nine-month period ended September 30, 1998 and for the years ended December 31, 1997 and 1996 consists of:

	CURRENT	DEFERRED	TOTAL
	(AMOUNTS IN THOUSANDS)		
Nine-month period ended September 30, 1998:			
Intercompany allocation	$(1,825)	$ --	$(1,825)
Federal	--	(2,778)	(2,778)
State and local	--	(625)	(625)
	$(1,825)	$(3,403)	$(5,228)
Year ended December 31, 1997:			
Intercompany allocation	$(1,487)	$ --	$(1,487)
Federal	--	(5,862)	(5,862)
State and local	(140)	(1,319)	(1,459)
	$(1,627)	$(7,181)	$(8,808)
Year ended December 31, 1996:			
Intercompany allocation	$(1,620)	$ --	$(1,620)
Federal	--	(4,032)	(4,032)
State and local	(86)	(501)	(587)
	$(1,706)	$(4,533)	$(6,239)

TCI FALCON SYSTEMS
(A COMBINATION OF CERTAIN ASSETS, AS DEFINED IN NOTE 1)

NOTES TO COMBINED FINANCIAL STATEMENTS -- (CONTINUED)

Income tax expense differs from the amounts computed by applying the federal income tax rate of 35% as a result of the following:

	JANUARY 1, 1998 THROUGH SEPTEMBER 30, 1998	YEARS ENDED DECEMBER 31, 1997	1996
	(AMOUNTS IN THOUSANDS)		
Computed "expected" tax expense	$(4,607)	$(7,476)	$(5,658)
Amortization not deductible for tax purposes	(198)	(265)	(178)
State and local income taxes, net of federal income tax benefit	(406)	(948)	(382)
Other	(17)	(119)	(21)
	$(5,228)	$(8,808)	$(6,239)

The tax effects of temporary differences that give rise to significant portions of the deferred tax asset and deferred tax liabilities at September 30, 1998 and December 31, 1997 are presented below:

	SEPTEMBER 30, 1998	DECEMBER 31, 1997
	(AMOUNTS IN THOUSANDS)	
Deferred tax asset -- principally due to non-deductible accruals	$ 146	$ 128
Deferred tax liabilities:		
Property and equipment, principally due to differences in depreciation	24,246	20,985
Franchise costs, principally due to differences in amortization and initial basis	100,486	100,326
Total gross deferred tax liabilities	124,732	121,311
Net deferred tax liability	$124,586	$121,183

(5) PARENT'S INVESTMENT

Parent's investment in the TCI Falcon Systems at September 30, 1998 and December 31, 1997 is summarized as follows:

	SEPTEMBER 30, 1998	DECEMBER 31, 1997
	(AMOUNTS IN THOUSANDS)	
Due to TCI	$ 642,228	$224,668
Retained earnings (deficit)	(347,926)	73,878
	$ 294,302	$298,546

The amount due to TCI represents advances for operations, acquisitions and construction costs, as well as, the amounts owed as a result of the allocation of certain costs from TCI. TCI charges intercompany interest expense at variable rates to cable systems within the TCI Falcon Systems based upon amounts due to TCI from the cable systems. Such amounts are due on demand.

TCI FALCON SYSTEMS
(A COMBINATION OF CERTAIN ASSETS, AS DEFINED IN NOTE 1)

NOTES TO COMBINED FINANCIAL STATEMENTS -- (CONTINUED)

On August 15, 1998, TCI caused the TCI Falcon Systems to effect distributions from the TCI Falcon Systems to TCI aggregating $429,739,000 (the "Dividend"). The Dividend resulted in a non-cash increase to the intercompany amounts owed to TCI and a corresponding non-cash decrease to retained earnings.

As a result of TCI's ownership of 100% of the TCI Falcon Systems prior to the Contribution, the amounts due to TCI have been classified as a component of parent's investment in the accompanying combined financial statements.

The TCI Falcon Systems purchase, at TCI's cost, substantially all of their pay television and other programming from affiliates of TCI. Charges for such programming were $21,479,000, $25,500,000 and $20,248,000 for the nine months ended September 30, 1998 and the years ended December 31, 1997 and 1996, respectively, and are included in operating expenses in the accompanying combined financial statements.

Certain subsidiaries of TCI provide administrative services to the TCI Falcon Systems and have assumed managerial responsibility of the TCI Falcon Systems' cable television system operations and construction. As compensation for these services, the TCI Falcon Systems pay a monthly fee calculated on a per-customer basis.

The intercompany advances and expense allocation activity in amounts due to TCI consists of the following:

	JANUARY 1, 1998 THROUGH SEPTEMBER 30, 1998	YEARS ENDED DECEMBER 31, 1997	1996
	(AMOUNTS IN THOUSANDS)		
Beginning of period	$224,668	$258,193	$211,351
Transfer of cable system acquisition purchase price	7,023	--	68,240
Programming charges	21,479	25,500	20,248
Administrative fees	2,853	5,034	5,768
Intercompany interest expense	4,343	5,832	4,701
Tax allocations	1,825	1,487	1,620
Distribution to TCI	429,739	--	--
Cash transfer	(49,702)	(71,378)	(53,735)
End of period	$642,228	$224,668	$258,193

(6) COMMITMENTS AND CONTINGENCIES

The Cable Television Consumer Protection and Competition Act of 1992 (the "1992 Cable Act") imposed certain rate regulations on the cable television industry. Under the 1992 Cable Act, all cable systems are subject to rate regulation, unless they face "effective competition," as defined by the 1992 Cable Act and expanded in the Telecommunications Act of 1996 (the "1996 Act"), in their local franchise area.

Although the Federal Communications Commission (the "FCC") has established regulations required by the 1992 Cable Act, local government units (commonly referred to as local franchising authorities) are primarily responsible for administering the regulation of a cable system's basic service tier ("BST"). The FCC itself directly administered rate regulation of any cable programming service tier ("CPST"). The FCC's authority to regulate CPST rates expired on March 31, 1999. The FCC has taken the position that it will still adjudicate CPST complaints filed after this sunset date (but no later than 180 days after the last CPST rate increase imposed prior to March 31, 1999), and will strictly limit its review (and possible refund orders) to the time period predating the sunset date.

Under the FCC's rate regulations, most cable systems were required to reduce their BST and CPST rates in 1993 and 1994, and have since had their rate increases governed by a complicated price structure that allows for the recovery of inflation and certain increased costs, as well as providing some incentive for expanding channel carriage. Operators also have the opportunity to bypass this "benchmark" regulatory structure in favor of the traditional "cost-of-service" regulation in cases where the latter methodology appears favorable. Premium cable services offered on a per-channel or per-program basis remain unregulated, as do affirmatively marketed packages consisting entirely of new programming product.

The management of the TCI Falcon Systems believes that it has complied in all material respects with the provisions of the 1992 Cable Act and the 1996 Act, including its rate setting provisions. If, as a result of the review process, a system cannot substantiate its rates, it could be required to retroactively reduce its rates to the appropriate benchmark and refund the excess portion of rates received. Any refunds of the excess portion of CPST rates would be retroactive to the date of complaint. Any refunds of the excess portion of BST or equipment rates would be retroactive to one year prior to the implementation of the rate reductions.

Certain plaintiffs have filed or threatened separate class action complaints against certain of the systems of TCI Falcon Systems, alleging that the systems' practice of assessing an administrative fee to customers whose payments are delinquent constitutes an invalid liquidated damage provision, a breach of contract, and violates local consumer protection statutes. Plaintiffs seek recovery of all late fees paid to the subject systems as a class purporting to consist of all customers who were assessed such fees during the applicable limitation period, plus attorney fees and costs.

The TCI Falcon Systems have contingent liabilities related to legal proceedings and other matters arising in the ordinary course of business. Although it is possible the TCI Falcon Systems may incur losses upon conclusion of the matters referred to above, an estimate of any loss or range of loss cannot presently be made. Based upon the facts available, management believes that, although no assurance can be given as to the outcome of these actions, the ultimate disposition should not have a material adverse effect upon the combined financial condition of the TCI Falcon Systems.

The TCI Falcon Systems lease business offices, have entered into pole rental agreements and use certain equipment under lease arrangements. Rental expense under such arrangements amounted to $1,268,000, $1,868,000 and $1,370,000 for the nine-month period ended September 30, 1998, and the years ended December 31, 1997 and 1996, respectively.

TCI FALCON SYSTEMS
(A COMBINATION OF CERTAIN ASSETS, AS DEFINED IN NOTE 1)

NOTES TO COMBINED FINANCIAL STATEMENTS -- (CONTINUED)

Future minimum lease payments under noncancellable operating leases for each of the next five years are summarized as follows (amounts in thousands):

YEARS ENDING SEPTEMBER 30,	
1999	$ 762
2000	667
2001	533
2002	469
2003	414
Thereafter	2,768
	$5,613

TCI formed a year 2000 Program Management Office (the "PMO") to organize and manage its year 2000 remediation efforts. The PMO is responsible for overseeing, coordinating and reporting on TCI's year 2000 remediation efforts, including the year 2000 remediation efforts of the TCI Falcon Systems prior to the Contribution. Subsequent to the date of the Contribution, the year 2000 remediation efforts of the TCI Falcon Systems are no longer the responsibility of TCI or the PMO.

The failure to correct a material year 2000 problem could result in an interruption or failure of certain important business operations. There can be no assurance that the TCI Falcon Systems or the systems of other companies on which the TCI Falcon Systems relies will be converted in time or that any such failure to convert by the TCI Falcon Systems or other companies will not have a material adverse effect on its financial position, results of operations or cash flows.

REPORT OF INDEPENDENT AUDITORS

The Management Committee
TWFanch-one Co. and TWFanch-two Co.

We have audited the accompanying combined balance sheets of Fanch Cable Systems (comprised of components of TWFanch-one Co. and TWFanch-two Co.), as of December 31, 1998 and 1997, and the related combined statements of operations, net assets and cash flows for the years then ended. These financial statements are the responsibility of Fanch Cable System's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined financial position of Fanch Cable Systems at December 31, 1998 and 1997, and the combined results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

/s/ ERNST & YOUNG LLP
Denver, Colorado

March 11, 1999
except for Notes 1 and 8, as to which the dates are
May 12, 1999 and June 22, 1999, respectively

FANCH CABLE SYSTEMS
(COMPRISED OF COMPONENTS OF TWFANCH-ONE CO. AND TWFANCH-TWO CO.)

COMBINED BALANCE SHEETS

	DECEMBER 31	
	1998	1997
ASSETS		
Current assets:		
Cash and cash equivalents	$ --	$ --
Accounts receivable, less allowance for doubtful accounts of $406,230 and $412,119 in 1998 and 1997, respectively	2,681,911	2,573,619
Prepaid expenses and other current assets	1,546,251	790,034
Total current assets	4,228,162	3,363,653
Property, plant and equipment:		
Transmission and distribution systems and related equipment	170,156,150	141,800,640
Furniture and equipment	7,308,581	5,553,886
	177,464,731	147,354,526
Less accumulated depreciation	(34,878,712)	(19,011,830)
Net property, plant and equipment	142,586,019	128,342,696
Goodwill, net of accumulated amortization of $63,029,579 and $46,771,501, in 1998 and 1997, respectively	266,776,690	282,543,281
Subscriber lists, net of accumulated amortization of $15,023,945 and $8,900,365, in 1998 and 1997, respectively	17,615,055	23,738,635
Other intangible assets, net of accumulated amortization of $2,723,918 and $1,586,203, in 1998 and 1997, respectively	2,717,486	4,237,237
Other assets	1,050,815	50,315
Total assets	$434,974,227	$442,275,817
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and other accrued liabilities	$ 11,755,752	$ 9,685,993
Subscriber advances and deposits	1,797,068	1,987,336
Payable to general partner	2,576,625	1,895,456
Total current liabilities	16,129,445	13,568,785
Net assets	418,844,782	428,707,032
Total liabilities and net assets	$434,974,227	$442,275,817

See accompanying notes.

FANCH CABLE SYSTEMS
(COMPRISED OF COMPONENTS OF TWFANCH-ONE CO. AND TWFANCH-TWO CO.)

COMBINED STATEMENTS OF OPERATIONS

	YEAR ENDED DECEMBER 31	
	1998	1997
Revenues:		
Service	$107,881,831	$102,455,766
Installation and other	16,672,813	15,079,103
	124,554,644	117,534,869
Operating expenses, excluding depreciation and amortization	36,927,860	35,609,829
Selling, general and administrative expenses	18,296,290	19,496,885
	55,224,150	55,106,714
Income before other expenses	69,330,494	62,428,155
Other expenses:		
Depreciation and amortization	40,918,647	58,089,015
Management fees	3,170,784	3,012,943
Loss on disposal of assets	6,246,237	2,746,920
Other expense, net	181,185	128,554
	50,516,853	63,977,432
Net income (loss)	$ 18,813,641	$ (1,549,277)

See accompanying notes.

FANCH CABLE SYSTEMS
(COMPRISED OF COMPONENTS OF TWFANCH-ONE CO. AND TWFANCH-TWO CO.)

COMBINED STATEMENTS OF NET ASSETS
YEARS ENDED DECEMBER 31, 1998 AND 1997

	TOTAL
Net assets at December 31, 1996	$471,180,470
Net loss	(1,549,277)
Net distributions to partners	(40,924,161)
Net assets at December 31, 1997	428,707,032
Net income	18,813,641
Net distributions to partners	(28,675,891)
Net assets at December 31, 1998	$418,844,782

See accompanying notes.

FANCH CABLE SYSTEMS
(COMPRISED OF COMPONENTS OF TWFANCH-ONE CO. AND TWFANCH-TWO CO.)

COMBINED STATEMENTS OF CASH FLOWS

	YEAR ENDED DECEMBER 31	
	1998	1997
OPERATING ACTIVITIES		
Net income (loss)	$ 18,813,641	$ (1,549,277)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	40,918,647	58,089,015
Loss on disposal of assets	6,246,237	2,746,920
Decrease (increase) in accounts receivable, prepaid expenses and other current assets	(864,509)	1,754,581
(Decrease) increase in accounts payable and other accrued liabilities and subscriber advances and deposits	2,560,660	(3,214,781)
Net cash provided by operating activities	67,674,676	57,826,458
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	(38,114,463)	(16,863,419)
Additions to intangible assets	(1,109,951)	(466,470)
Proceeds from the disposal of assets	225,629	427,592
Net cash used in investing activities	(38,998,785)	(16,902,297)
FINANCING ACTIVITIES		
Net distributions to partners	(28,675,891)	(40,924,161)
Net cash used in financing activities	(28,675,891)	(40,924,161)
Net change in cash and cash equivalents	--	--
Cash and cash equivalents at beginning of year	--	--
Cash and cash equivalents at end of year	$ --	$ --

See accompanying notes.

FANCH CABLE SYSTEMS
(COMPRISED OF COMPONENTS OF TWFANCH-ONE CO. AND TWFANCH-TWO CO.)

NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 1998

1. BASIS OF PRESENTATION

ACQUISITION BY CHARTER COMMUNICATIONS, INC. AND BASIS OF PRESENTATION

TWFanch-one Co. and TWFanch-two Co. (collectively the "Partnerships"), both of which are Delaware general partnerships, are affiliated through common control and management. Pursuant to a purchase agreement, dated May 12, 1999 between certain partners of TWFanch-one Co. and TWFanch-two Co. and Charter Communications, Inc. ("Charter"), the partners of the Partnerships entered into a distribution agreement whereby the Partnerships will distribute and/or sell certain of their cable systems ("Combined Systems") to certain of their respective partners. These partners will then sell the Combined Systems through a combination of asset sales and the sale of equity and partnership interests to Charter. The Combined Systems may have some liabilities related to refunds of programming launch credits that are due at the date of the acquisition by Charter. The refund of these credits is contingent upon the acquisition by Charter occurring and the amount will vary based upon the actual sale date.

Accordingly, these combined financial statements of the Combined Systems reflect the "carved out" historical financial position, results of operations, cash flows and changes in net assets of the operations of the Combined Systems as if they had been operating as a separate company. For purposes of determining the financial statement amounts of the Combined Systems, management excluded certain systems (the "Excluded Systems). In order to exclude the results of operations and financial position of the Excluded Systems from the combined financial statements, management has estimated certain revenues, expenses, assets and liabilities that are not specifically identified to systems based on the ratio of each Excluded System's basic subscribers to the total basic subscribers served by the respective partnerships. Management believes the basis used for these allocations is reasonable. The Combined Systems' results of operations are not necessarily indicative of future operating results or the results that would have occurred if the Combined Systems were a separate legal entity.

DESCRIPTION OF BUSINESS

The Combined Systems, operating in various states throughout the United States, are principally engaged in operating cable television systems and related activities under non-exclusive franchise agreements.

PRINCIPLES OF COMBINATION

The accompanying combined financial statements include the accounts of the Combined Systems, as if the Combined Systems were a single company. All material intercompany balances and transactions have been eliminated.

CASH, INTERCOMPANY ACCOUNTS AND DEBT

Under the Partnerships' centralized cash management system, the cash requirements of its individual operating units were generally provided directly by the Partnerships and the cash generated or used by the Combined Systems was transferred to/from the Partnerships, as appropriate, through the use of intercompany accounts. The resulting intercompany account balances between the Partnerships and the Combined Systems are not intended to be settled. Accordingly, the balances are excluded or included in net assets and all the net cash generated from/(used in) operations, investing activities and financing activities has been included in the Combined Systems' net distributions to partners in the combined statements of cash flows. The Partnerships maintain external debt to fund and manage operations on a centralized basis. Debt, unamortized loan costs and interest expense of the Partnerships have not been allocated to the

FANCH CABLE SYSTEMS
(COMPRISED OF COMPONENTS OF TWFANCH-ONE CO. AND TWFANCH-TWO CO.)

NOTES TO COMBINED FINANCIAL STATEMENTS -- (CONTINUED)

Combined Systems. As such, the debt, unamortized loan costs, and related interest are not representative of the debt that would be required or interest expense incurred if the Combined Systems were a separate legal entity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PROPERTY, PLANT AND EQUIPMENT

The Combined Systems record additions to property, plant and equipment at cost, which in the case of assets constructed includes amounts for material, labor and overhead. Maintenance and repairs are charged to expense as incurred.

For financial reporting purposes, the Combined Systems use the straight-line method of depreciation over the estimated useful lives of the assets as follows:

Transmission and distribution systems and related equipment...	3 to 20 years
Furniture and equipment..................................	4 to 8 1/2 years

INCOME TAXES

The Partnerships as entities pay no income taxes, except for an immaterial amount in Michigan. No provision or benefit for income taxes is reported by any of the Combined Systems because the Combined Systems are currently owned by various partnerships and, as such, the tax effects of the Combined Systems' results of operations accrue to the partners.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and disclosures made in the accompanying notes to the financial statements. Actual results could differ from those estimates.

REVENUE RECOGNITION

The Combined Systems recognize revenue when services have been delivered. Launch support fees collected from programmers are deferred and recognized over the term of the contract. Installation revenues are recognized to the extent of direct selling costs incurred. The remainder, if any is deferred and amortized to income over the estimated average period that customers are expected to remain connected to the cable television system. As of December 31, 1998 and 1997, no installation revenue has been deferred, as direct selling costs have exceeded installation revenue.

INTANGIBLES

Intangibles are recorded at cost and are amortized on a straight-line basis over their estimated useful lives. The estimated useful lives are as follows:

	LIVES
Goodwill..	20 years (10 in 1997)
Subscriber list..................................	5 years
Other, including franchise costs..................	4 -- 10 years

The estimated useful life of goodwill was changed from 10 years in 1997 to 20 years effective January 1, 1998 to better match the amortization period to anticipated economic lives of the franchises and to better reflect industry practice. This change in estimate resulted in an increase in net income of approximately $20 million for the year ended December 31, 1998.

FANCH CABLE SYSTEMS
(COMPRISED OF COMPONENTS OF TWFANCH-ONE CO. AND TWFANCH-TWO CO.)

NOTES TO COMBINED FINANCIAL STATEMENTS -- (CONTINUED)

Amortization expense was $23,519,373 and $43,094,595 for the years ended December 31, 1998 and 1997, respectively.

3. DISPOSAL OF ASSETS

During 1998 and 1997, a loss on disposal of assets was recognized on plant that was replaced to technically upgrade the system and for other operational purposes. The loss on the disposal of assets is summarized as follows:

	1998	1997
Cost	$ 8,004,258	$3,467,785
Accumulated depreciation	(1,532,392)	(293,273)
Proceeds	(225,629)	(427,592)
Loss on disposal	$ 6,246,237	$2,746,920

4. PURCHASE AND SALE OF SYSTEMS

On March 30, 1997, the Combined Systems acquired cable television systems, including plant, franchise license and business license, serving communities in the states of Pennsylvania and Virginia. The purchase price was $1,400,000, of which $765,000 was allocated to property, plant and equipment and $635,000 was allocated to intangible assets.

Concurrent with the purchase of the systems in Pennsylvania on March 30, 1997, the Combined Systems sold certain of these assets, including plant, franchise and business license, for $340,000. No gain or loss on this transaction was recorded.

The above acquisition was accounted for using the purchase method of accounting, and accordingly, results of operations of the acquired assets have been included in the financial statements from the dates of acquisition.

5. RELATED PARTIES

The Partnerships have entered into a management agreement with an entity (the "Manager") whose sole stockholder is affiliated with several of the Partnerships' general partners. The Partnerships also entered into a management agreement with another of the Partnerships' general partners (the "General Partner"). The agreements provide that the Manager and General Partner will manage their respective systems and receive annual compensation equal to 2.5% of the gross revenues from operations for their respective systems. Management fees for the years ended December 31, 1998 and 1997 were $3,170,784 and $3,012,943, respectively.

A company affiliated with the Manager provides subscriber billing services for a portion of the Combined Systems' subscribers. The Combined Systems incurred fees for monthly billing and related services in the approximate amounts of $308,943 and $307,368 for the years ended December 31, 1998 and 1997, respectively.

The Combined Systems purchase the majority of its programming through the Partnerships' General Partner. Fees incurred for programming were approximately $24,600,000 and $22,200,000 for the years ended December 31, 1998 and 1997, respectively.

FANCH CABLE SYSTEMS
(COMPRISED OF COMPONENTS OF TWFANCH-ONE CO. AND TWFANCH-TWO CO.)

NOTES TO COMBINED FINANCIAL STATEMENTS -- (CONTINUED)

The Manager and General Partner pay amounts on behalf of and receive amounts from the Combined Systems in the ordinary course of business. Accounts receivable and payable of the Combined Systems include amounts due from and due to the Manager and General Partner.

6. COMMITMENTS

The Combined Systems, as an integral part of its cable operations, has entered into lease contracts for certain items including tower rental, microwave service and office space. Rent expense, including office, tower and pole rent, for the years ended December 31, 1998 and 1997 was approximately $2,326,328 and $2,154,961, respectively. The majority of these agreements are on month-to-month arrangements and, accordingly, the Combined Systems has no material future minimum commitments related to these leases.

7. EMPLOYEE BENEFIT PLAN

TWFanch-one Co. and TWFanch-two Co. each have a defined contribution plan (the Plan) which qualifies under section 401(k) of the Internal Revenue Code. Therefore, each system of the Combined Systems participates in the respective plan. Combined Systems contributions were approximately $342,067 and $288,493 for the years ended December 31, 1998 and 1997, respectively.

8. SUBSEQUENT EVENTS

On July 8, 1998, the Combined Systems entered into an Asset Purchase Agreement to acquire cable television systems, including plant, franchise license and business license, serving communities in the states of Maryland, Ohio and West Virginia. The purchase price was $248,000,000, subject to purchase price adjustments. The transaction was completed and the assets were transferred to the Combined Systems on February 24, 1999.

On June 12, 1998, the Combined Systems entered into an agreement to acquire cable television systems, including plant, franchise licenses, and business licenses serving communities in the state of Michigan. The purchase price was $42,000,000, subject to purchase price adjustments. In connection with the agreement, the Combined Systems received an additional $8.76 million in capital contributions. The agreement was completed and the assets were transferred to the Combined Systems on February 1, 1999.

On January 15, 1999 the Combined Systems entered into an agreement to acquire cable television systems, including plant, franchise licenses, and business licenses serving communities in the state of Michigan from a related party. The purchase price was $70 million, subject to purchase price adjustments. The agreement was completed and the assets were transferred to the Combined Systems on March 31, 1999. In connection with the agreement, the Combined Systems received an additional $25 million in capital contributions under a new TWFanch-two partnership agreement.

On May 12, 1999, the Combined Systems entered into an agreement to acquire the stock of ARH, Ltd. ARH, Ltd. is engaged in the business of owning and operating cable television systems in Texas and West Virginia. The purchase price was $50,000,000 subject to purchase price adjustments. The transaction was completed and the assets were transferred to the Combined Systems on June 22, 1999.

FANCH CABLE SYSTEMS
(COMPRISED OF COMPONENTS OF TWFANCH-ONE CO. AND TWFANCH-TWO CO.)

NOTES TO COMBINED FINANCIAL STATEMENTS -- (CONTINUED)

Unaudited pro forma operating results as though the acquisitions discussed above had occurred on January 1, 1998, with adjustments to give effect to amortization of franchises and certain other adjustments for the year ended December 31, 1998 is as follows:

Revenues	$197,803,975
Income from operations	$107,053,905
Net income	$ 32,130,293

The unaudited pro forma information has been presented for comparative purposes and does not purport to be indicative of the results of operations had these transactions been complete as of the assumed date or which may be obtained in the future.

9. YEAR 2000 (UNAUDITED)

The Year 2000 issue is the result of computer programs being written using two digits rather than four to define the applicable year. Any of the Combined Systems' computer programs or hardware that have date-sensitive software or embedded chips may recognize a date using "00" as the year 1900 rather than the year 2000. This could result in a system failure or miscalculations causing disruptions of operations, including, among other things, a temporary inability to process transactions, send invoices, or engage in similar normal business activities.

Based on recent assessments, the Combined Systems determined that it will be required to modify or replace portions of its software and certain hardware so that those systems will properly utilize dates beyond December 31, 1999. The Combined Systems presently believe that with modifications or replacements of existing software and certain hardware, the Year 2000 issue can be mitigated. However, if such modifications and replacements are not made, or are not completed timely, the Year 2000 issue could have a material impact on the operations of the Combined Systems. The Combined Systems believe any cost for the necessary modification or replacement will not be material to the Combined Systems' operations.

The Combined Systems have queried its significant suppliers and subcontractors that do not share information systems with the Combined Systems (external agents). To date, the Combined Systems are aware of external agents with Year 2000 issues that would materially impact the Combined Systems' results of operations, liquidity or capital resources, if these issues are not addressed. Such agents have represented that they are in the process of addressing these issues and expect to have these issues materially resolved by December 31, 1999. However, the Combined Systems have no means of ensuring that external agents will be Year 2000 ready. The inability of external agents to complete their Year 2000 resolution process in a timely fashion could materially impact the Combined Systems. The effect of noncompliance by external agents is not determinable.

Management of the Combined Systems believes it has an effective program in place to resolve material Year 2000 issues in a timely manner. The Combined Systems have contingency plans for certain critical applications and are working on such plans for others.

FANCH CABLE SYSTEMS
(COMPRISED OF COMPONENTS OF TWFANCH-ONE CO. AND TWFANCH-TWO CO.)

COMBINED BALANCE SHEETS

	JUNE 30 1999 (UNAUDITED)	DECEMBER 31 1998
ASSETS		
Current assets:	$ --	$ --
Accounts receivable, less allowance for doubtful accounts of $637,290 and $406,230 in 1999 and 1998, respectively	2,336,387	2,681,911
Prepaid expenses and other current assets	1,145,297	1,546,251
Total current assets	3,481,684	4,228,162
Property, plant and equipment:		
Transmission and distribution systems and related equipment	262,358,553	170,156,150
Furniture and equipment	10,576,311	7,308,581
	272,934,864	177,464,731
Less accumulated depreciation	(47,798,021)	(34,878,712)
Net property, plant and equipment	225,136,843	142,586,019
Intangible assets, net of accumulated amortization of $97,736,092 and $80,777,442 in 1999 and 1998, respectively	604,605,789	287,109,231
Other assets	40,310	1,050,815
Total assets	$833,264,626	$434,974,227
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and other accrued liabilities	$ 21,622,379	$ 11,755,752
Subscriber advances and deposits	2,501,429	1,797,068
Payable to general partner	--	2,576,625
Total current liabilities	24,123,808	16,129,445
Net assets	809,140,818	418,844,782
Total liabilities and net assets	$833,264,626	$434,974,227

See accompanying notes.

FANCH CABLE SYSTEMS
(COMPRISED OF COMPONENTS OF TWFANCH-ONE CO. AND TWFANCH-TWO CO.)

COMBINED STATEMENTS OF OPERATIONS

	SIX MONTHS ENDED JUNE 30	
	1999	1998
	(UNAUDITED)	
Revenues:		
Service	$80,422,935	$56,149,864
Installation and other	9,934,295	5,666,114
	90,357,230	61,815,978
Operating expenses, excluding depreciation and amortization	28,064,816	18,007,042
Selling, general and administrative expenses	12,373,069	9,186,774
	40,437,885	27,193,816
Income before other expenses	49,919,345	34,622,162
Other expenses:		
Depreciation and amortization	29,877,959	20,086,252
Management fees	2,215,696	1,545,212
(Gain)/loss on disposal of assets	(59,354)	(4,001)
Other expense, net	(43,754)	142,859
	31,990,547	21,770,322
Net income	$17,928,798	$12,851,840

See accompanying notes.

FANCH CABLE SYSTEMS
(COMPRISED OF COMPONENTS OF TWFANCH-ONE CO. AND TWFANCH-TWO CO.)

COMBINED STATEMENTS OF NET ASSETS
SIX MONTHS ENDED JUNE 30, 1999 AND 1998
(UNAUDITED)

	TOTAL
Net assets at December 31, 1997	$428,707,032
Net income for the six months ended June 30, 1998	12,851,840
Net distributions to partners	(7,481,713)
Net assets at June 30, 1998	$434,077,159
Net assets at December 31, 1998	$418,844,782
Net income for the six months ended June 30, 1999	17,928,798
Contributions from partners, net of distributions	372,367,238
Net assets at June 30, 1999	$809,140,818

See accompanying notes.

FANCH CABLE SYSTEMS
(COMPRISED OF COMPONENTS OF TWFANCH-ONE CO. AND TWFANCH-TWO CO.)

COMBINED STATEMENTS OF CASH FLOWS

	SIX MONTHS ENDED JUNE 30	
	1999	1998
	(UNAUDITED)	
OPERATING ACTIVITIES		
Net income	$ 17,928,798	$ 12,851,840
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	29,877,959	20,086,252
Loss/(gain) on disposal of assets	(59,354)	(4,001)
Decrease/(Increase) in accounts receivable, prepaid expenses and other current assets	1,756,983	(1,978,090)
Increase (decrease) in accounts payable and other accrued liabilities, and subscriber advances and deposits and deferred revenue	7,994,363	(3,093,260)
Net cash provided by operating activities	57,498,749	27,862,741
INVESTING ACTIVITIES		
Acquisition of cable systems	(410,655,208)	
Purchases of property, plant and equipment	(19,210,779)	(20,381,028)
Net cash used in investing activities	(429,865,987)	(20,381,028)
FINANCING ACTIVITIES		
Net contributions from (distribution to) partners	372,367,238	(7,481,713)
Net cash (used in) provided by financing activities	372,367,238	(7,481,713)
Net change in cash and cash equivalents	--	--
Cash and cash equivalents at beginning of year	--	--
Cash and cash equivalents at end of year	$ --	$ --

See accompanying notes.

FANCH CABLE SYSTEMS
(COMPRISED OF COMPONENTS OF TWFANCH-ONE CO. AND TWFANCH-TWO CO.)

NOTES TO COMBINED FINANCIAL STATEMENTS
(UNAUDITED)
JUNE 30, 1999

1. BASIS OF PRESENTATION

ACQUISITION BY CHARTER COMMUNICATIONS, INC. AND BASIS OF PRESENTATION

TWFanch-one Co. and TWFanch-two Co. (collectively the "Partnerships"), both of which are Delaware general partnerships, are affiliated through common control and management. Pursuant to a purchase agreement, dated May 21, 1999 between certain partners of TWFanch-one Co. and TWFanch-two Co. and Charter Communications, Inc. ("Charter"), the partners of the Partnership entered into a distribution agreement whereby the partnerships will distribute and/or sell certain of their cable systems ("Combined Systems") to certain of their respective partners. These partners will then sell the Combined Systems through a combination of asset sales and sale of equity and partnership interests to Charter.

Accordingly, these combined financial statements of the Combined Systems reflect "carved out" historical financial position, results of operations, cash flows and changes in net assets of the operations of the Combined Systems as if they had been operating as a separate company. For purposes of determining the financial statement amounts of the Combined Systems, management excluded certain systems (the "Excluded Systems"). In order to exclude the results of operations and financial position of the Excluded Systems from the combined financial statements, management has estimated certain revenues, expenses, assets and liabilities that are not specifically identified to systems based on the ratio of each Excluded System's basic subscribers to the total basic subscribers served by the respective partnerships. Management believes the basis used for these allocations is reasonable. The Combined Systems' results of operations are not necessarily indicative of future operating results or the results that would have occurred if the Combined Systems were a separate legal entity.

The accompanying combined financial statements as of and for the periods ended June 30, 1999 and 1998 are unaudited. However, in the opinion of management, the financial statements reflect all adjustments, consisting of normal recurring adjustments, necessary for fair presentation in accordance with generally accepted accounting principles applicable to interim periods. Interim results of operations are not indicative of results for the full year. The accompanying financial statements should be read in conjunction with the audited combined financial statements of Fanch Cable Systems (comprised of components of TWFanch-one Co. and TWFanch-two Co.).

DESCRIPTION OF BUSINESS

The Combined Systems, operating in various states throughout the United States, are principally engaged in operating cable television systems and related activities under non-exclusive franchise agreements.

PRINCIPLES OF COMBINATION

The accompanying combined financial statements include the accounts of the Combined Systems, as if the Combined Systems were a single company. All material intercompany balances and transactions have been eliminated.

CASH, INTERCOMPANY ACCOUNTS AND DEBT

Under the Partnerships' centralized cash management system, cash requirements of its individual operating units were generally provided directly by the Partnerships and the cash

FANCH CABLE SYSTEMS
(COMPRISED OF COMPONENTS OF TWFANCH-ONE CO. AND TWFANCH-TWO CO.)

NOTES TO COMBINED FINANCIAL STATEMENTS -- (CONTINUED)

generated or used by the Combined Systems was transferred to/from the Partnerships, as appropriate, through the intercompany accounts. The intercompany account balances between the Partnerships and the Combined Systems are not intended to be settled. Accordingly, the balances are excluded/included in net assets and all the cash generated from operations, investing activities and financing activities have been included in the Combined Systems' net distributions from/to partners in the combined statements of cash flows. The Partnerships maintain all external debt to fund and manage operations on a centralized basis. Debt, unamortized loan costs and interest expense of the Partnerships have not been allocated to the Combined Systems. As such debt, unamortized loan costs, and related interest expense are not representative of the debt that would be required or interest expense incurred if the Combined Systems were a separate legal entity.

2. ACQUISITIONS

On May 12, 1999, the Combined Systems entered into an agreement to acquire the stock of ARH, Ltd. ARH, Ltd. is engaged in the business of owning and operating cable television systems in Texas and West Virginia. The purchase price was $50 million subject to purchase price adjustments. The transaction was completed and the assets were transferred to the Combined Systems on June 22, 1999.

On June 12, 1998, the Combined Systems entered into an agreement to acquire cable television systems, including plant, franchise license, and business license serving communities in the state of Michigan. The purchase price was $42 million subject to purchase price adjustments. In connection with the agreement, the Combined Systems received an additional $8.76 million in capital contributions. The agreement was completed and the assets were transferred to the Combined Systems on February 1, 1999.

On July 8, 1998, the Combined Systems entered into an Asset Purchase Agreement to acquire cable television systems, including plant, franchise license and business license, serving communities in the states of Maryland, Ohio and West Virginia. The purchase price was $248 million subject to purchase price adjustments. The transaction was completed and the assets were transferred to the Combined Systems on February 24, 1999.

On January 15, 1999 the Combined Systems entered into an agreement to acquire cable television systems, including plant, franchise license, and business license serving communities in the state of Michigan from a related party. The purchase price was $70 million, subject to purchase price adjustments. The agreement was completed and the assets were transferred to the Combined Systems on March 31, 1999. In connection with the agreement, the Combined Systems received an additional $25 million in capital contributions under a new TWFanch-two partnership agreement.

Unaudited proforma operating results as though the acquisitions discussed above had occurred on January 1, 1998, with adjustments to give effect to amortization of franchises and certain other adjustments are as follows:

	SIX MONTHS ENDED JUNE 30	
	1999	1998
Revenues	$131,527,873	$98,263,557
Income from operations	$ 71,104,843	$52,227,958
Net income	$ 30,561,993	$18,465,907

FANCH CABLE SYSTEMS
(COMPRISED OF COMPONENTS OF TWFANCH-ONE CO. AND TWFANCH-TWO CO.)

NOTES TO COMBINED FINANCIAL STATEMENTS -- (CONTINUED)

The unaudited pro forma information has been presented for comparative purposes and does not purport to be indicative of the results of operations had these transactions been complete as of the assumed date or which may be obtained in the future.

BRESNAN COMMUNICATIONS GROUP LLC

CONSOLIDATED BALANCE SHEETS
(UNAUDITED)
(IN THOUSANDS)

	DECEMBER 31, 1998	JUNE 30, 1999
ASSETS		
Cash and cash equivalents	$ 6,636	$ 2,488
Restricted cash	47,199	338
Trade and other receivables, net	8,874	8,917
Property and equipment, at cost:		
Land and buildings	4,123	6,708
Distribution systems	443,114	469,677
Support equipment	50,178	56,651
	497,415	533,036
Less accumulated depreciation	190,752	202,160
	306,663	330,876
Franchise costs, net	291,103	324,990
Other assets, net of accumulated amortization	3,961	23,515
Total assets	$664,436	$ 691,124
LIABILITIES AND MEMBER'S EQUITY (DEFICIT)		
Accounts payable	$ 3,193	$ 5,442
Accrued expenses	13,395	20,503
Accrued interest	21,835	17,573
Due to affiliated companies	--	3,698
Debt	232,617	846,364
Other liabilities	11,648	6,015
Total liabilities	282,688	899,595
Member's equity (deficit)	381,748	(208,471)
Commitments and contingencies (note 5)		
Total liabilities and member's equity (deficit)	$664,436	$ 691,124

See accompanying notes to consolidated financial statements.

BRESNAN COMMUNICATIONS GROUP LLC

CONSOLIDATED STATEMENTS OF OPERATIONS AND MEMBER'S EQUITY (DEFICIT)
(UNAUDITED)
(IN THOUSANDS)

	SIX MONTHS ENDED JUNE 30, 1998	SIX MONTHS ENDED JUNE 30, 1999
Revenue	$126,453	$ 137,291
Operating costs and expenses:		
Programming (note 4)	31,198	35,752
Operating	14,382	15,698
Selling, general and administrative (note 4)	25,863	32,806
Depreciation and amortization	26,441	26,035
	97,884	110,291
Operating income	28,569	27,000
Other income (expense):		
Interest expense:		
Related party (note 4)	(944)	(152)
Other	(8,484)	(31,789)
Gain (loss) on sale of cable television systems	6,869	(170)
Other, net	(9)	(437)
	(2,568)	(32,548)
Net earnings (loss)	26,001	(5,548)
Member's equity (deficit)		
Beginning of period	359,098	381,748
Operating expense allocations and charges	134,079	35,850
Cash transfers, net	(58,793)	--
Capital contributions by members	--	136,500
Capital distributions to members	--	(757,021)
End of period	$360,385	$(208,471)

See accompanying notes to consolidated financial statements.

BRESNAN COMMUNICATIONS GROUP LLC

CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(IN THOUSANDS)

	SIX MONTHS ENDED JUNE 30, 1998	SIX MONTHS ENDED JUNE 30, 1999
Cash flows from operating activities:		
Net earnings (loss)	$ 26,001	$ (5,548)
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	26,441	26,035
Loss (gain) on sale of cable systems	(6,869)	169
Amortization of deferred financing costs	--	2,746
Changes in operating assets and liabilities, net of effects of acquisitions:		
Change in receivables	3,152	(5,766)
Change in other assets	284	(3,858)
Change in accounts payable, accrued expenses and other liabilities	(1,194)	9,223
Net cash provided by operating activities	47,815	23,001
Cash flows from investing activities:		
Capital expended for property and equipment	(17,236)	(22,827)
Capital expended for franchise costs	(3,534)	(811)
Cash paid in acquisitions	(16,500)	(64,763)
Proceeds on dispositions of cable televisions systems	12,000	4,097
Change in restricted cash	(12,000)	46,861
Net cash used in investing activities	(37,270)	(37,443)
Cash flows from financing activities:		
Borrowings under note agreement	33,400	867,751
Repayments under note agreement	(15,301)	(254,004)
Deferred finance costs paid	--	(18,781)
Contributions from members	--	136,500
Distributions to members	(24,764)	(721,172)
Net cash provided by financing activities	(6,665)	10,294
Net increase (decrease) in cash	3,880	(4,148)
Cash and cash equivalents:		
Beginning of period	6,957	6,636
End of period	$ 10,837	$ 2,488
Supplemental disclosure of cash flow information -- cash paid during the period for interest	$ 8,895	$ 33,457

See accompanying notes to consolidated financial statements.

BRESNAN COMMUNICATIONS GROUP LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 1999
(UNAUDITED)
(IN THOUSANDS)

(1) BASIS OF PRESENTATION

Bresnan Communications Group LLC and its subsidiaries ("BCG" or the "Company") are wholly owned by Bresnan Communications Company Limited Partnership, a Michigan limited partnership ("BCCLP"). BCG is a Delaware limited liability corporation formed on August 5, 1998 for the purpose of acting as co-issuer with its wholly-owned subsidiary, Bresnan Capital Corporation ("BCC"), of $170,000 aggregate principal amount at maturity of 8% Senior Notes and $275,000 aggregate principal amount at maturity of 9.25% Senior Discount Notes, both due in 2009 (collectively the "Notes"). Prior to the issuance of the Notes on February 2, 1999, BCCLP completed the terms of a contribution agreement dated June 3, 1998, as amended, whereby certain affiliates of Tele-Communications, Inc. ("TCI") contributed certain cable television systems along with assumed TCI debt of approximately $708,854 to BCCLP. In addition, Blackstone BC Capital Partners L.P. and affiliates contributed $136,500 to BCCLP. Upon completion of the Notes offering on February 2, 1999 BCCLP contributed all of its assets and liabilities to BCG, which formed a wholly owned subsidiary, Bresnan Telecommunications Company LLC ("BTC"), into which it contributed all of its assets and certain liabilities. The above noted contributed assets and liabilities were accounted for at predecessor cost, as reflected in Bresnan Communication Group Systems financial statements, because of the common ownership and control of TCI and have been reflected in the accompanying financial statements in a manner similar to pooling of interests.

The Company owns and operates cable television systems in small- and medium-sized communities in the midwestern United States.

The accompanying interim consolidated financial statements are unaudited but, in the opinion of management, reflect all adjustments (consisting of normal recurring accruals) necessary for a fair presentation of the results of such periods. The results of operations for the period ended June 30, 1999 are not necessarily indicative of results for a full year. These consolidated financial statements should be read in conjunction with the combined financial statements and notes thereto of the predecessor to the Company contained in the Bresnan Communications Group Systems financial statements for the year ended December 31, 1998.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(2) ACQUISITIONS AND DISPOSITIONS

In February 1998, the Company acquired certain cable television assets located in Michigan which were accounted for under the purchase method. The purchase price was allocated to the cable television assets acquired in relation to their fair values as increase in property and equipment of $3,703 and franchise costs of $12,797. In addition, the Company acquired two additional systems in the first quarter of 1999 which were accounted for under the purchase method. The purchase prices were allocated to the cable television assets acquired in relation to their estimated fair values as increases in property and equipment of $22,200 and franchise costs of $44,600.

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The results of operations of these cable television systems have been included in the accompanying consolidated statements of operations from their dates of acquisition. Pro forma information has not been presented because the effect was not significant.

The Company also disposed of cable television systems during 1998 and 1999 for gross proceeds of $12,000 and $4,400 respectively, resulting in a gain (loss) on sale of cable television systems of $6,869 and $(170) for 1998 and 1999, respectively. The results of operations of these cable television systems through the dates of the dispositions and the gain (loss) from the dispositions have been included in the accompanying consolidated statements of operations. As part these dispositions, the Company received cash that is restricted to reinvestment in additional cable television systems.

(3) DEBT

Debt is summarized as follows:

	JUNE 30, 1999
Senior Credit Facility(a)	$500,000
Senior Notes Payable(b)	170,000
Senior Discount Notes Payable(b)	175,021
Other Debt	1,343
	$846,364

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(a) The Senior Credit Facility represents borrowings under a $650,000 senior reducing revolving credit and term loan facility as documented in the loan agreement as of February 2, 1999. The Senior Credit Facility calls for a current available commitment of $650,000 of which $500,000 is outstanding at June 30, 1999. The Senior Credit Facility provides for three tranches, a revolving loan tranche for $150,000 (the "Revolving Loan"), a term loan tranche of $328,000 (the "A Term Loan" and together with the Revolving Loan, "Facility A") and a term loan tranche of $172,000 (the "Facility B").

The commitments under the Senior Credit Facility will reduce commencing with the quarter ending March 31, 2002. Facility A permanently reduces in quarterly amounts ranging from 2.5% to 7.5% of the Facility A amount starting March 31, 2002 and matures approximately eight and one half years after February 2, 1999. Facility B is also to be repaid in quarterly installments of .25% of the Facility B amount beginning in March 2002 and matures approximately nine years after February 2, 1999, on which date all remaining amounts of Facility B will be due and payable. Additional reductions of the Senior Credit Facility will also be required upon certain asset sales, subject to the right of the Company and its subsidiaries to reinvest asset sale proceeds under certain circumstances. The interest rate options include a LIBOR option and a Prime Rate option plus applicable margin rates based on the Company's total leverage ratio, as defined. In addition, the Company is required to pay a commitment fee on the unused revolver portion of Facility A which will accrue at a rate ranging from .25% to .375% per annum, depending on the Company's total leverage ratio, as defined.

The rate applicable to balances outstanding at June 30, 1999 ranged from 7.00% to 7.85%. Covenants of the Senior Credit Facility require, among other conditions, the maintenance of specific levels of the ratio of cash flows to future debt and interest expense and certain limitations on additional investments, indebtedness, capital expenditures, asset sales and affiliate transactions.

(b) On February 2, 1999, the Company sold $170,000 aggregate principal amount senior notes payable (the "Senior Notes"). In addition, on the same date, the Company issued $275,000 aggregate principal amount at maturity of senior discount notes, (the "Senior Discount Notes") for approximately $175,000 gross proceeds (collectively the "Notes").

The Senior Notes are unsecured and will mature on February 1, 2009. The Senior Notes bear interest at 8% per annum payable semi-annually on February 1 and August 1 of each year, commencing August 1, 1999.

The Senior Discount Notes are unsecured and will mature on February 1, 2009. The Senior Discount Notes were issued at a discount to their aggregate principal amount at maturity and will accrete at a rate of approximately 9.25% per annum, compounded semi-annually, to an aggregate principal amount of $275,000 on February 1, 2004. Subsequent to February 1, 2004, the Senior Discount Notes will bear interest at a rate of 9.25% per annum payable semi-annually in arrears on February 1 and August 1 of each year, commencing August 1, 2004.

The Company may elect, upon not less than 60 days prior notice, to commence the accrual of interest on all outstanding Senior Discount Notes on or after February 1, 2002, in which case the outstanding principal amount at maturity of each Senior Discount Note will on such commencement date be reduced to the accreted value of such Senior Discount Note as of such date and interest shall be payable with respect to the Senior Discount Notes on each February and August 1 thereafter.

The Company may not redeem the Notes prior to February 1, 2004 except that prior to February 1, 2002, the Company may redeem up to 35% of the Senior Notes and Senior Discount Notes at redemption prices equal to 108% and 109% of the applicable principal amount and accreted value, respectively. Subsequent to February 1, 2004, the Company may redeem the Notes at redemption prices declining annually from approximately 104% of the principal amount or accreted value.

Bresnan Communications Group LLC and its wholly owned subsidiary Bresnan Capital Corporation are the sole obligors of the Senior Notes and Senior Discount Notes. Bresnan Communications Group LLC has no other assets or liabilities other than its investment in its wholly owned subsidiary Bresnan Telecommunications Company LLC. Bresnan Capital Corporation has no other assets or liabilities.

Upon change of control of the Company, the holders of the notes have the right to require the Company to purchase the outstanding notes at a price equal to 101% of the principal amount or accreted value plus accrued and unpaid interest. (See note 6 "Proposed Sale of the Company").

BTC has entered into interest rate swap agreements to effectively fix or set maximum interest rates on a portion of its floating rate long-term debt. BTC is exposed to credit loss in the event of nonperformance by the counterparties to the interest rate swap agreements.

At June 30, 1999, such Interest Rate Swap agreements effectively fixed or set a maximum LIBOR base interest rates between 5.84% and 8.08% on an aggregate notional principal amount of $110,000 which rates would become effective upon the occurrence of certain events. The effect of the Interest Rate Swap on interest expense for the six months ended

June 30, 1998 and 1999 was not significant. The expiration dates of the Interest Rate Swaps ranges from August 25, 1999 to April 3, 2000. The difference between the fair market value and book value of long-term debt and the Interest Rate Swaps at June 30, 1998 and 1999 is not significant.

(4) TRANSACTIONS WITH RELATED PARTIES

BCG and its predecessor purchased, at TCI's cost, substantially all of its pay television and other programming from affiliates of TCI. Charges for such programming were $28,118 and $30,810 for the six months ended June 30, 1998 and 1999, respectively, and are included in programming expenses in the accompanying consolidated financial statements.

Prior to February 2, 1999, certain affiliates of the predecessor to BCG provided administrative services to BCG and assumed managerial responsibility of BCG's cable television system operations and construction. As compensation for these services, BCG paid a monthly fee calculated pursuant to certain agreed upon formulas. Subsequent to the TCI Transaction on February 2, 1999, certain affiliates of BCG provide administrative services and have assumed managerial responsibilities of BCG. As compensation for these services BCG pays a monthly fee equal to approximately 3% of gross revenues. Such aggregate charges totaled $5,961 and $5,040 and have been included in selling, general and administrative expenses for the six months ended June 30, 1998 and 1999, respectively.

(5) COMMITMENTS AND CONTINGENCIES

The Cable Television Consumer Protection and Competition Act of 1992 (the "1992 Cable Act") imposed certain rate regulations on the cable television industry. Under the 1992 Cable Act, all cable systems are subject to rate regulation, unless they face "effective competition," as defined by the 1992 Cable Act and expanded in the Telecommunications Act of 1996 (the "1996 Act"), in their local franchise area.

Although the Federal Communications Commission (the "FCC") has established regulations required by the 1992 Cable Act, local government units (commonly referred to as local franchising authorities) are primarily responsible for administering the regulation of a cable system's basic service tier ("BST"). The FCC itself directly administered rate regulation of any cable programming service tier ("CPST"). The FCC's authority to regulate CPST rates expired on March 31, 1999. The FCC has taken the position that it will still adjudicate CPST complaints filed after this sunset date (but no later than 180 days after the last CPST rate increase imposed prior to March 31, 1999), and will strictly limit its review (and possible refund orders) to the time period predating the sunset date.

Under the FCC's rate regulations, most cable systems were required to reduce their BST and CPST rates in 1993 and 1994, and have since had their rate increases governed by a complicated price structure that allows for the recovery of inflation and certain associated costs, as well as providing some incentive for expanding channel carriage. Operators also have the opportunity to bypass this "benchmark" regulatory structure in favor of the traditional "cost-of-service" regulation in cases where the latter methodology appears favorable. Premium cable service offered on a per-channel or per-program basis remain unregulated, as do affirmatively marketed packages consisting entirely of new programming product.

The management of BCG believes that it has complied in all material respects with the provisions of the 1992 Cable Act and the 1996 Act, including its rate setting provisions. If, as a result of the review process, a system cannot substantiate its rates, it could be required to retroactively reduce its rates to the appropriate benchmark and refund the excess portion of rates received. Any refunds of the excess portion of CPST rates would be retroactive to the date of complaint. Any refunds of the excess portion of BST or equipment rates would be retroactive to one year prior to the implementation of the rate reductions.

Certain plaintiffs have filed or threatened separate class action complaints against certain of the systems of BCG, alleging that the systems' practice of assessing an administrative fee to the subscribers whose payments are delinquent constitutes an invalid liquidated damage provision and a breach of contract, and violates local consumer protection statutes. Plaintiffs seek recovery of all late fees paid to the subject systems as a class purporting to consist of all subscribers who were assessed such fees during the applicable limitation period, plus attorney fees and costs.

BCG has contingent liabilities related to legal proceedings and other matters arising in the ordinary course of business. Although it is possible that BCG may incur losses upon conclusion of the matters referred to above, an estimate of any loss or range of loss cannot presently be made. Based upon the facts available, management believes that, although no assurance can be given as to the outcome of these actions, the ultimate disposition should not have material adverse effect upon the combined financial condition of BCG.

BCG leases business offices, has entered into pole attachment agreements and uses certain equipment under lease arrangements. Rental expense under such arrangements amounted to $1,582 and $1,691 during the six months ended June 30, 1998 and 1999, respectively.

Future minimum lease payments under noncancelable operating leases are estimated to approximate $2,240 per year for each of the next five years.

It is expected that, in the normal course of business, expiring leases will be renewed or replaced by leases on the same or other properties.

During 1999, BCG has continued enterprise-wide comprehensive efforts to assess and remediate its respective computer systems and related software and equipment to ensure such systems, software and equipment recognize, process and store information in the year 2000 and thereafter. Such year 2000 remediation efforts include an assessment of its most critical systems, such as customer service and billing systems, headends and other cable plant, business support operations, and other equipment and facilities. BCG also continued its efforts to verify the year 2000 readiness of its significant suppliers and vendors and continued to communicate with significant business partners and affiliates to assess affiliates' year 2000 status.

BCG has formed a year 2000 program management team to organize and manage its year 2000 remediation efforts. The program management team is responsible for overseeing, coordinating and reporting on its respective year 2000 remediation efforts.

During 1999, the project management team continued its surveys of significant third-party vendors and suppliers whose systems, services or products are important to its operations (e.g., suppliers of addressable controllers and set-top boxes, and the provider of billing services). BCG has instituted a verification process to determine the vendors' year 2000 readiness. Such verification includes, as deemed necessary, reviewing vendors' test and other data and engaging

BRESNAN COMMUNICATIONS GROUP LLC

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in regular conferences with vendors' year 2000 teams. BCG is also requiring testing to validate the year 2000 compliance of certain critical products and services. The year 2000 readiness of such providers is critical to continued provision of cable service.

The failure to correct a material year 2000 problem could result in an interruption or failure of certain important business operations. There can be no assurance that the systems of BCG or the systems of other companies on which they rely will be converted in time, or that any such failure to convert by BCG or other companies will not have a material adverse effect on the financial position, results of operations or cash flows of BCG.

(6) PROPOSED SALE OF THE COMPANY

In June 1999, the Partners of BCCLP entered into an agreement to sell all of their partnership interests in BCCLP to Charter Communications Holding Company, LLC for a purchase price of approximately $3.1 billion in cash and equity which will be reduced by the assumption of BCCLP's debt at closing. BCCLP anticipates that this transaction will close in the first half of 2000.

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Tele-Communications, Inc.:

We have audited the accompanying combined balance sheets of Bresnan Communications Group Systems, (as defined in Note 1 to the combined financial statements) as of December 31, 1997 and 1998, and the related combined statements of operations and Parents' investment and cash flows for each of the years in the three-year period ended December 31, 1998. These combined financial statements are the responsibility of the Bresnan Communications Group Systems management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Bresnan Communications Group Systems, as of December 31, 1997 and 1998, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 1998, in conformity with generally accepted accounting principles.

/s/ KPMG LLP

Denver, Colorado
April 2, 1999

BRESNAN COMMUNICATIONS GROUP SYSTEMS
(A COMBINATION OF CERTAIN ASSETS, AS DEFINED IN NOTE 1)

COMBINED BALANCE SHEETS
DECEMBER 31, 1997 AND 1998

	1997	1998
	(AMOUNTS IN THOUSANDS)	
ASSETS		
Cash and cash equivalents	$ 6,957	$ 6,636
Restricted cash (note 3)	--	47,199
Trade and other receivables, net	11,700	8,874
Property and equipment, at cost:		
Land and buildings	5,229	4,123
Distribution systems	410,158	443,114
Support equipment	45,687	50,178
	461,074	497,415
Less accumulated depreciation	157,618	190,752
	303,456	306,663
Franchise costs, net	291,746	291,103
Other assets, net of accumulated amortization	3,339	3,961
Total assets	$617,198	$664,436
LIABILITIES AND PARENTS' INVESTMENT		
Accounts payable	$ 2,071	$ 3,193
Accrued expenses	11,809	13,395
Accrued interest	20,331	21,835
Debt	214,170	232,617
Other liabilities	9,719	11,648
Total liabilities	258,100	282,688
Parents' investment	359,098	381,748
Commitments and contingencies (note 7)		
Total liabilities and Parents' investment	$617,198	$664,436

See accompanying notes to combined financial statements.

BRESNAN COMMUNICATIONS GROUP SYSTEMS
(A COMBINATION OF CERTAIN ASSETS, AS DEFINED IN NOTE 1)

COMBINED STATEMENTS OF OPERATIONS AND PARENTS' INVESTMENT
YEARS ENDED DECEMBER 31, 1996, 1997 AND 1998

	1996	1997	1998
	(AMOUNTS IN THOUSANDS)		
Revenue	$216,609	$247,108	$261,964
Operating costs and expenses:			
Programming (note 6)	46,087	53,857	63,686
Operating	31,405	31,906	28,496
Selling, general and administrative (note 6)	52,485	50,572	58,568
Depreciation and amortization	50,908	53,249	54,308
	180,885	189,584	205,058
Operating income	35,724	57,524	56,906
Other income (expense):			
Interest expense:			
Related party (note 4)	(1,859)	(1,892)	(1,872)
Other	(13,173)	(16,823)	(16,424)
Gain on sale of cable television systems	--	--	27,027
Other, net	(844)	(978)	(273)
	(15,876)	(19,693)	8,458
Net earnings	19,848	37,831	65,364
Parents' investment:			
Beginning of year	344,664	347,188	359,098
Operating expense allocations and charges (notes 4 and 6)	54,643	60,389	71,648
Net assets of acquired systems (note 3)	--	33,635	--
Cash transfers, net	(71,967)	(119,945)	(114,362)
End of year	$347,188	$359,098	$381,748

See accompanying notes to combined financial statements.

BRESNAN COMMUNICATIONS GROUP SYSTEMS
(A COMBINATION OF CERTAIN ASSETS, AS DEFINED IN NOTE 1)

COMBINED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 1996, 1997 AND 1998

	1996	1997	1998
	(AMOUNTS IN THOUSANDS)		
Cash flows from operating activities			
Net earnings	$19,848	$37,831	$65,364
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	50,908	53,249	54,308
Gain on sale of cable television systems	--	--	(27,027)
Other noncash charges	1,171	2,141	452
Changes in operating assets and liabilities, net of effects of acquisitions:			
Change in receivables	(291)	(3,413)	2,826
Change in other assets	(144)	164	--
Change in accounts payable, accrued expenses and other liabilities	7,178	2,305	6,141
Other, net	473	271	297
Net cash provided by operating activities	79,143	92,548	102,361
Cash flows from investing activities:			
Capital expended for property and equipment	(78,248)	(33,875)	(58,601)
Capital expended for franchise costs	(87)	(1,407)	(157)
Cash received in acquisitions	--	1,179	28,681
Change in restricted cash	--	--	(47,199)
Net cash used in investing activities	(78,335)	(34,103)	(77,276)
Cash flows from financing activities:			
Borrowings under note agreement	40,300	31,300	49,400
Repayments under note agreement	(18,546)	(24,364)	(30,953)
Deferred finance costs paid	(595)	(2,121)	(1,139)
Change in Parents' investment	(24,259)	(59,556)	(42,714)
Net cash used in financing activities	(3,100)	(54,741)	(25,406)
Net increase (decrease) in cash	(2,292)	3,704	(321)
Cash and cash equivalents:			
Beginning of year	5,545	3,253	6,957
End of year	$ 3,253	$ 6,957	$ 6,636
Supplemental disclosure of cash flow information --			
Cash paid during the year for interest	$12,996	$16,971	$16,792

See accompanying notes to combined financial statements.

BRESNAN COMMUNICATIONS GROUP SYSTEMS
(A COMBINATION OF CERTAIN ASSETS, AS DEFINED IN NOTE 1)

NOTES TO COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 1996, 1997 AND 1998
(IN THOUSANDS)

(1) BASIS OF PRESENTATION AND PARTNERSHIP FORMATION

The financial statements of Bresnan Communications Group Systems are the combination of the financial statements of Bresnan Communications Company Limited Partnership ("BCCLP") and certain additional cable television systems (the "TCI Bresnan Systems") owned by affiliates of Tele-Communications, Inc. ("TCI"). BCCLP and the TCI Bresnan Systems are under the common ownership and control of TCI for all periods presented. Based on such common ownership and control, the accompanying financial statements are presented herein at historical cost on a combined basis and will serve as a predecessor to Bresnan Communications Group LLC. The combined net assets of Bresnan Communications Group Systems are herein referred to as "Parents' investment".

BCCLP is a partnership between a subsidiary of TCI and William J. Bresnan and certain entities which he controls (collectively, the "Bresnan Entities"). BCCLP owns and operates cable television systems principally located in the midwestern United States. TCI and the Bresnan Entities hold 78.4% and 21.6% interests, respectively, in BCCLP.

Certain of the TCI Bresnan Systems have been acquired through transactions whereby TCI acquired various larger cable entities (the "Original Systems"). The accounts of certain of the TCI Bresnan Systems include allocations of purchase accounting adjustments from TCI's acquisition of the Original Systems. Such allocations and the related franchise cost amortization are based upon the relative fair market values of the systems involved. In addition, certain costs of TCI and the Bresnan Entities are charged to the Bresnan Communications Group Systems based on the methodologies described in note 6. Although such allocations are not necessarily indicative of the costs that would have been incurred by the Bresnan Communications Group Systems on a stand alone basis, management of TCI and the Bresnan Entities believe that the resulting allocated amounts are reasonable.

On June 3, 1998, certain affiliates of TCI, the Bresnan Entities, BCCLP and Blackstone Cable Acquisition Company, LLC ("Blackstone") (collectively, the "Partners") entered into a Contribution Agreement. Effective February 2, 1999 under the terms of the contribution agreement, certain systems of affiliates of TCI were transferred to BCCLP along with approximately $708,854 of assumed TCI debt (the "TCI Transaction") which is not reflected in the accompanying combined financial statements. At the same time, Blackstone contributed $136,500 to BCCLP. As a result of these transactions, the Bresnan Entities remain the managing partner of BCCLP, with a 10.2% combined general and limited partner interest, while TCI and Blackstone are 50% and 39.8% limited partners of BCCLP, respectively. The amount of the assumed TCI debt will be adjusted based on certain working capital adjustments at a specified time after the consummation of TCI Transaction. Upon completion of these transactions BCCLP formed a wholly-owned subsidiary, Bresnan Communications Group LLC ("BCG"), into which it contributed all its assets and liabilities. Simultaneous with this transaction Bresnan Communications Group LLC formed a wholly-owned subsidiary, Bresnan Telecommunications Company LLC ("BTC"), into which it contributed all its assets and liabilities.

In anticipation of these transactions, on January 25, 1999, BCG sold $170,000 aggregate principal amount of 8% senior notes (the "Senior Notes") due 2009 and $275,000 aggregate principal amount at maturity (approximately $175,000 gross proceeds) of 9.25% senior discount notes (the "Senior Discount Notes") due 2009. The net proceeds from the offering of the Senior Notes and the Senior Discount Notes approximated $336,000 after giving effect to discounts and commissions. Also, BTC borrowed $508,000 of $650,000 available under a new credit facility (the "Credit Facility").

The proceeds of the Senior Notes, the Senior Discount Notes and the Credit Facility were used to retire the assumed TCI debt and the outstanding debt of the Bresnan Communications group systems prior to the TCI Transaction (see Note 4), as well as the payment of certain fees and expenses. Deferred financing costs of $2.6 million associated with the retired debt will be written off.

After giving effect to the issuance of debt noted above, the unaudited proforma debt outstanding at December 31, 1998 would be $857 million and the Parents' investment would decrease to a deficit position of $206 million at December 31, 1998.

On March 9, 1999, AT&T Corp. ("AT&T") acquired TCI in a merger (the "AT&T Merger"). In the AT&T Merger, TCI became a subsidiary of AT&T.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Cash Equivalents

Cash equivalents consist of investments which are readily convertible into cash and have maturities of three months or less at the time of acquisition.

(b) Trade and Other Receivables

Receivables are reflected net of an allowance for doubtful accounts. Such allowance at December 31, 1997 and 1998 was not significant.

(c) Property and Equipment

Property and equipment is stated at cost, including acquisition costs allocated to tangible assets acquired. Construction costs, including interest during construction and applicable overhead, are capitalized. During 1996, 1997 and 1998, interest capitalized was $1,005, $324 and $47, respectively.

Depreciation is computed on a straight-line basis using estimated useful lives of 3 to 15 years for distribution systems and 3 to 40 years for support equipment and buildings.

Repairs and maintenance are charged to operations, and renewals and additions are capitalized. At the time of ordinary retirements, sales or other dispositions of property, the original cost and cost of removal of such property are charged to accumulated depreciation, and salvage, if any, is credited thereto. Gains or losses are only recognized in connection with the sales of properties in their entirety.

(d) Franchise Costs

Franchise costs include the difference between the cost of acquiring cable television systems and amounts allocated to their tangible assets. Such amounts are generally amortized on a straight-line basis over 40 years. Costs incurred by Bresnan Communications Group Systems in negotiating and renewing franchise agreements are amortized on a straight-line basis over the life of the franchise, generally 10 to 20 years.

(e) Impairment of Long-Lived Assets

Management periodically reviews the carrying amounts of property and equipment and identifiable intangible assets to determine whether current events or circumstances warrant adjustments to such carrying amounts. If an impairment adjustment is deemed necessary based on an analysis of undiscounted cash flow, such loss is measured by the amount that the carrying value of such assets exceeds their fair value. Considerable management judgment is necessary to estimate the fair value of assets. Accordingly, actual results could vary significantly from such estimates. Assets to be disposed of are carried at the lower of their financial statement carrying amount or fair value less costs to sell.

(f) Financial Instruments

Bresnan Communications Group Systems has entered into fixed interest rate exchange agreements ("Interest Rate Swaps") which are used to manage interest rate risk arising from its financial liabilities. Such Interest Rate Swaps are accounted for as hedges; accordingly, amounts receivable or payable under the Interest Rate Swaps are recognized as adjustments to interest expense. Such instruments are not used for trading purposes.

During 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities," ("SFAS 133"), which is effective for all fiscal years beginning after June 15, 1999. SFAS 133 establishes accounting and reporting standards for derivative instruments and hedging activities by requiring that all derivative instruments be reported as assets or liabilities and measured at their fair values. Under SFAS 133, changes in the fair values of derivative instruments are recognized immediately in earnings unless those instruments qualify as hedges of the (1) fair values of existing assets, liabilities, or firm commitments, (2) variability of cash flows of forecasted transactions, or (3) foreign currency exposures of net investments in foreign operations. Although management has not completed its assessment of the impact of SFAS 133 on its combined results of operations and financial position, management estimates that the impact of SFAS 133 will not be material.

(g) Income Taxes

The majority of the net assets comprising the TCI Bresnan Systems and BCCLP were historically held in partnerships. In addition, BCG has been formed as a limited liability company, to be treated for tax purposes as a flow-through entity. Accordingly, no provision has been made for income tax expense or benefit in the accompanying combined financial statements as the earnings or losses of Bresnan Communications Group Systems will be reported in the respective tax returns of BCG's members (see note 5).

(h) Revenue Recognition

Cable revenue for customer fees, equipment rental, advertising, and pay-per-view programming is recognized in the period that services are delivered. Installation revenue is recognized in the period the installation services are provided to the extent of direct selling costs. Any remaining amount is deferred and recognized over the estimated average period that customers are expected to remain connected to the cable distribution system.

BRESNAN COMMUNICATIONS GROUP SYSTEMS
(A COMBINATION OF CERTAIN ASSETS, AS DEFINED IN NOTE 1)

NOTES TO COMBINED FINANCIAL STATEMENTS -- (CONTINUED)
DECEMBER 31, 1996, 1997 AND 1998
(IN THOUSANDS)

(i) Combined Statements of Cash Flows

Except for acquisition transactions described in note 3, transactions effected through Parents' investment have been considered constructive cash receipts and payments for purposes of the combined statements of cash flows.

(j) Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(3) ACQUISITIONS AND SYSTEM DISPOSITIONS

In January 1997, affiliates of TCI acquired certain cable television assets located in or around the Saginaw, Michigan area which are included in the TCI Bresnan Systems. TCI's cost basis in such acquired assets has been allocated based on their respective fair values. Such allocation has been reflected in the accompanying combined financial statements as follows:

Cash	$ 1,179
Property and equipment	10,786
Franchise costs	21,670
Parents' investment	$33,635

In addition in 1998, BCCLP acquired two cable systems which were accounted for under the purchase method. The purchase prices were allocated to the assets acquired in relation to their fair values as increases in property and equipment of $7,099 and franchise costs of $21,651.

The results of operations of these cable television systems have been included in the accompanying combined statements of operations from their dates of acquisition. Pro forma information on the acquisitions has not been presented because the effects were not significant.

During 1998, BCCLP also disposed of two cable systems for gross proceeds of $58,949, which resulted in gain on sale of cable television systems of $27,027. In connection with one of the dispositions, a third party intermediary received $47,199 of cash that is designated to be reinvested in certain identified assets for income tax purposes.

(4) DEBT

Debt is summarized as follows:

	1997	1998
Notes payable to banks(a)	$190,300	$209,000
Notes payable to partners(b)	22,100	22,100
Other debt	1,770	1,517
	$214,170	$232,617

(IN THOUSANDS)

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(a) The notes payable to banks represent borrowings under a $250,000 senior unsecured reducing revolving credit and term loan facility (the "Bank Facility") as documented in the loan agreement as amended and restated as of August 5, 1998. The Bank Facility calls for a current available commitment of $250,000 of which $209,000 is outstanding at December 31, 1998. The Bank Facility provides for two tranches, a revolving loan tranche of $175,000 (the "Revolving Loan Tranche") and a term loan tranche of $75,000 (the "Term Loan Tranche"). The Revolving Loan Tranche is available through March 30, 1999 and then requires quarterly payments/commitment reductions ranging from 2.5% to 7.5% of the principal through its maturity on March 31, 2005. The Term Loan Tranche, fully drawn at closing and maturing March 31, 2006, requires quarterly payments of .25% beginning March 31, 1999 through December 31, 2004, quarterly payments of 2.5% for the year ended December 31, 2005 and 84% of the principal at maturity. The Bank Facility provides for interest at varying rates based on two optional measures: 1) for the Revolving Loan Tranche, the prime rate plus .625% and/or the London Interbank Offered Rate ("LIBOR") plus 1.625% and 2) for the Term Loan Tranche, the prime rate plus 1.75% and/or LIBOR plus 2.75%. The Bank Facility has provisions for certain performance-based interest rate reductions which are available under either interest rate option. In addition, the Bank Facility allows for interest rate swap agreements.

The rates applicable to balances outstanding at December 31, 1998 ranged from 6.815% to 8.000% Covenants of the Bank Facility require, among other conditions, the maintenance of certain earnings, cash flow and financial ratios and include certain limitations on additional investments, indebtedness, capital expenditures, asset sales, management fees and affiliate transactions. Commitment fees of .375% per annum are payable on the unused principal amounts of the available commitment under the Bank Facility, as well as an annual agency fee to a bank of $60. A guarantee in the amount of $3,000, has been provided by one of the BCCLP partners.

Balances outstanding at December 31, 1998 are due as follows:

1999	$ 14,150
2000	17,500
2001	20,850
2002	24,200
2003 and thereafter	132,300
	$209,000

(b) The note payable to a partner is comprised of a $25,000 subordinated note of which $22,100 was outstanding at December 31, 1997 and 1998. The note, dated May 12, 1988, is junior and subordinate to the senior debt represented by the notes payable to banks. Interest is to be provided for at the prime rate (as defined) and is payable quarterly, to the extent allowed under the bank subordination agreement, or at the maturity date of the note, which is the earlier of April 30, 2001 or the first business day following the full repayment of the entire amount due under the notes payable to banks. Applicable interest rates at December 31, 1997 and 1998 were 8.25% and 7.75%, respectively. The note also provides for repayment at any time without penalty, subject to subordination restrictions.

BRESNAN COMMUNICATIONS GROUP SYSTEMS
(A COMBINATION OF CERTAIN ASSETS, AS DEFINED IN NOTE 1)

NOTES TO COMBINED FINANCIAL STATEMENTS -- (CONTINUED)
DECEMBER 31, 1996, 1997 AND 1998
(IN THOUSANDS)

Bresnan Communications Group Systems has entered into Interest Rate Swaps to effectively fix or set a maximum interest rate on a portion of its floating rate long-term debt. Bresnan Communications Group Systems is exposed to credit loss in the event of nonperformance by the counterparties to the Interest Rate Swaps.

At December 31, 1998, such Interest Rate Swaps effectively fixed or set maximum interest rates between 9.625% and 9.705% on an aggregate notional principal amount of $110,000, which rate would become effective upon the occurrence of certain events. The effect of the Interest Rate Swaps was to increase interest expense by $851, $460, and $19 for the years ended December 31, 1996, 1997 and 1998, respectively. The expiration dates of the Interest Rate Swaps ranges from August 25, 1999 to April 3, 2000. The difference between the fair market value and book value of long-term debt and the Interest Rate Swaps at December 31, 1997 and 1998 is not significant.

(5) INCOME TAXES

Taxable earnings differ from those reported in the accompanying combined statements of operations due primarily to differences in depreciation and amortization methods and estimated useful lives under regulations prescribed by the Internal Revenue Service. At December 31, 1998, the reported amounts of Bresnan Communications Group Systems' assets exceeded their respective tax bases by approximately $394 million.

(6) TRANSACTIONS WITH RELATED PARTIES

Bresnan Communications Group Systems purchases, at TCI's cost, substantially all of its pay television and other programming from affiliates of TCI. Charges for such programming were $42,897, $48,588 and $58,562 for 1996, 1997 and 1998, respectively, and are included in programming expenses in the accompanying combined financial statements.

Certain affiliates of the Partners provide administrative services to Bresnan Communications Group Systems and have assumed managerial responsibility of Bresnan Communications Group Systems cable television system operations and construction. As compensation for these services, Bresnan Communications Group Systems pays a monthly fee calculated pursuant to certain agreed upon formulas. Such charges totaled $11,746, $11,801 and $13,086 and have been included in selling, general and administrative expenses for years ended December 31, 1996, 1997 and 1998, respectively.

(7) COMMITMENTS AND CONTINGENCIES

On October 5, 1992, Congress enacted the Cable Television Consumer Protection and Competition Act of 1992 (the "1992 Cable Act"). In 1993 and 1994, the Federal Communications Commission ("FCC") adopted certain rate regulations required by the 1992 Cable Act and imposed a moratorium on certain rate increases. As a result of such actions, Bresnan Communications Group Systems' basic and tier service rates and its equipment and installation charges (the "Regulated Services") are subject to the jurisdiction of local franchising authorities and the FCC. Basic and tier service rates are evaluated against competitive benchmark rates as published by the FCC, and equipment and installation charges are based on actual costs. Any rates for Regulated Services that exceeded the benchmarks were reduced as required by the 1993 and 1994 rate regulations. The rate regulations do not apply to the relatively few systems which are subject to "effective competition" or to services offered on an individual service basis, such as premium movie and pay-per-view services.

Bresnan Communications Group Systems believes that it has complied in all material respects with the provisions of the 1992 Cable Act, including its rate setting provisions. However, Bresnan Communications Group Systems' rates for Regulated Services are subject to review by the FCC, if a complaint has been filed by a customer, or the appropriate franchise authority, if such authority has been certified by the FCC to regulate rates. If, as a result of the review process, a system cannot substantiate its rates, it could be required to retroactively reduce its rates to the appropriate benchmark and refund the excess portion of rates received. Any refunds of the excess portion of tier service rates would be retroactive to the date of complaint. Any refunds of the excess portion of all other Regulated Service rates would be retroactive to one year prior to the implementation of the rate reductions.

Certain of Bresnan Communications Group Systems' individual systems have been named in purported class actions in various jurisdictions concerning late fee charges and practices. Certain of Bresnan Communications Group Systems' cable systems charge late fees to customers who do not pay their cable bills on time. Plaintiffs generally allege that the late fees charged by such cable systems are not reasonably related to the costs incurred by the cable systems as a result of the late payment. Plaintiffs seek to require cable systems to provide compensation for alleged excessive late fee charges for past periods. These cases are at various stages of the litigation process. Based upon the facts available, management believes that, although no assurances can be given as to the outcome of these actions, the ultimate disposition of these matters should not have a material adverse effect upon the financial condition or results of operations of Bresnan Communications Group Systems.

BCCLP entered into three letters of intent with three different cable operators pursuant to which the BCCLP intends to sell a small cable television system in Michigan and acquire cable television systems in both Michigan and Minnesota. These transactions would result in a net cost to the BCCLP of approximately $63,000, $2,000 was deposited for the acquisition in Michigan. BCCLP expects to fund these transactions through the use of restricted cash, cash flow from operations and additional borrowings.

Bresnan Communications Group Systems has other contingent liabilities related to legal proceedings and other matters arising in the ordinary course of business. Although it is reasonably possible Bresnan Communications Group Systems may incur losses upon conclusion of such matters, an estimate of any loss or range of loss cannot be made. In the opinion of the management, it is expected that amounts, if any, which may be required to satisfy such contingencies will not be material in relation to the accompanying combined financial statements.

Bresnan Communications Group Systems leases business offices, has entered into pole attachment agreements and uses certain equipment under lease arrangements. Rental expense under such arrangements amounted to $3,208, $3,221 and $2,833 in 1996, 1997 and 1998, respectively.

Future minimum lease payments under noncancelable operating leases are estimated to approximate $2,240 per year for each of the next five years.

It is expected that, in the normal course of business, expiring leases will be renewed or replaced by leases on the same or similar properties.

BRESNAN COMMUNICATIONS GROUP SYSTEMS
(A COMBINATION OF CERTAIN ASSETS, AS DEFINED IN NOTE 1)

NOTES TO COMBINED FINANCIAL STATEMENTS -- (CONTINUED)
DECEMBER 31, 1996, 1997 AND 1998
(IN THOUSANDS)

During 1998, TCI and BCCLP have continued enterprise-wide, comprehensive efforts to assess and remediate their respective computer systems and related software and equipment to ensure such systems, software and equipment will recognize, process and store information in the year 2000 and thereafter. Such year 2000 remediation efforts, which encompass the TCI Bresnan Systems and the Bresnan Entities, respectively, include an assessment of their most critical systems, such as customer service and billing systems, headends and other cable plant, business support operations, and other equipment and facilities. TCI and BCCLP also continued their efforts to verify the year 2000 readiness of their significant suppliers and vendors and continued to communicate with significant business partners' and affiliates to assess such partners and affiliates' year 2000 status.

TCI and BCCLP have formed year 2000 program management teams to organize and manage their year 2000 remediation efforts. The program management teams are responsible for overseeing, coordinating and reporting on their respective year 2000 remediation efforts. Upon consummation of the TCI Transaction, assessment and remediation of year 2000 issues for the TCI Bresnan Systems became the responsibility of BCCLP.

During 1998, the project management teams continued their surveys of significant third-party vendors and suppliers whose systems, services or products are important to their operations (e.g., suppliers of addressable controllers and set-top boxes, and the provider of billing services). The year 2000 readiness of such providers is critical to continued provision of cable service.

TCI and BCCLP have instituted a verification process to determine the vendors' year 2000 readiness. Such verification includes, as deemed necessary, reviewing vendors' test and other data and engaging in regular conferences with vendors' year 2000 teams. TCI and BCCLP are also requiring testing to validate the year 2000 compliance of certain critical products and services.

The failure to correct a material year 2000 problem could result in an interruption or failure of certain important business operations. There can be no assurance that the systems of Bresnan Communications Group Systems or the systems of other companies on which they rely will be converted in time, or that any such failure to convert by the Bresnan Communications Group Systems or other companies will not have a material adverse effect on the financial position, results of operations or cash flows of Bresnan Communications Group Systems.

[Inside Back Cover]

[Text:] Cable Television

High Speed

Internet Access

Internet TV

Interactive TV

[Graphics of friendly customer service representative assisting customer using a headset and people enjoying cable programming; background image of computer screen displaying Charter website]

[Charter logo]

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this prospectus. You must not rely on any unauthorized information or representations. This prospectus is an offer to sell only the shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of its date.

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Through and including , 1999 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

170,000,000 Shares

CHARTER COMMUNICATIONS, INC.

Class A Common Stock

[CHARTER COMMUNICATIONS LOGO]

GOLDMAN, SACHS & CO.
BEAR, STEARNS & CO. INC.
MORGAN STANLEY DEAN WITTER
DONALDSON, LUFKIN & JENRETTE
MERRILL LYNCH & CO.
SALOMON SMITH BARNEY
A.G. EDWARDS & SONS, INC.
M.R. BEAL & COMPANY

Representatives of the Underwriters

PART II
INFORMATION NOT REQUIRED IN THE PROSPECTUS

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

The following table sets forth the expenses, other than underwriting discounts and commissions, to be paid in connection with the sale of the Class A common stock being registered, all of which will be paid by the Registrant. All amounts are estimates except the registration fee, the Nasdaq National Market listing fee and the NASD filing fee.

Registration fee	$1,032,631
Nasdaq National Market listing fee	*
NASD filing fee	30,500
Accounting fees and expenses	*
Legal fees and expenses	*
Blue Sky fees and expenses	*
Printing and engraving expenses	*
Transfer agent and registrar fees	*
Miscellaneous expenses	*
Total	$ *

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* To be completed by amendment.

ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS

INDEMNIFICATION UNDER THE CERTIFICATE OF INCORPORATION AND BYLAWS OF THE REGISTRANT

The Registrant's certificate of incorporation provides that a director of the Registrant shall not be personally liable to the Registrant or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability: (i) for any breach of the directors' duty of loyalty to the Registrant or its stockholders; (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (iii) under Section 174 of the Delaware General Corporation law; or (iv) for any transaction from which the director derived an improper personal benefit. The Registrant's bylaws require the Registrant to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed proceeding by reason of the fact that he is or was a director or officer of the Registrant, or any other person designated by the board of directors (which may include any person serving at the request of the Registrant as a director, officer, employee, agent, fiduciary or trustee of another corporation, partnership, joint venture, trust, employee benefit plan or other entity or enterprise), in each case, against certain liabilities (including damages, judgments, amounts paid in settlement, fines, penalties and expenses), except where such indemnification is expressly prohibited by applicable law, where such person has engaged in willful misconduct or recklessness or where such indemnification has been determined to be unlawful. Such indemnification as to expenses is mandatory to the extent the individual is successful on the merits of the matter.

INDEMNIFICATION UNDER THE DELAWARE GENERAL CORPORATION LAW

Section 145 of the Delaware General Corporation Law, authorizes a corporation to indemnify any person who was or is a party, or is threatened to be made a party, to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that the person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit or proceeding, if the person acted in good faith and in a manner the person reasonably believed to be in, or not opposed to, the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe the person's conduct was unlawful. In addition, the Delaware General Corporation Law permits indemnification only for expenses (including attorneys fees) in connection with an action or suit by or in the right of the corporation, and, in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation, such indemnification is permitted only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability, but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses, which such court shall deem proper. To the extent that a present or former director or officer of a corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to above, or in defense of any claim, issue or matter, such person shall be indemnified against expenses, including attorneys' fees, actually and reasonably incurred by such person.

INDEMNIFICATION UNDER THE LIMITED LIABILITY COMPANY AGREEMENT OF CHARTER COMMUNICATIONS HOLDING COMPANY

The limited liability company agreement of Charter Communications Holding Company, entered into as of February 9, 1999, by Charter Investment, Inc. as the initial member, provides that the members, the manager, the directors, their affiliates or any person who at any time serves or has served as a director, officer, employee or other agent of any member or any such affiliate, and who, in such capacity, engages or has engaged in activities on behalf of Charter Communications Holding Company, shall be indemnified and held harmless by Charter Communications Holding Company to the fullest extent permitted by law from and against any losses, damages, expenses, including attorneys' fees, judgments and amounts paid in settlement actually and reasonably incurred by or in connection with any claim, action, suit or proceeding arising out of or incidental to such indemnifiable person's conduct or activities on behalf of Charter Communications Holding Company. Notwithstanding the foregoing, no indemnification is available under the limited liability company agreement for actions constituting bad faith, willful misconduct or fraud. Payment of these indemnification obligations shall be made from the assets of Charter Communications Holding Company and the members shall not be personally liable to an indemnifiable person for payment of indemnification.

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES.

The Registrant has not issued any common stock prior to the offering. Concurrently with the consummation of the offering to which this registration statement relates, Paul G. Allen will purchase a total of 50,000 shares of Class B common stock for an aggregate purchase price of $1,000,000. The offering and sale of the shares of common stock will not be registered under the Securities Act of 1933 because the offering and sales will be made in reliance on the exemption provided by Section 4(2) of the Securities Act of 1933 and Rule 506 thereunder for transactions by an issuer not involving a public offering.

On September 22, 1999, Charter Communications Holding Company issued 39.8 million membership units to Vulcan Cable III Inc., in consideration of the contribution by Vulcan Cable III Inc. of approximately $644.3 million in cash and approximately $181 million in equity interests in Rifkin. This acquisition was undertaken as a private placement.

In September 1999, Charter Communications Operating, LLC, our affiliate, acquired Rifkin Acquisition Partners L.L.L.P. and InterLink Communications Partners, LLLP. In exchange for a portion of the equity of these entities, Charter Communications Holding Company, LLC issued 133,312,118 of its Class A preferred membership units to 27 individuals and entities. The Charter Communications Holding Company preferred membership units are exchangeable at the consummation of this offering for shares of our Class A common stock. As a condition of receiving the preferred membership units, each of the Rifkin sellers was required to provide representations and warranties designed to establish that the offers and sales were valid private placements under Section 4(2) of the Securities Act of 1933. Among other representations and warranties, each Rifkin seller receiving equity was required to represent and warrant that it is an accredited investor under the federal securities laws and is acquiring the preferred membership units for investment purposes and not for sale or with a view to distribution, and to acknowledge that the preferred membership units represent restricted securities under the federal securities laws that cannot be resold without registration under the Securities Act of 1933. Any of these Rifkin sellers that was not an accredited investor was also required to deliver a letter from his or her purchaser representative. Charter Communications Holding Company also relied on the fact that the offer and sale of these securities were completed private placements that would not be integrated for purposes of the federal securities laws with this offering.

On August 10, 1999, Vulcan Cable III Inc., purchased approximately 24.1 million membership units in Charter Communications Holding Company for $500 million. The offer and sale of these membership units was not registered under the Securities Act of 1933, because the offer and sale was made in reliance on the exemption provided under Section 4(2) of the Securities Act of 1933 for transactions by an issuer not involving a public offering.

At its inception, Charter Communications, Inc. issued in July 1999 100 shares of its Class A common stock to Charter Investment, Inc. The offer and sale of these membership units was not registered under the Securities Act of 1933, because the offer and sale was made in reliance on the exemption provided under Section 4(2) of the Securities Act of 1933 for transactions by an issuer not involving a public offering.

In June 1999, Charter Communications Holding Company, our affiliate, entered into an agreement to purchase Bresnan Communications Company Limited Partnership. Under the Bresnan purchase agreement, Charter Communications Holding Company has agreed to issue $1.0 billion worth of its common membership units to the Bresnan sellers in partial consideration for the equity of Bresnan Communications Company Limited Partnership. The Charter Communications Holding company membership units are exchangeable for Class A common stock. The offer of these membership units was not and the sale of these membership units will not be registered under the Securities Act of 1933. Charter Communications Holding Company offered these securities in reliance on the exemption provided by Section 4(2) of the Securities Act of 1933 for transactions by an issuer not involving a public offering. Each of the Bresnan sellers represented and warranted that it is an accredited investor within the meaning of the federal securities laws and is acquiring the securities for investment and not with a view to public distribution thereof, and acknowledged that the membership units represented restricted securities under the federal securities laws. Further, Charter Communications Holding Company relied on the fact that the offer and future sales of these securities would constitute completed private placements that would not be integrated for the purposes of the federal securities laws with this offering.

In May 1999, Charter Investment, Inc., our affiliate, entered into an agreement to purchase partnership interests in Falcon Communications, L.P. from Falcon Holding Group, L.P. and TCI Falcon Holdings, LLC, interests in a number of Falcon entities held by Falcon Cable Trust and Falcon Holding Group, Inc., specified interests in Enstar Communications Corporation and Enstar Finance Company, LLC held by Falcon Holding Group, L.P., and specified interests in Adlink held by DHN, Inc. Under the Falcon purchase agreement, Falcon Holding Group, L.P. has agreed to contribute to Charter Communications Holding Company a portion of its partnership interest in Falcon Communications, L.P. in exchange for common membership units of Charter Communications Holding Company. The issuance of these securities has not been registered. The offer of these membership units was not and the sale of these membership units will not be registered under the Securities Act of 1933. Charter Communications Holding Company offered these securities in reliance on the exemption provided by Section 4(2) of the Securities Act of 1933 for transactions by an issuer not involving a public offering. The membership units are to be issued to a single purchaser that could distribute them upon a distribution of all its assets. Each of the Falcon seller represented and warranted that it is an informed and sophisticated purchaser and is acquiring the securities for investment and not with a view to public distribution. Further, Charter Communications Holding Company relied on the fact that the offer and future sales of these securities would constitute completed private placements that would not be integrated for the purposes of the federal securities laws with this offering.

In May, 1999, in connection with the mergers of Vulcan Cable, Inc., Vulcan Cable II, Inc. and Marcus Cable Properties, Inc. into Charter Investment, Inc., Charter Investment, Inc. issued to Mr. Allen 78,124 shares of Class A common stock of Charter Investment, Inc. These acquisitions were undertaken as private placements.

During the period December, 1998, through March, 1999, Mr. Allen loaned approximately $288 million to Charter Investment, Inc. In March, 1999, these loans were contributed to Charter Investment, Inc. in exchange for 11,316 shares of Class A common stock of Charter Investment, Inc. This acquisition was undertaken as a private placement.

Charter Holdings adopted a plan on February 9, 1999, which was assumed by Charter Communications Holding Company on May 25, 1999, providing for the grant of options to purchase up to 25,009,798 membership units in Charter Communications Holding Company, which is equal to 10% of the aggregate equity value of the subsidiaries of Charter Communications Holding Company as of February 9, 1999, the date of adoption of the plan. The plan provides for grants of options to employees and consultants of Charter Communications Holding Company and its affiliates. There are a total of 9,494,081 options granted under the plan. Of those, 9,050,881 options were granted on February 9, 1999 with an exercise price of $20.00 and 443,200 options were granted on April 5, 1999 with an exercise price of $20.73. Of the options granted on February 9, 1999, 65,000 options have vested and with respect to the remaining 8,985,881, 2,246,470 options vest on April 3, 2000 and the remainder vest 1/45 on each monthly anniversary following April 3, 2000. One-fourth of the options granted on April 5, 1999 vest on the 15-month anniversary from April 5, 1999, with the remainder vesting 1/45 on each monthly anniversary for 45 months following the 15-month anniversary. The options expire after ten years from the date of grant. Under the terms of the plan, following consummation of the offering, each membership unit held as a result of exercise of options will be exchanged automatically for shares of Class A common stock on a one-for-one basis. None of these options have been exercised.

Effective December 23, 1998, Mr. Kent received a grant of options to purchase three percent (3%) of the equity value of all cable systems managed by Charter Investment on the date of the grant, or 7,044,127 Charter Communications Holding Company membership units. The options have a term of ten years and vested twenty-five percent (25%) on the date of grant. The remaining seventy-five percent (75%) will vest on the first day of each of the 36 months commencing on the first day of the thirteenth month following the date of grant. Membership units received upon exercise of these options are automatically exchanged for shares of Class A common stock of Charter Communications, Inc. None of these options have been exercised. On December 23, 1998, Mr. Allen purchased 52,046 shares of Class A common stock of Charter Investment, Inc. for approximately $1.3 billion. This acquisition was undertaken as a private placement.

On December 23, 1998, Mr. Kent, Mr. Babcock and Mr. Wood each purchased 598.4 shares of Class A voting common stock of Charter Investment, Inc. through the exercise of outstanding warrants. The offer and sale of these membership units was not registered under the Securities Act of 1933, because the offer and sale was made in reliance on the exemption provided under Section 4(2) of the Securities Act of 1933 for transactions by an issuer not involving a public offering.

On December 21, 1998, Mr. Allen purchased 16,922 shares of Class D common stock of Charter Investment, Inc. for approximately $431 million. On December 23, 1998, this Class D common stock was converted into Class A common stock of Charter Investment, Inc. These acquisitions were undertaken as private placements.

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

EXHIBITS

1.1	Form of Underwriting Agreement by and among Registrant and the underwriters*
2.1	Merger Agreement, dated March 31, 1999, by and between Charter Communications Holdings, LLC and Marcus Cable Holdings, LLC(1)

2.2(a)	Membership Purchase Agreement, dated as of January 1, 1999, by and between ACEC Holding Company, LLC and Charter Communications, Inc. (now called Charter Investment, Inc.)(9)
2.2(b)	Assignment of Membership Purchase Agreement, dated as of February 23, 1999, by and between Charter Communications, Inc. (now called Charter Investment, Inc.) and Charter Communications Entertainment II, LLC(9)
2.3(a)	Asset Purchase Agreement, dated as of February 17, 1999, among Greater Media, Inc., Greater Media Cablevision, Inc. and Charter Communications, Inc. (now called Charter Investment, Inc.)(9)
2.3(b)	Assignment of Asset Purchase Agreement, dated as of February 23, 1999, by and between Charter Communications, Inc. (now called Charter Investment, Inc.) and Charter Communications Entertainment I, LLC(9)
2.4	Purchase Agreement, dated as of February 23, 1999, by and among Charter Communications, Inc. (now called Charter Investment, Inc.), Charter Communications, LLC, Renaissance Media Holdings LLC and Renaissance Media Group LLC(9)
2.5	Purchase Agreement, dated as of March 22, 1999, among Charter Communications, Inc. (now called Charter Investment, Inc.), Charter Communications, LLC, Charter Helicon, LLC, Helicon Partners I, L.P., Baum Investments, Inc. and the limited partners of Helicon Partners I, L.P.(9)
2.6(a)	Asset and Stock Purchase Agreement, dated April 20, 1999, between Intermedia Partners of West Tennessee, L.P. and Charter Communications, LLC(1)
2.6(b)	Stock Purchase Agreement, dated April 20, 1999, between TCID 1P-V, Inc. and Charter Communications, LLC(1)
2.6(c)	RMG Purchase Agreement, dated as of April 20, 1999, between Robin Media Group, Inc., InterMedia Partners of West Tennessee, L.P. and Charter RMG, LLC(1)
2.6(d)	Asset Exchange Agreement, dated April 20, 1999, among InterMedia Partners Southeast, Charter Communications, LLC, Charter Communications Properties, LLC, and Marcus Cable Associates, L.L.C.(1)
2.6(e)	Asset Exchange Agreement, dated April 20, 1999, among InterMedia Partners, a California Limited Partnership, Brenmor Cable Partners, L.P. and Robin Media Group, Inc.(1)
2.6(f)	Amendment to Asset Exchange Agreement, made as of October 1, 1999, by and among InterMedia Partners Southeast and Charter Communications, LLC, Charter Communications Properties, LLC and Marcus Cable Associates, L.L.C.
2.6(g)	Common Agreement, dated April 20, 1999, between InterMedia Partners, InterMedia Partners Southeast, InterMedia Partners of West Tennessee, L.P., InterMedia Capital Partners IV, L.P., InterMedia Partners IV, L.P., Brenmor Cable Partners, L.P., TCID IP-V, Inc., Charter Communications, LLC, Charter Communications Properties, LLC, Marcus Cable Associates, L.L.C. and Charter RMG, LLC(10)+
2.7(a)	Purchase and Sale Agreement, dated as of April 26, 1999, by and among InterLink Communications Partners, LLLP, the sellers listed therein and Charter Communications, Inc. (now called Charter Investment, Inc.)(1)
2.7(b)	Purchase and Sale Agreement, dated as of April 26, 1999, by and among Rifkin Acquisition Partners, L.L.L.P., the sellers listed therein and Charter Communications, Inc. (now called Charter Investment, Inc.)(9)
2.7(c)	RAP Indemnity Agreement, dated April 26, 1999, by and among the sellers listed therein and Charter Communications, Inc. (now called Charter Investment, Inc.)(9)
2.7(d)	Assignment of Purchase Agreement with InterLink Communications Partners, LLLP, dated as of June 30, 1999, by and between Charter Communications, Inc. (now called Charter Investment, Inc.) and Charter Communications Operating, LLC(9)

2.7(e)	Assignment of Purchase Agreement with Rifkin Acquisition Partners L.L.L.P., dated as of June 30, 1999, by and between Charter Communications, Inc. (now called Charter Investment, Inc.) and Charter Communications Operating, LLC(9)
2.7(f)	Assignment of RAP Indemnity Agreement, dated as of June 30, 1999, by and between Charter Communications, Inc. (now called Charter Investment, Inc.) and Charter Communications Operating, LLC(9)
2.7(g)	Amendment to the Purchase Agreement with InterLink Communications Partners, LLLP, dated June 29, 1999(11)
2.7(h)	Contribution Agreement, dated as of September 14, 1999, by and among Charter Communications Operating, LLC, Charter Communications Holding Company, LLC, Charter Communications, Inc., Paul G. Allen and the certain other individuals and entities listed on the signature pages thereto
2.8(a)	Securities Purchase Agreement, dated May 13, 1999, by and between Avalon Cable Holdings LLC, Avalon Investors, L.L.C., Avalon Cable of Michigan Holdings, Inc. and Avalon Cable LLC and Charter Communications Holdings LLC and Charter Communications, Inc. (now called Charter Investment, Inc.)(5)
2.8(b)	Assignment and Contribution Agreement, entered into as of October 11, 1999 by and between Charter Communications Holding Company, LLC and Charter Communications, Inc.
2.8(c)	Assignment Agreement effective as of June 16, 1999, by and among Charter Communications, Inc., Charter Communications Holdings LLC, Charter Communications Holding Company, LLC, Avalon Cable Holdings LLC, Avalon Investors, L.L.C., Avalon Cable of Michigan Holdings, Inc. and Avalon Cable LLC.
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2.9(a)	First Amendment to Purchase and Contribution Agreement, dated as of June 22, 1999, by and among Charter Communications, Inc., Charter Communications Holding Company, LLC, Falcon Communications, L.P., Falcon Holding Group, L.P., TCI Falcon Holdings, LLC, Falcon Cable Trust, Falcon Holding Group, Inc. and DHN Inc.(8)
2.10(a)	Purchase Agreement, dated as of May 21, 1999, among Blackstone TWF Capital Partners, L.P., Blackstone TWF Capital Partners A L.P., Blackstone TWF Capital Partners B L.P., Blackstone TWF Family Investment Partnership, L.P., RCF Carry, LLC, Fanch Management Partners, Inc., PBW Carried Interest, Inc., RCF Indiana Management Corp, The Robert C. Fanch Revocable Trust, A. Dean Windry, Thomas Binning, Jack Pottle, SDG/Michigan Communications Joint Venture, Fanch-JV2 Master Limited Partnership, Cooney Cable Associates of Ohio, Limited Partnership, North Texas Cablevision, LTD., Post Cablevision of Texas, Limited Partnership, Spring Green Communications, L.P., Fanch-Narragansett CSI Limited Partnership, and Fanch Cablevision of Kansas General Partnership and Charter Communications, Inc. (now known as Charter Investment, Inc.)**
2.10(b)	Assignment of Purchase Agreement by and between Charter Investment, Inc. and Charter Communications Holding Company, LLC, effective as of September 21, 1999
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3.1	Form of Restated Certificate of Incorporation of Registrant
3.2	Form of Bylaws of Registrant

4.1	Form of certificate evidencing shares of Class A common stock**
5.1	Form of Opinion of Paul, Hastings, Janofsky & Walker LLP regarding legality of the securities being registered**
10.1	Credit Agreement, dated as of March 18, 1999, between Charter Communications Operating, LLC and certain lenders and agents named therein(1)
10.2(a)	Amended and Restated Management Agreement, dated March 17, 1999, between Charter Communications Operating, LLC and Charter Communications, Inc. (now called Charter Investment, Inc.)(9)
10.2(b)	Form of Second Amended Management Agreement, dated as of , 1999, by and among Charter Investment, Inc., Charter Communications, Inc. and Charter Communications Operating, LLC
10.2(c)	Form of Mutual Services Agreement, dated as of , 1999, by and between Charter Communications, Inc. and Charter Investment, Inc.
10.2(d)	Form of Management Agreement, dated as of , 1999, by and between Charter Communications Holding Company, LLC and Charter Communications, Inc.
10.3	Consulting Agreement, dated as of March 10, 1999, by and between Vulcan Northwest Inc., Charter Communications, Inc. (now called Charter Investment, Inc.) and Charter Communications Holdings, LLC(9)
10.4	Indenture relating to the 8.250% Senior Notes due 2007, dated as of March 17, 1999, between Charter Communications Holdings, LLC, Charter Communications Holdings Capital Corporation and Harris Trust and Savings Bank(1)
10.5	Indenture relating to the 8.625% Senior Notes due 2009, dated as of March 17, 1999, among Charter Communications Holdings, LLC, Charter Communications Holdings Capital Corporation and Harris Trust and Savings Bank(1)
10.6	Indenture relating to the 9.920% Senior Discount Notes due 2011, dated as of March 17, 1999, among Charter Communications Holdings, LLC, Charter Communications Holdings Capital Corporation and Harris Trust and Savings Bank(1)
10.7	Indenture, dated as of April 9, 1998, by and among Renaissance Media (Louisiana) LLC, Renaissance Media (Tennessee) LLC, Renaissance Media Capital Corporation, Renaissance Media Group LLC and United States Trust Company of New York, as trustee(2)
10.8	Indenture, dated January 15, 1996, by and among Rifkin Acquisition Partners, L.L.L.P., Rifkin Acquisition Capital Corp., as issuers, Cable Equities of Colorado Management Corp., FNI Management Corp., Cable Equities of Colorado, Ltd., Cable Equities, Inc. and Rifkin/ Tennessee, Ltd., as Subsidiary Guarantors, and Marine Midland Bank, as trustee(3)
10.9	Indenture, dated as of October 15, 1993, by and among The Helicon Group, L.P. and Helicon Capital Corp., as issuers, and Shawmut Bank Connecticut, National Association, as trustee(4)
10.10	Charter Communications Holdings, LLC 1999 Option Plan(9)
10.11(a)	Membership Interests Purchase Agreement, dated July 22, 1999, by and between Charter Communications Holding Company, LLC and Paul G. Allen(11)
10.11(b)	Form of Contribution Agreement, dated as of , 1999, by and between Charter Investment, Inc. and Charter Communications Holding Company, LLC
10.11(c)	Amendment to Membership Interests Purchase Agreement, dated as of August 10, 1999, by and among Charter Communications Holding Company, LLC, Vulcan Cable III Inc. and Paul G. Allen(11)
10.11(d)	Letter from Paul G. Allen regarding agreement to purchase Charter Communications Holding Company, LLC membership units**
10.12(a)	Certificate of Formation of Charter Communications Holding Company, LLC, filed on May 25, 1999**

10.12(b)	Form of Amended and Restated Limited Liability Company Agreement for Charter Communications Holding Company, LLC, effective as of , 1999, by and among Charter Communications, Inc. and the other individuals and entities listed on Schedule A thereto
10.13	Form of Exchange Agreement, dated as of October , 1999 by and among Charter Investment, Inc., Charter Communications, Inc., Vulcan Cable III Inc. and Paul G. Allen
10.14	Form of Registration Rights Agreement, dated as of , 1999, by and among Charter Communications, Inc., Charter Investment, Inc., Vulcan Cable III Inc., Mr. Paul G. Allen, Mr. Jerald L. Kent, Mr. Howard L. Wood and Mr. Barry L. Babcock
10.15(a)	Employment Agreement, dated as of August 28, 1998, between Jerald L. Kent and Paul G. Allen(12)
10.15(b)	Assignment of Employment Agreements, dated as of December 23, 1998, between Paul G. Allen and Charter Communications, Inc. (now called Charter Investment, Inc.)(11)
10.15(c)	Form of Assignment and Assumption Agreement, dated as of , 1999, by and between Charter Investment, Inc. and Charter Communications, Inc.**
10.16	Form of Consulting Agreement, dated as of , 1999, by and between Barry L. Babcock and Charter Communications, Inc.*
10.17	Form of Consulting Agreement, dated as of , 1999, by and between Howard L. Wood and Charter Communications, Inc.*
10.18	Note Purchase and Exchange Agreement, dated as of October 21, 1991, by and among Falcon Telecable, The Mutual Life Insurance Company and MONY Life Insurance Company*
10.19	Letter Agreement, dated as of July 22, 1999 between Charter Communications Holding Company, LLC and Charter Communications Holdings, LLC(12)
10.20(a)	Option Agreement, dated as of February 9, 1999, between Jerald L. Kent and Charter Communications Holdings, LLC(11)
10.20(b)	Amendment to the Option Agreement, dated as of August 23, 1999, between Jerald L. Kent and Charter Communications Holding Company, LLC(11)
10.21	Assumption Agreement, dated as of May 25, 1999, by and between Charter Communications Holdings, LLC and Charter Communications Holding Company, LLC(11)
10.22	Letter Agreement, dated September 21, 1999, by and among Charter Communications, Inc., Charter Investment, Inc., Charter Communications Holding Company, Inc. and Vulcan Ventures Inc.
10.23	Indenture, dated February 2, 1999, among BCG, BCC and State Street Bank and Trust Company, as trustee, relating to the Issuers' $170,000,000 principal amount of 8% Senior Notes due 2009 and $275,000,000 aggregate principal amount at maturity of 9 1/4% Senior Discount Notes due 2009(13)
10.24	Loan Agreement dated as of February 2, 1999 among BTC, various lending institutions, Toronto Dominion (Texas), Inc., as the Administrative Agent for the Lenders, with TD Securities (USA) Inc., Chase Securities Inc., the Bank of Nova Scotia, BNY Capital Markets, Inc. and NationsBanc Montgomery Securities LLC, collectively, the Arranging Agents, Chase Securities Inc., as Syndication Agent, the Bank of Nova Scotia, the Bank of New York Company, Inc., and NationsBanc Montgomery Securities LLC, as Documentation Agents, and TD Securities (USA) Inc., and Chase Securities Inc., as Joint Book Managers and Joint Lead Arrangers(13)
10.25	Indenture, dated as of December 10, 1998 by and among Avalon Cable of Michigan, Inc., Avalon Cable of New England LLC and Avalon Cable Finance, Inc., as issuers and The Bank of New York, as trustee for the Notes(5)
10.26	Supplemental Indenture, dated as of March 26, 1999 by and among Avalon Cable of New England LLC, Avalon Cable Finance, Inc. and Avalon Cable of Michigan LLC as issuers, Avalon Cable of Michigan, Inc., as guarantor, and The Bank of New York, as trustee for the Notes(5)

10.27	Senior Credit Agreement, dated as of November 6, 1998, among Avalon Cable of New England LLC, Avalon Cable of Michigan, Inc., Avalon Cable Finance, Inc., Avalon Cable of Michigan, LLC, Lehman Brothers Inc., Fleet Bank of Massachusetts, N.A., Union Bank of California, N.A. and Lehman Commercial Paper Inc.(19)
10.28	Guarantee and Collateral Agreement, dated as of November 6, 1998 made by Avalon LLC, Avalon Cable LLC, Avalon Cable of New England Holdings, Inc., Avalon Cable Holdings Finance, Inc., Avalon Cable of Michigan Holdings, Inc. and Avalon Cable of Michigan, Inc. in favor of Lehman Commercial Paper Inc.(19)
10.29	Indenture, dated as of December 10, 1998 by and among Avalon Cable of Michigan Holdings, Inc., Avalon Cable LLC and Avalon Cable Holdings Finance, Inc., as issuers and The Bank of New York, as trustee for the Notes(14)
10.30	Supplemental Indenture, dated as of March 26, 1999 by and among Avalon Cable of Michigan Holdings, Inc., Avalon Cable LLC and Avalon Cable Holdings Finance, Inc., as issuers, Avalon Cable of Michigan, Inc., as guarantor, and The Bank of New York, as trustee for the Notes(14)
10.31	Indenture, dated as of March 29, 1993, by and among Falcon Holding Group, L.P. and United States Trust Company of New York (governing 11% Senior Subordinated Notes due 2003)(15)
10.32	Indenture, dated as of April 3, 1998, among Falcon Holding Group, L.P., Falcon Funding Corporation and United States Trust Company of New York, as trustee(16)
10.33	Supplemental Indenture, dated as of September 30, 1998, by and among Falcon Holding Group, L.P., Falcon Funding Corporation, Falcon Communications, L.P. and United States Trust Company of New York, as trustee(17)
10.34	Credit Agreement, dated as of June 30, 1998, among Falcon Cable Communications, LLC, certain guarantors and lenders named therein, BankBoston, N.A., as Documentation Agent, Toronto Dominion, Inc., as Administrative Agent, Bank of America, N.A. (formerly known as NationsBank, N.A.), as Syndication Agent, and The Chase Manhattan Bank, as Co-Syndication Agent(18)
10.35	Amendment to the Credit Agreement, dated as of September 25, 1998, among the affiliates of Falcon Holding Group, L.P. named therein and BankBoston, N.A., as Documentation Agent(17)
10.36	Form of Credit Agreement, dated as of June 30, 1998, as Amended and Restated as of , 1999, among Falcon Cable Communications, LLC, certain guarantors and lenders named therein, BankBoston, N.A., as Documentation Agent, Toronto Dominion, Inc., as Administrative Agent, Bank of America, N.A., as Syndication Agent, and The Chase Manhattan Bank, as Co-Syndication Agent
10.37	Assumption Agreement, dated as of May 25, 1999, by and among Charter Communications Holdings, LLC and Charter Communications Holding Company, LLC.**
10.38	Commitment Letter, dated October 15, 1999, from Goldman Sachs Credit Partners L.P. to Charter Communications, Inc.
21.1	Subsidiaries of Registrant
23.1	Consent of Paul, Hastings, Janofsky & Walker LLP (contained in Exhibit No. 5.1)*
23.2	Consent of Arthur Andersen LLP
23.3	Consent of KPMG LLP
23.4	Consent of Ernst & Young LLP
23.5	Consent of Ernst & Young LLP
23.6	Consent of KPMG LLP
23.7	Consent of PricewaterhouseCoopers LLP
23.8	Consent of PricewaterhouseCoopers LLP
23.9	Consent of Ernst & Young LLP
23.10	Consent of PricewaterhouseCoopers LLP

23.11	Consent of PricewaterhouseCoopers LLP
23.12	Consent of Greenfield, Altman, Brown, Berger & Katz, P.C.
23.13	Consent of PricewaterhouseCoopers LLP
23.14	Consent of Ernst & Young LLP
23.15	Consent of KPMG LLP
23.16	Consent of KPMG LLP
23.17	Consent of Ernst & Young LLP
23.18	Consent of Ernst & Young LLP
24.1	Power of Attorney**
27.1	Financial Data Schedule**
99.1	Consent of Nancy B. Peretsman
99.2	Consent of Ronald L. Nelson
99.3	Consent of Howard L. Wood*
99.4	Consent of Marc Nathanson

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* To be filed by amendment.

** Previously filed.

\+ Portions of this exhibit have been omitted pursuant to a request for confidential treatment.

(1) Incorporated by reference to Amendment No. 2 to the registration statement on Form S-4 of Charter Communications Holdings, LLC and Charter Communications Holdings Capital Corporation filed on June 21, 1999 (File No. 333-77499).

(2) Incorporated by reference to the registration statement on Forms S-4 and S-1 of Renaissance Media Group LLC, Renaissance Media (Tennessee) LLC, Renaissance Media (Louisiana) LLC and Renaissance Media Capital Corporation filed on June 12, 1998 (File No. 333-56679).

(3) Incorporated by reference to the registration statement on Form S-1 of Rifkin Acquisition Capital Corp. and Rifkin Acquisition Partners, L.L.L.P. filed on April 2, 1996 (File No. 333-3084).

(4) Incorporated by reference to the registration statement on Form S-4 of The Helicon Group, L.P. and Helicon Capital Corp. filed on December 3, 1993 (File No. 333-72468).

(5) Incorporated by reference to Amendment No. 1 to the registration statement on Form S-4 of Avalon Cable of Michigan LLC, Avalon Cable of Michigan Inc., Avalon Cable of New England LLC and Avalon Cable Finance Inc. filed on May 28, 1999 (File No. 333-75453).

(6) Incorporated by reference to the report on Form 8-K of Falcon Communications, L.P. and Falcon Funding Corporation filed on June 9, 1999 (File No. 033-60776 and 333-55755-01).

(7) Incorporated by reference to Amendment No. 1 to the registration statement on Form S-4 of Bresnan Communications Group LLC and Bresnan Capital Corporation filed on July 9, 1999 (File No. 333-77637).

(8) Incorporated by reference to the quarterly report on Form 10-Q filed by Falcon Communications, L.P. and Falcon Funding Corporation on August 13, 1999 (File No. 333-60776 and 333-55755).

(9) Incorporated by reference to Amendment No. 4 to the registration statement on Form S-4 of Charter Communications Holdings, LLC and Charter Communications Holdings Capital Corporation filed on July 22, 1999 (File No. 333-77499).

(10) Incorporated by reference to Amendment No. 3 to the registration statement on Form S-4 of Charter Communications Holdings, LLC and Charter Communications Holdings Capital Corporation filed on July 2, 1999 (File No. 333-77499).

(11) Incorporated by reference to Amendment No. 6 to the registration statement on Form S-4 of Charter Communications Holdings, LLC and Charter Communications Holdings Capital Corporation filed on August 27, 1999 (File No. 333-77499).

(12) Incorporated by reference to Amendment No. 5 to the registration statement on Form S-4 of Charter Communications Holdings, LLC and Charter Communications Holdings Capital Corporation filed on August 10, 1999 (File No. 333-77499).

(13) Incorporated by reference to the registration statement on Form S-4 of Bresnan Communications Group LLC and Bresnan Capital Corporation filed on May 3, 1999 (File No. 333-77637).

(14) Incorporated by reference to Amendment No. 1 to the registration statement on Form S-4 of Avalon Cable LLC, Avalon Cable Holdings Finance, Inc., Avalon Cable of Michigan Holdings, Inc. and Avalon Cable of Michigan, Inc. filed on May 28, 1999 (File No. 333-75415).

(15) Incorporated by reference to the registration statement on Form S-4 of Falcon Holding Group, L.P. filed on April 18, 1993 (File No. 33-60776).

(16) Incorporated by reference to the registration statement on Form S-4 of Falcon Holding Group, L.P. and Falcon Funding Corporation filed on June 1, 1998 (File No. 333-55755).

(17) Incorporated by reference to the report on Form 8-K of Falcon Communications, L.P. and Falcon Funding Corporation filed on October 9, 1998 (File No. 33-60776).

(18) Incorporated by reference to Amendment No. 1 to the registration statement on Form S-4 of Falcon Holding Group, L.P. and Falcon Funding Corporation filed on July 17, 1998 (File No. 333-55755).

(19) Incorporated by reference to Amendment No. 4 to the statement of beneficial ownership on Schedule 13D of Avalon Cable of Michigan, Inc., Avalon Cable of Michigan Holdings, Inc., Avalon Cable Holdings, LLC, ABRY Broadcast Partners III, L.P., ABRY Equity Investors, L.P., ABRY Holdings III, Inc. and Royce Yudkoff filed on November 12, 1998 (File No. 005-40465).

FINANCIAL STATEMENT SCHEDULES

Schedules not listed above are omitted because of the absence of the conditions under which they are required or because the information required by such omitted schedules is set forth in the financial statements or the notes thereto.

ITEM 17. UNDERTAKINGS.

The undersigned Registrant hereby undertakes to provide to the underwriter at the closing specified in the underwriting agreements, certificates in such denominations and registered in such names as required by the underwriter to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission, such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

The undersigned Registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1)

or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, Charter Communications, Inc. has duly caused this Amendment No. 3 to the registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of St. Louis, State of Missouri on the 18th day of October 1999.

CHARTER COMMUNICATIONS, INC.

By: /s/ CURTIS S. SHAW

Name: Curtis S. Shaw
Title: Senior Vice President, General Counsel and Secretary

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the dates indicated.

SIGNATURE	CAPACITY	DATE
* Paul G. Allen	Chairman of the Board of Directors	October 18, 1999
* Jerald L. Kent	President, Chief Executive Officer and Director (Principal Executive Officer)	October 18, 1999
* William D. Savoy	Director	October 18, 1999
* Kent D. Kalkwarf	Senior Vice President and Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer)	October 18, 1999

*By: /s/ CURTIS S. SHAW

Attorney-in-fact

EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION	PAGE NO.
1.1	Form of Underwriting Agreement by and among Registrant and the underwriters*	
2.1	Merger Agreement, dated March 31, 1999, by and between Charter Communications Holdings, LLC and Marcus Cable Holdings, LLC(1)	
2.2(a)	Membership Purchase Agreement, dated as of January 1, 1999, by and between ACEC Holding Company, LLC and Charter Communications, Inc. (now called Charter Investment, Inc.)(9)	
2.2(b)	Assignment of Membership Purchase Agreement, dated as of February 23, 1999, by and between Charter Communications, Inc. (now called Charter Investment, Inc.) and Charter Communications Entertainment II, LLC(9)	
2.3(a)	Asset Purchase Agreement, dated as of February 17, 1999, among Greater Media, Inc., Greater Media Cablevision, Inc. and Charter Communications, Inc. (now called Charter Investment, Inc.)(9)	
2.3(b)	Assignment of Asset Purchase Agreement, dated as of February 23, 1999, by and between Charter Communications, Inc. (now called Charter Investment, Inc.) and Charter Communications Entertainment I, LLC(9)	
2.4	Purchase Agreement, dated as of February 23, 1999, by and among Charter Communications, Inc. (now called Charter Investment, Inc.), Charter Communications, LLC, Renaissance Media Holdings LLC and Renaissance Media Group LLC(9)	
2.5	Purchase Agreement, dated as of March 22, 1999, among Charter Communications, Inc. (now called Charter Investment, Inc.), Charter Communications, LLC, Charter Helicon, LLC, Helicon Partners I, L.P., Baum Investments, Inc. and the limited partners of Helicon Partners I, L.P.(9)	
2.6(a)	Asset and Stock Purchase Agreement, dated April 20, 1999, between Intermedia Partners of West Tennessee, L.P. and Charter Communications, LLC(1)	
2.6(b)	Stock Purchase Agreement, dated April 20, 1999, between TCID 1P-V, Inc. and Charter Communications, LLC(1)	
2.6(c)	RMG Purchase Agreement, dated as of April 20, 1999, between Robin Media Group, Inc., InterMedia Partners of West Tennessee, L.P. and Charter RMG, LLC(1)	
2.6(d)	Asset Exchange Agreement, dated April 20, 1999, among InterMedia Partners Southeast, Charter Communications, LLC, Charter Communications Properties, LLC, and Marcus Cable Associates, L.L.C.(1)	
2.6(e)	Asset Exchange Agreement, dated April 20, 1999, among InterMedia Partners, a California Limited Partnership, Brenmor Cable Partners, L.P. and Robin Media Group, Inc.(1)	
2.6(f)	Amendment to Asset Exchange Agreement, made as of October 1, 1999, by and among InterMedia Partners Southeast and Charter Communications, LLC, Charter Communications Properties, LLC and Marcus Cable Associates, L.L.C.	
2.6(g)	Common Agreement, dated April 20, 1999, between InterMedia Partners, InterMedia Partners Southeast, InterMedia Partners of West Tennessee, L.P., InterMedia Capital Partners IV, L.P., InterMedia Partners IV, L.P., Brenmor Cable Partners, L.P., TCID IP-V, Inc., Charter Communications, LLC, Charter Communications Properties, LLC, Marcus Cable Associates, L.L.C. and Charter RMG, LLC(10)+	
2.7(a)	Purchase and Sale Agreement, dated as of April 26, 1999, by and among Interlink Communications Partners, LLLP, the sellers listed therein and Charter Communications, Inc. (now called Charter Investment, Inc.)(1)	
2.7(b)	Purchase and Sale Agreement, dated as of April 26, 1999, by and among Rifkin Acquisition Partners, L.L.L.P., the sellers listed therein and Charter Communications, Inc. (now called Charter Investment, Inc.)(9)	

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2.7(c)	RAP Indemnity Agreement, dated April 26, 1999, by and among the sellers listed therein and Charter Communications, Inc. (now called Charter Investment, Inc.)(9)	
2.7(d)	Assignment of Purchase Agreement with InterLink Communications Partners, LLLP, dated as of June 30, 1999, by and between Charter Communications, Inc. (now called Charter Investment, Inc.) and Charter Communications Operating, LLC(9)	
2.7(e)	Assignment of Purchase Agreement with Rifkin Acquisition Partners L.L.L.P., dated as of June 30, 1999, by and between Charter Communications, Inc. (now called Charter Investment, Inc.) and Charter Communications Operating, LLC(9)	
2.7(f)	Assignment of RAP Indemnity Agreement, dated as of June 30, 1999, by and between Charter Communications, Inc. (now called Charter Investment, Inc.) and Charter Communications Operating, LLC(9)	
2.7(g)	Amendment to the Purchase Agreement with InterLink Communications Partners, LLLP, dated June 29, 1999(11)	
2.7(h)	Contribution Agreement, dated as of September 14, 1999, by and among Charter Communications Operating, LLC, Charter Communications Holding Company, LLC, Charter Communications, Inc., Paul G. Allen and the certain other individuals and entities listed on the signature pages thereto	
2.8(a)	Securities Purchase Agreement, dated May 13, 1999, by and between Avalon Cable Holdings LLC, Avalon Investors, L.L.C., Avalon Cable of Michigan Holdings, Inc. and Avalon Cable LLC and Charter Communications Holdings LLC and Charter Communications, Inc. (now called Charter Investment, Inc.)(5)	
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2.9(a)	First Amendment to Purchase and Contribution Agreement, dated as of June 22, 1999, by and among Charter Communications, Inc., Charter Communications Holding Company, LLC, Falcon Communications, L.P., Falcon Holding Group, L.P., TCI Falcon Holdings, LLC, Falcon Cable Trust, Falcon Holding Group, Inc. and DHN Inc. (8)	
2.10(a)	Purchase Agreement, dated as of May 21, 1999, among Blackstone TWF Capital Partners, L.P., Blackstone TWF Capital Partners A L.P., Blackstone TWF Capital Partners B L.P., Blackstone TWF Family Investment Partnership, L.P., RCF Carry, LLC, Fanch Management Partners, Inc., PBW Carried Interest, Inc., RCF Indiana Management Corp, The Robert C. Fanch Revocable Trust, A. Dean Windry, Thomas Binning, Jack Pottle, SDG/Michigan Communications Joint Venture, Fanch-JV2 Master Limited Partnership, Cooney Cable Associates of Ohio, Limited Partnership, North Texas Cablevision, LTD., Post Cablevision of Texas, Limited Partnership, Spring Green Communications, L.P., Fanch-Narragansett CSI Limited Partnership, and Fanch Cablevision of Kansas General Partnership and Charter Communications, Inc. (now known as Charter Investment, Inc.)**	
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10.10	Charter Communications Holdings, LLC 1999 Option Plan(9)	
10.11(a)	Membership Interests Purchase Agreement, dated July 22, 1999, by and between Charter Communications Holding Company, LLC and Paul G. Allen(11)	

EXHIBIT NUMBER	DESCRIPTION	PAGE NO.
10.11(b)	Form of Contribution Agreement, dated as of , 1999, by and between Charter Investment, Inc. and Charter Communications Holding Company, LLC	
10.11(c)	Amendment to Membership Interests Purchase Agreement, dated as of August 10, 1999, by and among Charter Communications Holding Company, LLC, Vulcan Cable III Inc. and Paul G. Allen(11)	
10.11(d)	Letter from Paul G. Allen regarding agreement to purchase Charter Communications Holding Company, LLC membership units**	
10.12(a)	Certificate of Formation of Charter Communications Holding Company, LLC, filed on May 25, 1999**	
10.12(b)	Form of Amended and Restated Limited Liability Company Agreement for Charter Communications Holding Company, LLC, effective as of , 1999, by and among Charter Communications, Inc. and the other individuals and entities listed on Schedule A thereto	
10.13	Form of Exchange Agreement, dated as of , 1999 by and among Charter Investment, Inc., Charter Communications, Inc., Vulcan Cable III Inc. and Paul G. Allen	
10.14	Form of Registration Rights Agreement, dated as of , 1999, by and among Charter Communications, Inc., Charter Investment, Inc., Vulcan Cable III Inc., Mr. Paul G. Allen, Mr. Jerald L. Kent, Mr. Howard L. Wood and Mr. Barry L. Babcock	
10.15(a)	Employment Agreement, dated as of August 28, 1998, between Jerald L. Kent and Paul G. Allen(12)	
10.15(b)	Assignment of Employment Agreements, dated as of December 23, 1998, between Paul G. Allen and Charter Communications, Inc. (now called Charter Investment, Inc.)(11)	
10.15(c)	Form of Assignment and Assumption Agreement, dated as of , 1999, by and between Charter Investment, Inc. and Charter Communications, Inc.**	
10.16	Form of Consulting Agreement, dated as of , 1999, by and between Barry L. Babcock and Charter Communications, Inc.*	
10.17	Form of Consulting Agreement, dated as of , 1999, by and between Howard L. Wood and Charter Communications, Inc.*	
10.18	Note Purchase and Exchange Agreement, dated as of October 21, 1991, by and among Falcon Telecable, The Mutual Life Insurance Company and MONY Life Insurance Company*	
10.19	Letter Agreement, dated as of July 22, 1999 between Charter Communications Holding Company, LLC and Charter Communications Holdings, LLC(12)	
10.20(a)	Option Agreement, dated as of February 9, 1999, between Jerald L. Kent and Charter Communications Holdings, LLC(11)	
10.20(b)	Amendment to the Option Agreement, dated as of August 23, 1999, between Jerald L. Kent and Charter Communications Holding Company, LLC(11)	
10.21	Assumption Agreement, dated as of May 25, 1999, by and between Charter Communications Holdings, LLC and Charter Communications Holding Company, LLC(11)	
10.22	Letter agreement, dated September 21, 1999, by and among Charter Communications, Inc., Charter Investment, Inc., Charter Communications Holding Company, Inc. and Vulcan Ventures Inc.	
10.23	Indenture, dated February 2, 1999, among BCG, BCC and State Street Bank and Trust Company, as trustee, relating to the Issuers' $170,000,000 principal amount of 8% Senior Notes due 2009 and $275,000,000 aggregate principal amount at maturity of 9 1/4% Senior Discount Notes due 2009(13)	

EXHIBIT NUMBER	DESCRIPTION	PAGE NO.
10.24	Loan Agreement dated as of February 2, 1999 among BTC, various lending institutions, Toronto Dominion (Texas), Inc., as the Administrative Agent for the Lenders, with TD Securities (USA) Inc., Chase Securities Inc., the Bank of Nova Scotia, BNY Capital Markets, Inc. and NationsBanc Montgomery Securities LLC, collectively, the Arranging Agents, Chase Securities Inc., as Syndication Agent, the Bank of Nova Scotia, the Bank of New York Company, Inc., and NationsBanc Montgomery Securities LLC, as Documentation Agents, and TD Securities (USA) Inc., and Chase Securities Inc., as Joint Book Managers and Joint Lead Arrangers(13)	
10.25	Indenture, dated as of December 10, 1998 by and among Avalon Cable of Michigan, Inc., Avalon Cable of New England LLC and Avalon Cable Finance, Inc., as Issuers and The Bank of New York, as trustee for the Notes(5)	
10.26	Supplemental Indenture, dated as of March 26, 1999 by and among Avalon Cable of New England LLC, Avalon Cable Finance, Inc. and Avalon Cable of Michigan LLC as issuers, Avalon Cable of Michigan, Inc., as guarantor, and The Bank of New York, as trustee for the Notes(5)	
10.27	Senior Credit Agreement, dated as of November 6, 1998, among Avalon Cable of New England LLC, Avalon Cable of Michigan, Inc., Avalon Cable Finance, Inc., Avalon Cable of Michigan, LLC, Lehman Brothers Inc., Fleet Bank of Massachusetts, N.A., Union Bank of California, N.A. and Lehman Commercial Paper Inc.(19)	
10.28	Guarantee and Collateral Agreement, dated as of November 6, 1998 made by Avalon LLC, Avalon Cable LLC, Avalon Cable of New England Holdings, Inc., Avalon Cable Holdings Finance, Inc., Avalon Cable of Michigan Holdings, Inc. and Avalon Cable of Michigan, Inc. in favor of Lehman Commercial Paper Inc.(19)	
10.29	Indenture, dated as of December 10, 1998 by and among Avalon Cable of Michigan Holdings, Inc., Avalon Cable LLC and Avalon Cable Holdings Finance, Inc., as issuers and The Bank of New York, as Trustee for the Notes(14)	
10.30	Supplemental Indenture, dated as of March 26, 1999 by and among Avalon Cable of Michigan Holdings, Inc., Avalon Cable LLC and Avalon Cable Holdings Finance, Inc., as issuers, Avalon Cable of Michigan, Inc., as guarantor, and The Bank of New York, as trustee for the Notes(14)	
10.31	Indenture, dated as of March 29, 1993, by and among Falcon Holding Group, L.P. and United States Trust Company of New York (governing 11% Senior Subordinated Notes due 2003)(15)	
10.32	Indenture, dated as of April 3, 1998, among Falcon Holding Group, L.P., Falcon Funding Corporation and United States Trust Company of New York, as trustee(16)	
10.33	Supplemental Indenture, dated as of September 30, 1998, by and among Falcon Holding Group, L.P., Falcon Funding Corporation, Falcon Communications, L.P. and United States Trust Company of New York, as trustees(17)	
10.34	Credit Agreement, dated as of June 30, 1998, among Falcon Cable Communications, LLC, certain guarantors and lenders named therein, BankBoston, N.A., as Documentation Agent, Toronto Dominion, Inc., as Administrative Agent, Bank of America, N.A. (formerly known as NationsBank, N.A.), as Syndication Agent and The Chase Manhattan Bank, as Co-Syndication Agent(18)	
10.35	Amendment to the Credit Agreement, dated as of September 25, 1998, among the affiliates of Falcon Holding Group, L.P. named therein and BankBoston, N.A., as Documentation Agent(17)	

EXHIBIT NUMBER	DESCRIPTION	PAGE NO.
10.36	Form of Credit Agreement, dated as of June 30, 1998, as Amended and Restated as of , 1999, among Falcon Cable Communications, LLC, certain guarantors and lenders named therein, BankBoston, N.A., as Documentation Agent, Toronto Dominion, Inc., as Administrative Agent, Bank of America, N.A., as Syndication Agent, and The Chase Manhattan Bank, as Co-Syndication Agent.	
10.37	Assumption Agreement, dated as of May 25, 1999, by and among Charter Communications Holdings, LLC and Charter Communications Holding Company, LLC**	
10.38	Commitment Letter, dated October 15, 1999, from Goldman Sachs Credit Partners L.P. to Charter Communications, Inc.	
21.1	Subsidiaries of Registrant	
23.1	Consent of Paul, Hastings, Janofsky & Walker LLP (contained in Exhibit No. 5.1)*	
23.2	Consent of Arthur Andersen LLP	
23.3	Consent of KPMG LLP	
23.4	Consent of Ernst & Young LLP	
23.5	Consent of Ernst & Young LLP	
23.6	Consent of KPMG LLP	
23.7	Consent of PricewaterhouseCoopers LLP	
23.8	Consent of PricewaterhouseCoopers LLP	
23.9	Consent of Ernst & Young LLP	
23.10	Consent of PricewaterhouseCoopers LLP	
23.11	Consent of PricewaterhouseCoopers LLP	
23.12	Consent of Greenfield, Altman, Brown, Berger & Katz, P.C.	
23.13	Consent of PricewaterhouseCoopers LLP	
23.14	Consent of Ernst & Young LLP	
23.15	Consent of KPMG LLP	
23.16	Consent of KPMG LLP	
23.17	Consent of Ernst & Young LLP	
23.18	Consent of Ernst & Young LLP	
24.1	Power of Attorney**	
27.1	Financial Data Schedule**	
99.1	Consent of Nancy B. Peretsman	
99.2	Consent of Ronald L. Nelson	
99.3	Consent of Howard L. Wood*	
99.4	Consent of Marc Nathanson	

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* To be filed by amendment.

** Previously filed.

\+ Portions of this exhibit have been omitted pursuant to a request for confidential treatment.

(1) Incorporated by reference to Amendment No. 2 to the registration statement on Form S-4 of Charter Communications Holdings, LLC and Charter Communications Holdings Capital Corporation filed on June 21, 1999 (File No. 333-77499).

(2) Incorporated by reference to the registration statement on Forms S-4 and S-1 of Renaissance Media Group LLC, Renaissance Media (Tennessee) LLC, Renaissance Media (Louisiana) LLC and Renaissance Media Capital Corporation filed on June 12, 1998 (File No. 333-56679).

(3) Incorporated by reference to the registration statement on Form S-1 of Rifkin Acquisition Capital Corp. and Rifkin Acquisition Partners, L.L.L.P. filed on April 2, 1996 (File No. 333-3084).

(4) Incorporated by reference to the registration statement on Form S-4 of The Helicon Group, L.P. and Helicon Capital Corp. filed on December 3, 1993 (File No. 333-72468).

(5) Incorporated by reference to Amendment No. 1 to the registration statement on Form S-4 of Avalon Cable of Michigan LLC, Avalon Cable of Michigan Inc., Avalon Cable of New England LLC and Avalon Cable Finance Inc. filed on May 28, 1999 (File No. 333-75453).

(6) Incorporated by reference to the report on Form 8-K of Falcon Communications, L.P. and Falcon Funding Corporation filed on June 9, 1999 (File No. 033-60776 and 333-55755-01).

(7) Incorporated by reference to Amendment No. 1 to the registration statement on Form S-4 of Bresnan Communications Group LLC and Bresnan Capital Corporation filed on July 9, 1999 (File No. 333-77637).

(8) Incorporated by reference to the quarterly report on Form 10-Q filed by Falcon Communications, L.P. and Falcon Funding Corporation on August 13, 1999 (File No. 333-60776 and 333-55755).

(9) Incorporated by reference to Amendment No. 4 to the registration statement on Form S-4 of Charter Communications Holdings, LLC and Charter Communications Holdings Capital Corporation filed on July 22, 1999 (File No. 333-77499).

(10) Incorporated by reference to Amendment No. 3 to the registration statement on Form S-4 of Charter Communications Holdings, LLC and Charter Communications Holdings Capital Corporation filed on July 2, 1999 (File No. 333-77499).

(11) Incorporated by reference to Amendment No. 6 to the registration statement on Form S-4 of Charter Communications Holdings, LLC and Charter Communications Holdings Capital Corporation filed on August 27, 1999 (File No. 333-77499).

(12) Incorporated by reference to Amendment No. 5 to the registration statement on Form S-4 of Charter Communications Holdings, LLC and Charter Communications Holdings Capital Corporation filed on August 10, 1999 (File No. 333-77499).

(13) Incorporated by reference to the registration statement on Form S-4 of Bresnan Communications Group LLC and Bresnan Capital Corporation filed on May 3, 1999 (File No. 333-77637).

(14) Incorporated by reference to Amendment No. 1 to the registration statement on Form S-4 of Avalon Cable LLC, Avalon Cable Holdings Finance, Inc., Avalon Cable of Michigan Holdings, Inc. and Avalon Cable of Michigan, Inc. filed on May 28, 1999 (File No. 333-75415).

(15) Incorporated by reference to the registration statement on Form S-4 of Falcon Holding Group, L.P. filed on April 18, 1993 (File No. 33-60776).

(16) Incorporated by reference to the registration statement on Form S-4 of Falcon Holding Group, L.P. and Falcon Funding Corporation filed on June 1, 1998 (File No. 333-55755).

(17) Incorporated by reference to the report on Form 8-K of Falcon Communications, L.P. and Falcon Funding Corporation filed on October 9, 1998 (File No. 33-60776).

(18) Incorporated by reference to Amendment No. 1 to the registration statement on Form S-4 of Falcon Holding Group, L.P. and Falcon Funding Corporation filed on July 17, 1998 (File No. 333-55755).

(19) Incorporated by reference to Amendment No. 4 to the statement of beneficial ownership on Schedule 13D of Avalon Cable of Michigan, Inc., Avalon Cable of Michigan Holdings, Inc., Avalon Cable Holdings, LLC, ABRY Broadcast Partners III, L.P., ABRY Equity Investors, L.P., ABRY Holdings III, Inc. and Royce Yudkoff filed on November 12, 1998 (File No. 005-40465).

Exhibit 2.6(f)

AMENDMENT TO
ASSET EXCHANGE AGREEMENT

THIS AMENDMENT TO ASSET EXCHANGE AGREEMENT (this "Amendment") is made as of October 1, 1999, by and among InterMedia Partners Southeast, a California general partnership ("IPSE"), on the one hand, and Charter Communications, LLC, a Delaware limited liability company, Charter Communications Properties, LLC, a Delaware limited liability company, and Marcus Cable Associates, L.L.C., a Delaware limited liability company (each, a "Charter Party" and collectively, "Charter"), on the other hand.

RECITALS

A. The Parties have entered into that Asset Exchange Agreement dated as of April 20, 1999 (the "Original Agreement", and as amended by this Amendment, the "Agreement"), pursuant to which (i) the Charter Parties have agreed to convey, or cause to be conveyed, to IPSE substantially all of the assets comprising or used or useful in connection with Charter's Cable Businesses and (ii) IPSE has agreed to convey, or cause to be conveyed, to the Charter Parties substantially all of the assets comprising or used or useful in connection with IPSE's Cable Business, all in such a manner as to effect, to the extent reasonably possible, a like-kind exchange of such assets under Section 1031 of the Code.

B. IPSE, Charter and certain of their respective Affiliates have entered into that Amended and Restated Common Agreement dated as of June 29, 1999 (the "Common Agreement") pursuant to which they have agreed to certain issues common to each of the transfers made pursuant to this Agreement and to certain other related transactions (each as more fully described in the Common Agreement). The common issues addressed include revenue and working capital adjustments, closing conditions, and indemnification for breaches of representations, warranties, covenants and agreements.

C. The Parties wish to amend the Original Agreement, and to the extent applicable, the Common Agreement as more fully set forth in this Amendment to reflect Charter's retention of that Charter System in Indiana described on SCHEDULE A-1 to this Amendment and deemed attached to the Original Agreement as SCHEDULE A-1.

AGREEMENTS

In consideration of the covenants and agreements set forth herein and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereby agree as follows:

1. DEFINITIONS. Capitalized terms used and not defined in this Amendment will have the meaning given to them in the Original Agreement. Article 1 of the Original Agreement is hereby amended to include the following definitions:

Charter Retained Assets. All of the Charter Assets, other than Charter Excluded Assets, that are owned, leased, held for, used or useful in, or otherwise related to Charter's Cable Business conducted through the Retained System and not used or useful in any other Charter System along with the portion of the Charter Shared Assets related to the Retained System.

Charter Shared Assets. That CATV Pole Lease Agreement between Charter and GTE North Incorporated, dated February 8, 1990 and related to Columbus and New Albany, Indiana.

Charter Transferred Assets. All of the Charter Assets other than the Charter Excluded Assets, Charter Retained Assets and Charter Shared Assets.

Charter Retained Franchises. The Charter Systems Franchises granted to Charter by the Retained Franchise Authorities.

Retained Franchise Areas. The following political subdivisions of the State of Indiana: the City of Columbus, the County of Bartholomew, and the City of Seymour.

Retained Franchise Authorities. The local Governmental Authorities in each of the Retained Franchise Areas.

Retained System. The Charter System encompassing the headends and communities described on SCHEDULE A-1.

2. MANAGEMENT OF INDIANA SYSTEMS.

(1) Following the Closing, Charter will continue from Closing through December 1, 1999, to manage each of the Charter Systems located in Indiana and transferred to IPSE

at the Closing, pursuant to the terms of the Management Agreement attached to this Amendment and deemed attached to the Original Agreement as EXHIBIT A-1. If the Second Closing occurs prior to December 1, 1999, Charter will manage the Charter Retained Systems pursuant to the terms of said Management Agreement from the date of the Second Closing through December 1, 1999.

(2) Section 7.3 of the Original Agreement is hereby amended and restated in its entirety to read as follows:

7.3 Employees.

7.3.1 Except as set forth in this Section 7.3.1, each Party may, but shall have no obligation to employ or offer employment to, any employee of the other Party's Cable Business. Within 30 days after the date of execution of this Agreement, each Party shall provide to the other a list of all employees of its Systems (collectively for each Party, its "System Employees") as of a recent date, showing the original hire date, the then-current positions and rates of compensation and whether the employee is subject to an employment agreement, a collective bargaining agreement or represented by a labor organization. Within 60 days after the date of execution of this Agreement (but in no event less than 30 days after receipt of such list), or such other date as the Parties may agree, the Party receiving such list will provide to the other in writing a list of the other's System Employees such Party or its Affiliates will employ following the Closing or, in the case of Charter's System Employees in Indiana, following the termination of the Management Agreement (the Closing Date, or in the context of Charter's System Employees in Indiana, the date of termination of the Management Agreement is referred to herein as the "Transfer Cutoff Date"), subject only to the evaluations permitted by this Section. Each Party agrees, and shall cause its appropriate Affiliates, to cooperate in all reasonable respects with the other Party to allow the other Party or its Affiliates to evaluate its System Employees to make hiring decisions. In this regard, each Party shall have the opportunity to make such appropriate prehire investigation of each of such other Party's System Employees, as it deems necessary, including, subject to obtaining the consent of such System Employee, the right to review personnel files and conduct background checks and the right to interview such employees during normal working hours so long as such interviews are conducted after notice to the other Party and do not unreasonably interfere with the other Party's operations. Each Party will use its good faith efforts to obtain the consent of each of its System Employees to allow the other Party to review personnel files and to conduct background checks in connection with the foregoing. Each Party or its Affiliates may, if it wishes, condition any offer of employment upon the employee's passing a pre-placement physical examination (including drug screening test) and the completion of a satisfactory background check. The Party requesting such examination shall bear the expense of such examination but the other Party shall, upon reasonable notice, cooperate in the scheduling of such examinations so long as the examinations do not unreasonably interfere with the other Party's operations. As of the Transfer Cutoff Date, each Party shall have no obligation to the other Party, its Affiliates or to the other Party's employees, with regard to any employee it has determined not to hire. Notwithstanding any of the foregoing, each Party agrees not to solicit for employment, without the written consent of the other, any employee listed on SCHEDULE 7.3 or any other employee of the other Party whose position is System manager or higher.

7.3.2 Each Party, or its appropriate Affiliate, will pay to all of its System Employees all compensation, including salaries, commissions, bonuses, deferred compensation, severance (to the extent applicable), insurance, vacation (except for accrued vacation time (not to exceed four weeks) and sick time (not to exceed 10 days) included in the calculation of such Party's Adjusted Value under the Common Agreement), and other compensation or benefits to which they are entitled for periods prior to the Transfer Cutoff Date, including all amounts, if any, payable on account of the termination of their employment.

7.3.3 Each Party, or its appropriate Affiliate, will be responsible for maintenance and distribution of benefits accrued under any employee benefit plan (as defined in ERISA) maintained by such Party, or its appropriate Affiliate, pursuant to the provisions of such plan and any Legal Requirements. Neither Party will assume any obligation or liability for any such accrued benefits or any fiduciary or administrative responsibility to account for or dispose of any such accrued benefits under any employee benefit plans maintained by the other Party or any Affiliate. In the event that a transferor Party determines that the transactions contemplated by this Agreement will not permit a distribution to be made to a Hired Employee (as defined below) from the transferor Party's tax qualified plan in accordance with Section 401(k)(10) of the Code then the other Party may accept a plan-to-plan transfer of Hired Employees' plan benefits to its own tax qualified plan. If there is no plan-to-plan transfer, in order to permit a transferor Party, or its appropriate Affiliate, to make distributions to any former System Employee of such Party who becomes a Hired Employee of the other Party of the balance of such employee's 401(k) account in the transferor Party's or its Affiliate's tax qualified plan, if any, as soon as legally permitted, each transferee Party shall notify the other Party of the date of termination of such employee's employment with the transferee Party for any reason.

7.3.4 All claims and obligations under, pursuant to or in connection with any welfare, medical, insurance, disability or other employee benefit plans of a Party or any Affiliate or arising under any Legal Requirement affecting employees of such Party or any Affiliate incurred on or before the Transfer Cutoff Date or resulting from or arising from events or occurrences occurring or commencing on or before the Transfer Cutoff Date will remain the responsibility of such Party, or the appropriate Affiliate, whether or not such employees are hired by the other Party as of or after the Transfer Cutoff Date. Neither Party will have or assume any obligation or liability under or in connection with any such plan of the other Party or any Affiliate of the other Party.

7.3.5 Each Party, or its appropriate Affiliate, will remain solely responsible for, and will indemnify and hold harmless the other from and against all Losses arising from or with respect to, all salaries and all severance, vacation (except for accrued vacation time and sick time included in the calculation of such Party's Adjusted Value under the Common Agreement), medical, holiday, continuation coverage and other compensation or benefits to which its employees may be entitled, whether or not such employees may be hired by the other Party or any Affiliate of the other Party, as a result of their employment by such Party or any Affiliate of such Party on or prior to the Transfer Cutoff Date, the termination of their employment on or prior to the Transfer Cutoff Date, the consummation of the transactions contemplated hereby or pursuant to any applicable Legal Requirement or otherwise relating to their employment prior to the Transfer Cutoff Date. Any liability under WARN with regard to any employee terminated on or prior to the Transfer Cutoff Date, or not hired by the other Party on or after the Transfer Cutoff Date, shall, as a matter of contract between the Parties, be the responsibility of the Party or its Affiliates by which the employee was employed prior to the Transfer Cutoff Date. Each Party and its Affiliates shall cooperate with the other Party and its Affiliates, if requested, in the giving of WARN notices on behalf of the other.

7.3.6 Notwithstanding anything to the contrary herein, each Party shall:

(a) credit each System Employee of the other Party who is offered on or prior to the Transfer Cutoff Date employment by such Party and becomes an employee of such Party after the Transfer Cutoff Date (a "Hired Employee") the amount of vacation time (to a maximum of four weeks) and sick time (to a maximum of 10 days) accrued by him or her as a System Employee of the transferor Party through and including the Transfer Cutoff Date to the extent the transferor Party's System Value is decreased pursuant to Section 2.2(c)(ii) of the Common Agreement in the case of IPSE System Employees who become employees of any Charter Party or its Affiliates and Section 2.2(c)(ii) of the Common Agreement in the case of Charter System Employees who become employees of IPSE or its Affiliates, provided, however, that if any Hired Employee has accrued vacation time and/or sick time in excess of four weeks or 10 days, respectively, then the transferor Party shall, and shall cause its appropriate Affiliate to, pay to such employee the amount of such excess and the transferee Party shall not assume any liability or obligation in respect of such excess;

(b) permit each Hired Employee to participate in such Party's employee benefit plans to the same extent as similarly situated employees of such Party and their dependents are permitted to participate;

(c) given each Hired Employee credit for such employee's past service with the other Party and its Affiliates as of the Transfer Cutoff Date (including past service with any prior owner or operator of the other Party's Systems or Cable Business) for purposes of eligibility and vesting under such Party's employee benefit and other plans to the same extent as other similarly situated employees of such Party;

(d) not subject any Hired Employee to any waiting periods or limitations on benefits for pre-existing conditions under such Party's employee benefit plans, including any group health and disability plans, except to the extent such employees were subject to such limitations under the employee benefit plans of such other Party or any Affiliate of such other Party; and

(e) credit each Hired Employee under any group health plan for any deductible amount previously met by such Hired Employee as of the Transfer Cutoff Date under any of the group health plans of the transferor Party or any of its Affiliates.

7.3.7 If a transferee Party discharges any Hired Employee without cause within one hundred twenty days after Transfer Cutoff Date, then such transferee Party shall pay severance benefits to such Hired Employee in accordance with such transferor Party's severance benefit plan. For purposes of this SECTION 7.3.7, "cause" shall have the meaning set forth in the transferee Party's employment policies, procedures or agreements applicable to such transferee Party's employees who are situated similarly to the discharged Hired Employee.

7.3.8 If a transferor Party has, or acquires, a duty to bargain with any labor organization, then such transferor Party will (i) give prompt written notice of such development to the other Party, including notice of the date and place of any negotiating sessions as they are planned or contemplated and permit the other Party to have a representative present at all negotiating sessions with such labor organization and at all meetings preparatory thereto (including making the transferee Party's representative a representative of the transferor Party's delegation if required by the labor organization) and (ii) not, without the transferee Party's written consent, enter into any Contract with such labor organization that purports to bind the transferee Party, including any successor clause or other clause which would have this purpose or effect. Each Party (as a transferor Party) acknowledges and agrees that the other Party has not agreed to be bound, and will not be bound, without an explicit assumption of such liability or responsibility by the transferee Party, by any provision of any collective bargaining agreement or similar Contract with any labor organization to which the transferor Party or any of its Affiliates is or may become bound.

7.3.9 Nothing in this SECTION 7.3 or elsewhere in this Agreement shall be deemed to make any employee of either Party a third party beneficiary of this Agreement.

7.3.10 Notwithstanding any other provision of this Agreement, in respect of wages paid with respect to the calendar year in which the Transfer Cutoff Date falls to employees of Charter who after the Transfer Cutoff Date become employees of IPSE, or vice versa, IPSE and Charter agree to comply, and to cause their respective affiliates to comply, with the alternative procedures set forth in Section 5 of Revenue Procedure 96-60 and shall cooperate, and shall cause their respective affiliates to cooperate, with each other in complying with such procedures.

(3) Section 7.11 (Use of Name and Logo) of the Original Agreement is hereby amended to add the following sentence as the penultimate sentence thereof:

Such 180-day period will be extended with respect to the Charter Systems located in Indiana to expire 180 days after the termination of the Management Agreement.

(4) Section 7.12 of the Original Agreement is hereby amended and restated in its entirety to read as follows:

7.12 Transitional Billing Services. Charter will provide to IPSE, upon written request delivered a reasonable amount of time in advance and to the extent reasonably practicable, access to and the right to use its billing system computers, software and related fixed assets in connection with the Systems acquired by IPSE for a period of up to 150 days following the Closing (or in the case of the Charter Systems in Indiana, for a period of up to 150 days following termination of the Management Agreement) to allow for conversion of existing billing arrangements, including billing and related arrangements regarding internet access services being provided to customers of a Charter System prior to the assumption by IPSE of the day-to-day management of such System ("Transitional Billing Services"). All Transitional Billing Services will be provided on terms and conditions reasonably satisfactory to each Party; provided, however, that the amount to be paid by IPSE will not exceed the out-of-pocket cost to Charter of providing such Transitional Billing Services.

(5) Section 9.2 of the Original Agreement is hereby amended to add the following subsection 9.2.11:

9.2.11 Management Agreement. The Management Agreement in the form of EXHIBIT A-1 (the "Management Agreement").

(6) Section 9.3 of the Original Agreement is hereby amended to add the following subsection 9.3.11:

9.3.11 Management Agreement. The Management Agreement in the form of EXHIBIT A-1.

3. OWNERSHIP AND OPERATION OF CHARTER RETAINED ASSETS. Charter will retain ownership and risk of loss of the Charter Retained Assets until the Second Closing, at which time, subject to the terms of this Amendment, Charter will transfer the Charter Retained Assets to IPSE. The provisions of the Original Agreement, including Sections 2.1 and 12.14, are deemed amended to reflect such delay in transfer of ownership and risk of loss. To the extent applicable to the Charter Retained Assets, Charter will continue to comply with the provisions of Section 7.2 of the Original Agreement until consummation of the Second Closing.

4. FRANCHISE CONSENTS. Section 7.5.5 of the Original Agreement is hereby deleted in its entirety.

5. THE CLOSING AND THE SECOND CLOSING.

(1) At the Closing, (i) Charter will transfer and assign to IPSE all of the Charter Transferred Assets, (ii) Charter will partially assign to IPSE all Charter Shared Assets to the

extent necessary to permit IPSE or its agents to operate the Charter Transferred Assets and conduct Charter's Cable Businesses with respect to the Charter Transferred Assets as they are being operated and conducted on the Closing Date, and (iii) IPSE will assume all of IPSE's Assumed Obligations and Liabilities other than those obligations arising under the Charter Retained Franchises or with respect to the Charter Retained Assets or the Retained System (the "Charter Retained Liabilities"). IPSE hereby waives its conditions to Closing relating to the delivery of the Charter Retained Assets and the obtaining of Required Consents for the transfer of the Charter Retained Franchises and consents to the partial assignment of the Charter Shared Assets at the Closing as contemplated in this Agreement.

(2) Article 8 of the Original Agreement is hereby amended to add the following Sections 8.3 and 8.4:

8.3 Conditions of IPSE's Obligations under the Second Closing. The obligations of IPSE to consummate the transactions contemplated by this Agreement to be consummated at the Second Closing will be subject to the satisfaction, at or before the Second Closing, of the following conditions, one or more of which may be waived by IPSE:

8.3.1 Accuracy of Representations and Warranties. The representations and warranties of Charter in this Agreement and in the Transaction Documents delivered at the Second Closing regarding the Charter Retained Assets, without giving effect to any materiality qualification contained therein, are true, complete and accurate on and as of the date hereof and at and as of the Second Closing with the same effect as if made at and as of the Second Closing, except to the extent that all misstatements, omissions and inaccuracies, in the aggregate, do not have material adverse effect on the Charter Assets, Charter's Cable Businesses, the operations, condition (financial or otherwise) or results of operations of the Charter Systems taken as a whole, or on the ability of any Charter Party to perform its obligations under this Agreement.

8.3.2 Performance of Agreements. Charter shall have performed in all material respects all obligations and agreements and complied in all material respects with all covenants in this Agreement and in any Transaction Document to be performed and complied with by it at or before the Second Closing.

8.3.3. Deliveries. Charter shall have delivered the items and documents required to be delivered by it pursuant to this Agreement, including those required to be delivered to IPSE under SECTION 9.5.

8.3.4 Legal Proceedings. No Legal Requirement of any Governmental Authority (including any temporary Legal Requirement) shall be in effect which would prevent or make illegal the consummation of any of the transactions contemplated by this Agreement or any Transaction Document to occur at the Second Closing.

8.3.5 Consents. Required Consents relating to all Charter Retained Franchises shall have been obtained in form and substance reasonably satisfactory to IPSE, or the consent of the appropriate Retained Franchise Authority shall be deemed to have been received in accordance with Section 617 of the Communications Act (47 U.S.C. Section 537).

8.3.6 No Material Adverse Changes. There shall not have been any material adverse change in the Charter Retained Assets or the condition (financial or otherwise) or operations of Charter's Cable Business conducted through the Retained System or the Retained Systems, taken as a whole, since the Closing resulting in a material adverse effect on the Charter Assets, Charter's Cable Businesses, the operations, condition (financial or otherwise) or results of operations of the Charter Systems taken as a whole, or on the ability of any Charter Party to perform its obligations under this Agreement.

8.4. Conditions of Charter's Obligations under the Second Closing. The obligations of Charter to consummate the transactions contemplated by this Agreement to be consummated at the Second Closing will be subject to the satisfaction, at or before the Second Closing, of the following conditions, one or more of which may be waived by Charter:

8.4.1 Performance of Agreements. IPSE shall have performed in all material respects all obligations and agreements and complied in all material respects with all covenants in this Agreement and in any Transaction Document to be performed and complied with by it at or before the Second Closing.

8.4.2 Deliveries. IPSE shall have delivered the items and documents required to be delivered by it pursuant to this Agreement, including those required to be delivered to Charter under SECTION 9.6.

8.4.3 Legal Proceedings. No Legal Requirement of any Governmental Authority (including any temporary Legal Requirement) shall be in effect which would prevent or make illegal the consummation of any of the transactions contemplated by this Agreement or any Transaction Document to occur at the Second Closing.

(3) Article 9 of the Original Agreement is hereby amended to add the following Sections 9.4, 9.5 and 9.6:

9.4 The Second Closing. The transfer, assignment and assumption of the Charter Retained Assets (the "Second Closing") shall be effected by overnight delivery of the documents described in SECTIONS 9.5 AND 9.6 within ten days following the satisfaction or waiver of all of the conditions set forth in SECTIONS 8.3 AND 8.4 (other than SECTIONS 8.3.3 AND 8.4.2). The transactions to be consummated at the Second Closing shall be deemed to have been consummated at the time (the "Second Closing Time") on the date (the "Second Closing Date") as mutually agreed upon by the Parties.

9.5 Charter's Delivery Obligations at the Second Closing. At the Second Closing, Charter will deliver or cause to be delivered to IPSE the following:

9.5.1 Bill of Sale and Assignment and Assumption Agreement. A Bill of Sale and Assignment and Assumption Agreement for the Charter Retained Assets in a form mutually acceptable to the parties.

9.5.2 Deeds. Special warranty deeds in recordable form conveying to IPSE each parcel of Charter Owned Property included in the Charter Retained Assets, and assignments of leases and easements in recordable form, with respect to the Charter Leased Property and Charter Other Real Property Interests included in the Charter Retained Assets as to which prior assignments into the applicable Charter Party were recorded in the applicable real estate records.

9.5.3 Lien Releases. Evidence reasonably satisfactory to IPSE that all Liens (other than Permitted Liens) affecting or encumbering the Charter Retained Assets have been terminated, released or waived, as appropriate, or original, executed instruments in form reasonably satisfactory to IPSE effecting such terminations, releases or waivers.

9.5.4 Vehicle Titles. Title certificates to all vehicles included among the Charter Retained Assets, endorsed for transfer of title to IPSE, and separate bills of sale therefor or other transfer documentation, if required by the laws of the States in which such vehicles are titled.

9.5.5 Officer's Certificate. IPSE will have received a certificate executed by an executive officer of Charter dated the date of the Second Closing, reasonably satisfactory in form and substance to IPSE certifying that the conditions specified in SECTIONS 8.3.1 AND 8.3.2 have been satisfied.

9.5.6 Opinion of FCC Counsel. An opinion of Wiley, Rein & Fielding dated as of the Second Closing and substantially in the form of EXHIBIT C.5 of the Common Agreement and rendered with respect to the Retained System.

9.5.7 Other. Such other documents and instruments as may be necessary to effect the intent of this Agreement and to consummate the transactions contemplated hereby and as are comparable to those delivered with respect to the transactions consummated at the Closing.

9.6 IPSE's Delivery Obligations at the Second Closing. At the Second Closing, IPSE will deliver or cause to be delivered to Charter the following:

9.6.1 Bill of Sale and Assignment and Assumption Agreement. A Bill of Sale and Assignment and Assumption Agreement for the Charter Retained Assets in a form mutually acceptable to the parties.

9.6.2 Officer's Certificate. Charter will have received a certificate executed by an executive officer of IPSE dated the date of the Second Closing, reasonably satisfactory in form and substance to Charter certifying that the conditions specified in SECTION 8.4.1 have been satisfied.

9.6.3 Other. Such other documents and instruments as may be necessary to effect the intent of this Agreement and to consummate the transactions contemplated hereby and as are comparable to those delivered with respect to the transactions consummated at the Closing.

6. CLOSING ADJUSTMENTS WITH RESPECT TO THE RETAINED SYSTEM. All of the adjustments made to the Base Values (as defined in the Common Agreement) of the Retained System pursuant to the Common Agreement shall be made to reflect the principle that all expenses and income attributable to Charter's Cable Business conducted through the Retained System for the period through and including the Second Closing Date are for the account of Charter, and all expenses and income attributable to such Cable Business for the period after the Second Closing Date are for the account of IPSE. Notwithstanding the foregoing, solely for purposes of calculating the Charter Actual Revenues and the Charter Shortfall Adjustment Amount, each as described in the Common Agreement, the Charter Retained Assets shall be

deemed to have been transferred to IPSE as of the Closing. The Preliminary Report (as defined in the Common Agreement) delivered with respect to the Charter Systems will not include any adjustments related to the working capital, liabilities, capital expenditures and other assets and liabilities of the Retained System. If the Second Closing occurs prior to the delivery of the Final Report (as defined in the Common Agreement) related to the Charter Systems, then the Final Report will include all adjustments to the Base Value of the Retained Systems as of the Second Closing Date, to the extent such adjustments are required to be made under the Common Agreement. If the Second Closing has not occurred prior to the delivery of the Final Report with respect to the Charter Systems, then such Final Report will not include any adjustments related to the working capital, liabilities, capital expenditures and other assets and liabilities of the Retained System, and Charter will prepare and deliver to IPSE a Final Report with respect to the Retained System no later than 90 days after the Second Closing, which Final Report will be prepared in accordance with the requirements set forth in the Common Agreement.

7. FAILURE OF SECOND CLOSING.

(1) If the City of Columbus, Indiana, and the County of Bartholomew, Indiana, each have not consented to the transactions contemplated by the Agreement on or before November 5, 1999, IPSE may elect by written notice to Charter to receive, in lieu of the Charter Retained Assets, such other property as may be mutually acceptable to the Parties (the "Charter Replacement Assets"). The Parties agree to negotiate in good faith the terms of an amendment to the Agreement pursuant to which IPSE will acquire the Charter Replacement Assets on terms substantially equivalent to the terms upon which IPSE has agreed to acquire the Charter Retained Assets; provided that subject to the terms and conditions of such amendment, the Second Closing will occur not later than the earlier of (i) 180 days from the date of the Closing and (ii) the due date (including extensions) for the federal Tax return for IPSE for the taxable year in which the Closing occurs (the "Replacement Date"). Such amendment will provide that, if the Second Closing has not occurred on or before the Replacement Date, IPSE may elect to receive from Charter cash in an amount equal to $88,202,130 in lieu of the Charter Replacement Assets.

(2) Notwithstanding the foregoing, IPSE will not be required to acquire the Charter Replacement Assets or to amend the Agreement as described in Section 7(a) unless IPSE is satisfied in its reasonable discretion following due diligence of the Charter Replacement Assets that as of a common date on or after the Closing Date the Charter Replacement Assets are substantially equivalent in value to the Charter Retained Assets by "asset class" as defined under Section 1031 of the Code and the Treasury Regulations promulgated thereunder. In the event that IPSE is not so satisfied, it may elect to receive from Charter cash in an amount equal to $88,202,130 in lieu of the Charter Retained Assets.

If IPSE makes such an election to receive cash, Charter shall pay such amount by one or more wire transfers of immediately available funds to the Qualified Intermediary or such other payee and at such account as may be designated in written instructions delivered to Charter by IPSE, within three Business Days after receipt of such election and wire instructions.

(3) In the event IPSE makes an election to receive the Charter Replacement Assets or cash under this Section 7,

1. IPSE, at its discretion, may elect to require Charter to assign to IPSE at no additional cost that portion of the Charter Retained Assets that constitute Charter Shared Assets; and

2. the Charter Parties shall, jointly and severally, indemnify and hold harmless each of IPSE and its Affiliates, and their respective shareholders, officers, directors, partners, employees, agents, successors and assigns and any Person claiming by or through any of them, as the case may be, from and against 50% of all taxes, interest, penalties and related costs of defense (including reasonable attorneys' fees), but not including any taxes resulting from payments made pursuant to the indemnification obligations set forth in this paragraph (collectively, "Tax Losses") incurred by such indemnified parties and arising out of or resulting from any claim, allegation or determination (whether administrative or judicial) that there will result any incremental Tax Losses in excess of those computed under Section 1031 of the Code as if all of the Charter Assets had been transferred at the Closing; provided, however, that the foregoing indemnification shall not apply if IPSE elects to receive Charter Replacement Assets and such receipt does not qualify as a tax-deferred exchange under Section 1031 of the Code unless such failure to qualify arises solely from a breach by a Charter Party. For the avoidance of doubt, the indemnification provided by this section shall not apply to Tax Losses incurred upon the receipt of Charter Assets transferred at the Closing. Such indemnification shall be separate from any indemnification provided under the Common Agreement and will not be subject to any threshold, cap or other limitation, and any amounts paid by Charter pursuant to this indemnification obligation will not be counted for purposes of determining the application of any limitations on Charter's indemnification obligations under the Common Agreement.

8. NOTICE OF ASSIGNMENT TO QUALIFIED INTERMEDIARY. IPSE hereby gives notice to Charter that, pursuant to Section 12.1 of the Original Agreement, IPSE has assigned all of its rights, but none of its obligations, under the Agreement with respect to the IPSE Assets to Norwest Bank Colorado, National Association, in its capacity as a "qualified intermediary" engaged by IPSE to effectuate a deferred like-kind exchange under Section 1031 of the Code (the "Qualified Intermediary"). IPSE further gives notice to Charter that, pursuant to Section 12.1 of the Original Agreement, IPSE has assigned all of its rights, but none of its obligations, under the Agreement to acquire the Charter Assets (including the Charter Retained Assets and Charter Replacement Assets, as applicable) to the Qualified Intermediary.

9. COUNTERPARTS. This Amendment may be executed in counterparts, each of which may be delivered by facsimile transmission and will be deemed an original.

10. GOVERNING LAW. The validity, performance and enforcement of this Amendment will be governed by the laws of the State of Delaware, without giving effect to the principles of conflicts of law of such state.

11. SEVERABILITY. Any term or provision of this Amendment that is invalid or unenforceable will be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable any other provisions of this Amendment.

12. CONSTRUCTION OF AMENDMENT. This Amendment has been negotiated by the undersigned and their respective legal counsel, and legal or equitable principles that might require the construction of this Amendment or any provision of this Amendment against the party drafting this Amendment will not apply in any construction or interpretation of this Amendment. As used in this Amendment, the words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation."

13. EFFECT OF AMENDMENT. Except as amended by this Amendment, all terms and provisions of the Agreement will remain unchanged and in full force.

[The remainder of this page has intentionally been left blank]

The parties have executed this Amendment to Asset Exchange Agreement as of the day and year first above written.

CHARTER COMMUNICATIONS, LLC

By: /s/ Mary Lifton

Name: Mary Lifton
Title: Vice President

CHARTER COMMUNICATIONS PROPERTIES, LLC

By: /s/ Mary Lifton

Name: Mary Lifton
Title: Vice President

MARCUS CABLE ASSOCIATES, L.L.C.

By: /s/ Mary Lifton

Name: Mary Lifton
Title: Vice President

INTERMEDIA PARTNERS SOUTHEAST

By: InterMedia Capital Management, LLC, its managing general partner

By: InterMedia Management, Inc., its managing member

By: /s/ Rodney M. Royse

Rodney M. Royse,
Vice President

The following parties to the Amended and Restated Common Agreement dated June 29, 1999 hereby consent to Sections 5, 6 and 7 of this Amendment to Asset Exchange Agreement to the extent that such sections amend or modify said Amended and Restated Common Agreement.

CHARTER RMG, LLC

By: /s/ Mary Lifton

Name: Mary Lifton
Title: Vice President

INTERMEDIA PARTNERS,
A CALIFORNIA LIMITED PARTNERSHIP

By: InterMedia Capital Management I, LLC,
its managing general partner

By: InterMedia Management, Inc.,
its managing member

By: /s/ Rodney M. Royse

Rodney M. Royse, Vice President

BRENMOR CABLE PARTNERS, L.P.,
a California limited partnership

By: InterMedia Partners, a California
Limited Partnership, its general partner

By: InterMedia Capital Management I, LLC,
its managing general partner

By: InterMedia Management, Inc.,
its managing member

By: /s/ Rodney M. Royse

Rodney M. Royse, Vice President

INTERMEDIA PARTNERS OF WEST
TENNESSEE, L.P.

By: InterMedia Capital Management, LLC,
its managing general partner

By: InterMedia Management, Inc.,
its managing member

By: /s/ Rodney M. Royse

Rodney M. Royse, Vice President

INTERMEDIA PARTNERS IV, L.P.

By: InterMedia Capital Management, LLC,
its managing general partner

By: InterMedia Management, Inc.,
its managing member

By: /s/ Rodney M. Royse

Rodney M. Royse, Vice President

INTERMEDIA CAPITAL PARTNERS
IV, L.P.

By: InterMedia Capital Management, LLC,
its managing general partner

By: InterMedia Management, Inc.,
its managing member

By: /s/ Rodney M. Royse

Rodney M. Royse, Vice President

TCID-IP V, INC.

By: /s/ Derek Chang

Name: Derek Chang
Title: Vice President

SCHEDULE A-1

RETAINED SYSTEM

Headend	Communities
Columbus	Bartholomew County Elizabethtown Clifford Columbus Sunnybrook Trailer Park
Seymour	Jennings County Vernon North Vernon Jackson County Seymour
Westport	Decatur County Westport
Elizabethtown (Apollo)	Bartholomew County Elizabethtown Jonesville Jennings County Hartsville Jackson County

EXHIBIT A-1

FORM OF MANAGEMENT AGREEMENT

EXHIBIT 2.7(h)

CONTRIBUTION AGREEMENT

THIS CONTRIBUTION AGREEMENT is made as of September 14, 1999, by and among Charter Communications Operating, LLC, a Delaware limited liability company ("CCO"); Charter Communications Holding Company, LLC, a Delaware limited liability company ("CHARTER HOLDCO"); the other Persons listed on the signature pages hereto (the "INVESTORS"); with respect to Sections 3.1, 3.2, 3.3 and 3.4 only, Charter Communications, Inc. ("CCI"); and with respect to Sections 3.5.1(a), 3.5.1(b) and 3.6.2 only, Paul G. Allen ("ALLEN").

RECITALS

WHEREAS, Charter Investment, Inc. ("CII") and, by assignment, CCO, are parties to (a) that certain Purchase and Sale Agreement with the Persons listed on the signature pages thereto as "Sellers" and Rifkin Acquisition Partners, L.L.L.P. ("RAP"), dated April 26, 1999, as amended (the "RAP Agreement"), and (b) that certain Purchase and Sale Agreement with the Persons listed on the signature pages thereto as "Sellers" and InterLink Communications Partners, LLLP ("InterLink"), dated April 26, 1999, as amended (the "InterLink Agreement" and, together with the RAP Agreement, the "PURCHASE AGREEMENTS"), pursuant to which CCO agreed to purchase, directly or indirectly, all of the outstanding interests of RAP and InterLink;

WHEREAS, each of the Investors is a "Seller" under one or both of the Purchase Agreements;

WHEREAS, by means of a letter agreement dated August 27, 1999 from CII to each of the Investors (the "EQUITY LETTER"), CII offered to each of the Investors the right to elect, in lieu of selling all of its interest in RAP and or InterLink for cash, to contribute a portion of such interest to Charter Holdco in exchange for preferred equity in Charter Holdco;

WHEREAS, each Investor has agreed to contribute to Charter Holdco the percentage of its interest in RAP and/or InterLink set forth next to such Investor's name on EXHIBIT A hereto (with respect to each such Investor, its "CONTRIBUTED INTEREST") in exchange for the Issued Units;

NOW, THEREFORE, in light of the above recitals and in consideration of the mutual agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Definitions.

1.1. "ACT" means the Securities Act of 1933, as amended.

1.2. "AGREEMENT" means this Contribution Agreement.

1.3. "CLASS A PREFERRED CONTRIBUTED AMOUNT" has the meaning given that term in the Operating Agreement.

1.4. "CLASS A PREFERRED RETURN AMOUNT" has the meaning given that term in the Operating Agreement.

1.5. "CLASS A PREFERRED UNITS" has the meaning given that term in the Operating Agreement.

1.6. "COMMON STOCK" means Class A Common Stock of CCI.

1.7. "IPO" means the initial public offering of Common Stock.

1.8. "ISSUED UNITS" means, with respect to an Investor, the number of Class A Preferred Units set forth on EXHIBIT A and issued to such Investor upon the contribution of the Contributed Interest in accordance with Section 2.4.

1.9. "OPERATING AGREEMENT" means that certain Amended and Restated Limited Liability Company Agreement of Charter Holdco effective as of September 14, 1999, as amended from time to time.

1.10. "PERSON" means an individual, corporation, limited liability company, partnership, sole proprietorship, association, joint venture, joint stock company, trust, incorporated organization, or governmental agency or other entity.

2. ASSIGNMENT; CONTRIBUTION AND ISSUANCE OF CLASS A PREFERRED UNITS.

2.1. Assignment. CII and CCO hereby assign to Charter Holdco the right and obligation to acquire each Investor's Contributed Interest, and Charter Holdco hereby accepts such assignment. Notwithstanding the foregoing, CCO and CII shall continue to be and remain liable to the Investors for the performance and fulfillment of all of CII's and CCO's covenants, duties and obligations under the Purchase Agreements.

2.2. Approval of Assignment. Each Investor hereby consents to the foregoing assignment to Charter Holdco.

2.3. Issuance of Units. Each Investor hereby subscribes for, and Charter Holdco agrees to issue to it, a number of Class A Preferred Units equal to such Investor's Issued Units. Evidence of such Issued Units shall be delivered to such Investor, in the form of an executed Operating Agreement reflecting such Issued Units, concurrently with the contributions to be made by such Investor described in Section 2.4.

2.4. Contributions to Capital. As consideration for the issuance of the Issued Units to it by Charter Holdco, each Investor shall at the Closing contribute to Charter Holdco the Contributed Interest.

3. RIGHT TO EXCHANGE CLASS A PREFERRED UNITS; PUT RIGHTS.

3.1. Right to Exchange. Each Investor will have the right to contribute all or any portion of its Issued Units to CCI in exchange for Common Stock immediately prior to the IPO, in the following manner:

3.1.1 At the time the preliminary prospectus is circulated to prospective buyers in the IPO, CCI will prepare and file a preliminary prospectus in connection with the exchange described above. CCI will deliver to the Disbursement Agent (as such term is defined in the Purchase Agreements) a copy of the preliminary prospectus describing the exchange for each Investor, and the Disbursement Agent will deliver a copy of such prospectus to each Investor.

3.1.2 Within seven days thereafter, the Disbursement Agent shall deliver a notice to CCI stating the number of Issued Units, if any, that each Investor intends in good faith to exchange into shares of Common Stock at the price offered to the public in the IPO. If no such notice is delivered with respect to one or more Investors, then each such Investor will no longer have the right to exchange Issued Units into shares of Common Stock. Upon delivery of final prospectuses to the Disbursement Agent, the Disbursement Agent shall deliver a prospectus to each Investor and shall deliver a binding notice to CCI confirming the number of Issued Units, if any, that each Investor commits to exchange into shares of Common Stock at the price offered to the public in the IPO (the "EXCHANGED UNITS"). Each Investor electing to exchange Issued Units for Common Stock will, upon delivery of the confirmation notice, execute and deliver (a) an assignment effecting the exchange, in form and substance reasonably agreed to by CCI and the Disbursement Agent prior to the exchange, and (b) a Contribution Agreement in the form attached hereto as EXHIBIT C. Such election and such deliveries shall be contingent upon closing of the IPO and the fulfillment of all of the obligations of Charter Holdco, CCI and their affiliates hereunder, including without limitation the delivery of the appropriate Put Agreements as provided herein.

3.2. Valuation of Exchanged Units and CCI Common Stock. Exchanged Units will be exchanged for shares of Common Stock valued at the price to the public in the IPO. Exchanged Units will be valued at the sum of (i) the Class A Preferred Contributed Amount in respect of the Exchanged Units, and (ii) the Class A Preferred Return Amount in respect of such Exchanged Units.

3.3. Lockup Agreement. Investors receiving shares of Common Stock in exchange for Exchanged Units will enter into a lockup agreement with the underwriters of the IPO, in the form attached hereto as EXHIBIT G.

3.4. Loss of Exchange Rights. Issued Units that are not exchanged for shares of Common Stock concurrently with the IPO will remain as Class A Preferred Units and will no longer be exchangeable into shares of Common Stock.

3.5. Put Rights.

3.5.1 Charter Put; Allen Put; Lockup Put. The Charter Put (as defined in Section 5) entered into at the Closing will not apply as to any Common Stock received in exchange for Issued Units. Investors electing to receive Common Stock will, as to such shares of Common Stock, receive either the Allen Put or Lockup Put defined below, as follows:

(a) If no more than $13.5 million of the aggregate Issued Units issued to all Investors at the closing of the transactions contemplated by the Purchase Agreements will remain outstanding upon the IPO (excluding all Exchanged Units), then Allen will deliver a put agreement in the form attached hereto as EXHIBIT E (the "Allen Put") to each Investor that elects to exchange all of its Issued Units into Common Stock (treating Investors that are under common control with the same Person as being one Investor for purposes of determining whether such Investor has elected to exchange "all" of its Issued Units).

(b) All Investors that exchange Issued Units for Common Stock, but do not receive the Allen Put described above, will enter into a put agreement with Allen in the form attached hereto as EXHIBIT F (the "Lockup Put").

3.6. Earlier Offering by Entity other than CCI. In the event that an affiliate of Charter Holdco and CII other than CCI conducts an initial public offering of common stock prior to the IPO, then:

3.6.1 CII and Charter Holdco shall cause such affiliate to enter into an agreement with the Investors giving them substantially the same rights set forth in Sections 3.1, 3.2, 3.3 and 3.4; and

3.6.2 Allen shall enter into an agreement with the Investors giving them substantially the same rights set forth in Sections 3.5.1(a) and 3.5.1(b) (with the Allen Put and Lockup Put being applicable to common stock of such affiliate received by Investors in the initial public offering of such affiliate).

4. REPRESENTATIONS AND WARRANTIES.

4.1. Representations and Warranties of Charter Holdco. Charter Holdco hereby represents and warrants to each Investor that: (i) it has full power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby, (ii) the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by all necessary action on the part of Charter Holdco, (iii) this Agreement has been duly and validly executed and delivered by Charter Holdco and is a valid and binding agreement of Charter Holdco, enforceable against Charter Holdco in accordance with its terms, except (a) as such enforcement may be subject to bankruptcy, insolvency or similar laws now or hereafter in effect relating to creditors rights generally and (b) as the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

4.2. Representations and Warranties of CCI. CCI hereby represents and warrants to each Investor that, with respect to its obligations under Sections 3.1, 3.2, 3.3 and 3.4: (i) it has full power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby, (ii) the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by all necessary action on the part of CCI, (iii) this Agreement has been duly and validly executed and delivered by CCI and is a valid and binding agreement of CCI, enforceable against CCI in accordance with its terms, except (a) as such enforcement may be subject to bankruptcy, insolvency or similar laws now or hereafter in effect relating to creditors rights generally and (b) as the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

4.3. Investor's Representations and Warranties. Each Investor hereby represents and warrants to Charter Holdco as follows:

4.3.1 Investor has the full power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by Investor and is a valid and binding agreement of Investor, enforceable against it in accordance with its terms, except as (a) such enforcement may be subject to bankruptcy, insolvency or similar laws now or hereafter in effect relating to creditors rights generally and (b) as the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

4.3.2 Investor, either alone or together with a Purchaser Representative (which Purchaser Representative has completed and delivered to CII a completed "Purchaser Representative Questionnaire" delivered to each Investor in the Equity Letter), is an "accredited investor" as defined in Securities and Exchange Commission ("SEC") Rule 501(a) and has completed and delivered to CII an "Investor Questionnaire" (previously provided to Investor in the Equity Letter).

4.3.3 If Investor is a corporation, partnership, trust or other entity, Investor was not organized for the specific purpose of acquiring the Securities.

4.3.4 Investor has received and reviewed all information Investor considers necessary or appropriate for deciding whether to invest in the Issued Units. Investor further represents that Investor has had an opportunity to ask questions and receive answers from CII, CCI, CCO and Charter Holdco and its officers and employees regarding the terms and conditions of purchase of the Issued Units and regarding the business, financial affairs and other aspects of Charter Holdco and has further had the opportunity to obtain any information (to the extent CII, CCI, CCO or Charter Holdco possesses or can acquire such information without unreasonable effort or expense) that Investor deems necessary to evaluate the investment and to verify the accuracy of information otherwise provided to Investor.

4.3.5 Investor acknowledges that the Issued Units or other exchange rights that are a part of the Issued Units have not been registered under the Act, or qualified under any applicable blue sky laws in reliance, in part, on the representations and warranties herein. Such Issued Units are being acquired by Investor for investment purposes for Investor's own account only and not for sale or with a view to distribution of all or any part of such Issued Units. No other person will have any direct or indirect beneficial interest in the Issued Units.

4.3.6 Investor understands that the Issued Units are and will be "restricted securities" under the federal securities laws in that such securities will be acquired from Charter Holdco in a transaction not involving a public offering, and that under such laws and applicable regulations such securities may be resold without registration under the Act only in certain limited circumstances and that otherwise such securities must be held indefinitely.

5. CLOSING; CLOSING CONDITIONS.

The closing of the transactions contemplated by this Agreement (the "CLOSING") shall occur at 10:00 a.m., Mountain Time, at the offices of Baker & Hostetler LLP in Denver, Colorado, on September 14, 1999, unless another date, time or place is agreed to in writing by R&A Management LLC (acting as agent for Investors under the terms of the Purchase Agreements) and Charter Holdco. At the Closing, each Investor shall (a) contribute to Charter Holdco the Contributed Interest, (b) deliver or cause to be delivered to Charter Holdco or its designee one or more certificates evidencing the Contributed Interests to be contributed at such Closing (if such interests are certificated), together with duly executed assignments separate from the certificate in a form reasonably satisfactory to Charter Holdco to effectuate the transfer of such Contributed Interest to Charter Holdco or its designee, (c) execute the Joinder Agreement in the form attached hereto as EXHIBIT B, by which such Investor shall become a party to the Operating Agreement, and (d) countersign the Charter Put (defined below). At the Closing, Charter Holdco shall (a) deliver to each Investor an executed Operating Agreement evidencing the Issued Units, and (b) execute and deliver a Put Agreement, in the form attached hereto as EXHIBIT D (the "CHARTER PUT").

6. GENERAL PROVISIONS.

6.1. Notices. All notices hereunder shall be in writing and shall be deemed to have been delivered on the date of the first attempted delivery by (i) the United States Postal Service, unless otherwise provided herein, to the respective party if mailed by certified mail, return receipt requested, or (ii) a reputable overnight delivery service, to the respective party at its address set forth below or such other address as either party may designate to the other by written notice in accordance herewith:

If to Investor:

R&A Management, LLC
360 South Monroe Street, Suite 600
Denver, Colorado 80209
Attention: Kevin B. Allen
Telecopy: (303) 322-3553

with a complete copy under separate cover (which copy by itself shall not constitute notice) to:

Stuart G. Rifkin, Esq.
Baker & Hostetler
303 East 17th Avenue, Suite 1100
Denver, Colorado 80110
Telecopy: (303) 861-7805

If to Charter Holdco, CCO or CCI:

Charter Communications, Inc.

12444 Powerscourt Drive
St. Louis, Missouri 63131
Attention: Jerald L. Kent, President
Telecopy: (314) 965-8793

with a complete copy under separate cover (which copy by itself shall not constitute notice) to:

Charter Communications, Inc.
12444 Powerscourt Drive
St. Louis, Missouri 63131
Attention: Curtis S. Shaw, Esq.
Senior Vice President & General Counsel
Telecopy: (314) 965-8793

and to:

Irell & Manella LLP
1800 Avenue of the Stars
Suite 900
Los Angeles, California 90067
Attention: Alvin G. Segel, Esq.
Telecopy: (310) 203-7199

6.2. Construction. Throughout this Agreement, as the context requires, (a) the singular tense and number includes the plural, and the plural tense and number includes the singular; (b) the past tense includes the present, and the present tense includes the past; and (c) references to parties, sections, schedules, and exhibits mean the parties, sections, schedules, and exhibits of and to this Agreement. The section headings in this Agreement are inserted only as a matter of convenience, and in no way define, limit, extend, or interpret the scope of this Agreement or of any particular section. If there is any apparent conflict or inconsistency between the provisions set forth in this Agreement, and the provisions set forth in any schedule or exhibit, to the extent possible such provisions shall be interpreted in a manner so as to make them consistent. If it is not possible to interpret such provisions consistently, the provisions set forth in the body of this Agreement shall prevail.

6.3. Assignment. None of the parties may assign their rights or obligations under this Agreement without the prior written consent of the other parties; provided, however, that any Investor may assign its rights under Section 3 hereof to any Permitted Transferee. This Agreement shall be binding on and inure to the benefit of the parties and their respective successors and permitted assigns. A "PERMITTED TRANSFEREE" shall mean any transferee of such Investor's Issued Interests that is:

6.3.1 another Investor hereunder;

6.3.2 any Person that, directly or indirectly, through the ownership of voting securities, controls, is controlled by, or is commonly controlled with the Investor;

6.3.3 a trust for the benefit of the equity owners of the Investor and of which the trustee or trustees are one or more Persons that either control, or are commonly controlled with, the Investor or are banks, trust companies, or similar entities;

6.3.4 any Person for which the Investor is acting as nominee or any trust controlled by or under common control with such person or entity; or

6.3.5 if the Investor is an individual, any charitable foundation, charitable trust, or similar entity, the estate, heirs, or legatees of the Investor upon the Investor's death, any member of the Investor's family, any trust or similar entity for the benefit of the Investor or one or more members of the Investor's family, or any entity controlled by the Investor or one or more members of the Investor's family.

6.4. No Third-Party Benefits. None of the provisions of this Agreement are intended to benefit, or to be enforceable by, any third-party beneficiaries.

6.5. Governing Law. This Agreement is governed by the laws of the State of Delaware, without regard to Delaware's rules relating to conflict of laws.

6.6. Amendment and Waiver. This Agreement may not be modified or amended except by an instrument in writing signed by CII and a majority-in-interest (measured by Issued Units) of the Investors (except to the extent such amendment would have an adverse and discriminatory impact on any Investor, in which event such Amendment shall only be binding on such Investor if such Investor has executed such amendment). No waiver of any provision of this Agreement or of any rights or obligations of any party under this Agreement shall be effective unless in writing and signed by the party or parties waiving compliance, and shall be effective only in the specific instance and for the specific purpose stated in that writing.

6.7. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

6.8. Additional Documents. Each party hereto agrees to execute any and all further documents and writings and to perform such other actions which may be or become necessary or expedient to effectuate and carry out this Agreement.

6.9. Severability. Any provision hereof which is prohibited or unenforceable shall be ineffective only to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof.

6.10. Integration. This Agreement and any documents referred to herein or therein (the "TRANSACTION DOCUMENTS") contain the entire understanding of the parties with respect to the subject matter hereof. There are no restrictions, agreements, promises, representations, warranties, covenants or undertakings with respect to the subject matter hereof other than those expressly set forth or referred to herein. Except for the Transaction Documents, this

Agreement supersedes all prior agreements and understandings between the parties with respect to its subject matter.

[SIGNATURES BEGIN ON FOLLOWING PAGE]

Signature Page to Contribution Agreement

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the date indicated.

CHARTER COMMUNICATIONS OPERATING, LLC

By: /s/ Curtis S. Shaw

Name: Curtis S. Shaw
Title:

CHARTER COMMUNICATIONS HOLDING COMPANY, LLC

By: /s/ Curtis S. Shaw

Name: Curtis S. Shaw
Title:

WITH RESPECT TO SECTIONS 3.1, 3.2, 3.3 AND 3.4 ONLY:

CHARTER INVESTMENT, INC

By: /s/ Curtis S. Shaw

Name: Curtis S. Shaw
Title:

WITH RESPECT TO SECTIONS 3.5.1(a), 3.5.1(b) AND 3.6.2 ONLY:

/s/ Paul G. Allen by William D. Savoy

Paul G. Allen, by William D. Savoy, his attorney-in-fact

Signature Page to Contribution Agreement

INTERLINK INVESTMENT CORP.

By: /s/ Kevin B. Allen

Kevin B. Allen, Vice President

RIFKIN & ASSOCIATES, INC.

By: /s/ Monroe M. Rifkin

Monroe M. Rifkin, Chairman of the Board

RIFKIN FAMILY INVESTMENT COMPANY, L.L.L.P.

By: Its General Partners

/s/ Monroe M. Rifkin

Monroe M. Rifkin, General Partner

/s/ Stuart G. Rifkin

Stuart G. Rifkin, General Partner

/s/ Bruce A. Rifkin

Bruce A. Rifkin, General Partner

/s/ Ruth R. Bennis

Ruth R. Bennis, General Partner

RIFKIN CHILDREN'S TRUST

By: /s/ Monroe M. Rifkin

Monroe M. Rifkin, Co-Trustee

RIFKIN CHILDREN TRUST-II

By: /s/ Monroe M. Rifkin

Monroe M. Rifkin, Co-Trustee

RIFKIN CHILDREN'S TRUST III

By: /s/ Monroe M. Rifkin

Monroe M. Rifkin, Co-Trustee

360 GROUP, INC.

By: /s/ Dale D. Wagner

Dale D. Wagner, Treasurer

MORRIS CHILDREN TRUST

By: /s/ Charles R. Morris, III

Charles R. Morris, III, Trustee

CRM II LIMITED PARTNERSHIP, LLLP

By: /s/ Charles R. Morris

Charles R. Morris, General Partner

INDIANA CABLEVISION MANAGEMENT CORP.

By: /s/ Monroe M. Rifkin

Monroe M. Rifkin, President

/s/ Monroe M. Rifkin

MONROE M. RIFKIN

/s/ Kevin B. Allen

KEVIN B. ALLEN

Signature Page to Contribution Agreement

/s/ Jeffrey D. Bennis

JEFFREY D. BENNIS

/s/ Stephen E. Hattrup

STEPHEN E. HATTRUP

/s/ Bruce A. Rifkin

BRUCE A. RIFKIN

/s/ Peter N. Smith

PETER N. SMITH

/s/ Dale D. Wagner

DALE D. WAGNER

/s/ Stuart G. Rifkin

STUART G. RIFKIN

/s/ Paul A. Bambei

PAUL A. BAMBEI

/s/ Lucille A. Maun

LUCILLE A. MAUN

/s/ Ruth R. Bennis

RUTH R. BENNIS

/s/ Charles R. Morris, III

CHARLES R. MORRIS, III

EXHIBIT A
TO
CONTRIBUTION AGREEMENT

INVESTOR CONTRIBUTED INTERESTS AND ISSUED UNITS

Exhibit A has been omitted from this exhibit. The issuer agrees to provide copies of such exhibit to the Commission upon request.

EXHIBIT B
TO
CONTRIBUTION AGREEMENT

FORM OF JOINDER AGREEMENT

The undersigned (the "NEW MEMBER"), having received a membership interest (the "MEMBERSHIP INTEREST") in Charter Communications Holding Company, LLC (the "COMPANY") pursuant to a Contribution Agreement, dated as of September 14, 1999, by and among the Company, certain affiliates of the Company and the undersigned, hereby agrees to be bound by the terms and conditions of that certain Amended and Restated Limited Liability Company Agreement of the Company effective as of _________, 1999, as amended or supplemented from time to time, attached hereto as EXHIBIT A (the "JOINED AGREEMENT"), and further covenants, represents and warrants to the Company as follows:

The New Member agrees to be bound by the provisions of the Joined Agreement, with respect to his or her ownership of the Membership Interest.

The New Member represents, warrants and agrees that the New Member is acquiring the Membership Interest for investment purposes for such New Member's own account only and not with a view to or for sale in connection with any distribution of all or any part of the Membership Interest. No other person or entity will have any direct or indirect beneficial interest in or right to the Membership Interest.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

The New Member acknowledges that, in purchasing the Membership Interest, he or she must bear the economic risk of the investment for an indefinite period of time because the Membership Interest has not been registered or qualified under applicable federal and state securities laws and therefore cannot be sold unless it is subsequently registered and/or qualified under such securities laws or an exemption from such registration or qualification is available.

Signed as of ___________.

Name: ____

Signature: ____

Address: ____

____

Fax No.: ____

EXHIBIT C
TO
CONTRIBUTION AGREEMENT

FORM OF CONTRIBUTION AGREEMENT

SECOND CONTRIBUTION AGREEMENT

THIS SECOND CONTRIBUTION AGREEMENT is made as of ________ __, 1999, by and between __________ (the "HOLDER"), Charter Communications Holding Company, LLC, a Delaware limited liability company ("Charter Holdco") and Charter Communications, Inc., a Delaware corporation ("CCI").

RECITALS

WHEREAS, Holder owns Class A Preferred Units of Charter Holdco that were issued in connection with (a) that certain Purchase and Sale Agreement by and among Charter Investment, Inc. (formerly Charter Communications, Inc.) ("CII"), Charter Communications Operating, LLC (by assignment) ("CCO"), the Persons listed on the signature pages thereto as "Sellers" and Rifkin Acquisition Partners, L.L.L.P., dated April 26, 1999, as amended (the "RAP AGREEMENT"), and (b) that certain Purchase and Sale Agreement by and among CII, CCO, the Persons listed on the signature pages thereto as "Sellers" and InterLink Communications Partners, LLLP, dated April 26, 1999, as amended (the "INTERLINK AGREEMENT" and, together with the RAP Agreement, the "PURCHASE AGREEMENTS");

WHEREAS, pursuant to a Contribution Agreement by and among Holder and Charter Holdco, among others, dated as of September 14, 1999 and entered into in connection with the transactions contemplated by the Purchase Agreements (the "FIRST CONTRIBUTION AGREEMENT"), Holder has the right to exchange the Class A Preferred Units that were subject to the First Contribution Agreement for shares of Class A Common Stock of CCI ("COMMON STOCK") simultaneously with the closing of the initial public offering of CCI (the "IPO"), all subject to the terms of the First Contribution Agreement;

WHEREAS, Holder has agreed to contribute the number of such Class A Preferred Units set forth on EXHIBIT A hereto (the "CONTRIBUTED UNITS") to CCI simultaneously with, and contingent upon the occurrence of the IPO, in exchange for Common Stock;

NOW, THEREFORE, in light of the above recitals and in consideration of the mutual agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. DEFINITIONS.

1.1. "AGREEMENT" means this Contribution Agreement.

1.2. "CLASS A PREFERRED CONTRIBUTED AMOUNT" has the meaning given that term in the Operating Agreement.

1.3. "CLASS A PREFERRED RETURN AMOUNT" has the meaning given that term in the Operating Agreement.

1.4. "CLASS A PREFERRED UNITS" has the meaning given that term in the Operating Agreement.

1.5. "EXCHANGING GROUP" means Holder and all other holders of Class A Preferred Units that have agreed to exchange such units for shares of Common Stock simultaneously with the IPO pursuant to an agreement substantially similar to this Agreement.

1.6. "OPERATING AGREEMENT" means that certain Amended and Restated Limited Liability Company Agreement of Charter Holdco effective as of _________, 1999 as amended from time to time.

1.7. "PERSON" means an individual, corporation, limited liability company, partnership, sole proprietorship, association, joint venture, joint stock company, trust, incorporated organization, or governmental agency or other entity.

2. CONTRIBUTION AND ISSUANCE OF COMMON STOCK.

2.1. Contribution of Contributed Units. Holder hereby agrees to contribute to CCI the Contributed Units simultaneously with, and contingent upon, the occurrence of the IPO, in a transaction intended to qualify under Section 351 of the Internal Revenue Code of 1986, as amended.

2.2. Issuance of Common Stock. As consideration for the contribution of the Contributed Units, CCI agrees to issue a number of shares of Common Stock to Holder equal to a fraction, the numerator of which is the sum of (i) the Class A Preferred Contributed Amount in respect of the Contributed Units, and (ii) the Class A Preferred Return Amount in respect of such Contributed Units, and the denominator of which is the price the Common Stock is sold to the public in the IPO. No fractional shares or scrip representing fractions of shares of Common Stock will be issued upon the exchange of Contributed Units. That portion of each Holder's Contributed Units that would otherwise be exchanged for a fractional share shall instead be redeemed by Charter Holdco for a cash payment (calculated to the nearest $.01) equal to such fraction multiplied by the price the Common Stock is sold to the public in the IPO.

2.3. Lockup Agreement. Currently with the execution and delivery of this Agreement, Holder agrees to deliver a lockup agreement with the underwriters of the IPO, in the form attached hereto as EXHIBIT B (the "LOCKUP AGREEMENT").

3. REPRESENTATIONS AND WARRANTIES.

3.1. Representations and Warranties of CCI. CCI hereby represents and warrants to each Holder that: (i) it has full power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby, (ii) the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by all necessary action on the part of CCI, (iii) this Agreement has been duly and validly executed and delivered by CCI and is a valid and binding agreement of CCI, enforceable against CCI in accordance with its terms, except (a) as such enforcement may be subject to bankruptcy, insolvency or similar laws now or hereafter in effect relating to creditors rights generally and (b) as the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

3.2. Holder's Representations and Warranties. Holder hereby represents and warrants to CCI as follows: (a) Holder has received and read a copy of the final prospectus describing the exchange of the Contributed Units for Common Stock and the business and finances of CCI; (b) Holder has the full power and authority to execute and deliver this Agreement and consummate the transactions contemplated hereby; (c) this Agreement has been duly and validly executed and delivered by Holder and is a legal, valid and binding obligation of the Holder, enforceable against the Holder in accordance with its terms (except as (i) such enforcement may be subject to bankruptcy, insolvency or similar laws now or hereafter in effect relating to creditors rights generally and (ii) as the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought); (d) at the Closing, Holder will own all of the Contributed Units, both of record and beneficially, free and clear of all liens, encumbrances or adverse interests of any kind or nature whatsoever (including any restriction on the right to vote, sell or otherwise dispose of the Contributed Units), other than those arising under applicable law and those arising under the Operating Agreement; and (e) upon the transfer of the Contributed Units, CCI will receive good title to the Contributed Units, free and clear of all liens, encumbrances and adverse interests created by the Holder or any of the Holders predecessors-in-interest, other than those arising under applicable law or those arising under the Operating Agreement.

4. CLOSING; CLOSING CONDITIONS.

The closing of the transactions contemplated by this Agreement (the "CLOSING") shall occur simultaneously with the IPO and shall take place at a location specified by CCI. At the Closing, Holder shall (a) contribute to CCI the Contributed Units, (b) deliver or cause to be delivered to CCI one or more certificates evidencing the Contributed Units (if such interests are certificated), together with duly executed assignments separate from the certificate in a form reasonably satisfactory to CCI to effectuate the transfer of such Contributed Units to CCI, (c) execute and deliver the Lockup Agreement, and (d) countersign the Allen Put or Lockup Put (as required by and defined in the First Contribution Agreement). At the Closing, CCI shall deliver or cause to be delivered to Holder the Common Stock. The Holder and CCI will cooperate so as to permit all documents required to be delivered at the Closing to be delivered by mail, delivery service or courier without requiring either party or its representatives to be physically present at the Closing.

5. GENERAL PROVISIONS.

5.1. Notices. All notices hereunder shall be in writing and shall be deemed to have been delivered on the date of the first attempted delivery by (i) the United States Postal Service, unless otherwise provided herein, to the respective party if mailed by certified mail, return receipt requested, or (ii) a reputable overnight delivery service, to the respective party at its address set forth below or such other address as either party may designate to the other by written notice in accordance herewith:

If to Holder:

R&A Management, LLC
360 South Monroe Street, Suite 600
Denver, Colorado 80209
Attention: Kevin B. Allen
Telecopy: (303) 322-3553

with a complete copy under separate cover (which copy by itself shall not constitute notice) to:

Stuart G. Rifkin, Esq.
Baker & Hostetler
303 East 17th Avenue, Suite 1100
Denver, Colorado 80110
Telecopy: (303) 861-7805

If to CCI:

Charter Communications, Inc.
12444 Powerscourt Drive
St. Louis, Missouri 63131
Attention: Jerald L. Kent, President
Telecopy: (314) 965-8793

with a complete copy under separate cover (which copy by itself shall not constitute notice) to:

Charter Communications, Inc.
12444 Powerscourt Drive
St. Louis, Missouri 63131
Attention: Curtis S. Shaw, Esq.
Senior Vice President & General Counsel
Telecopy: (314) 965-8793

and to:

Irell & Manella LLP
1800 Avenue of the Stars
Suite 900
Los Angeles, California 90067
Attention: Alvin G. Segel, Esq.
Telecopy: (310) 203-7199

5.2. Construction. Throughout this Agreement, as the context requires, (a) the singular tense and number includes the plural, and the plural tense and number includes the singular; (b) the past tense includes the present, and the present tense includes the past; and (c) references to parties, sections, schedules, and exhibits mean the parties, sections, schedules, and exhibits of and to this Agreement. The section headings in this Agreement are inserted only as a matter of convenience, and in no way define, limit, extend, or interpret the scope of this Agreement or of any particular section. If there is any apparent conflict or inconsistency between the provisions set forth in this Agreement, and the provisions set forth in any schedule or exhibit, to the extent possible such provisions shall be interpreted in a manner so as to make them consistent. If it is not possible to interpret such provisions consistently, the provisions set forth in the body of this Agreement shall prevail.

5.3. Assignment. None of the parties may assign their rights under this Agreement without the prior written consent of the other parties; provided, however, that CCI may assign its rights, benefits or obligations under this Agreement to one or more entities controlled by or affiliated with them, without the prior consent of any other party hereto. This Agreement shall be binding on and inure to the benefit of the parties and their respective successors and permitted assigns.

5.4. No Third-Party Benefits. None of the provisions of this Agreement are intended to benefit, or to be enforceable by, any third-party beneficiaries.

5.5. Governing Law. This Agreement is governed by the laws of the State of Delaware, without regard to Delaware's rules relating to conflict of laws.

5.6. Amendment and Waiver. This Agreement may not be modified or amended except by an instrument in writing signed by CCI and Holder; provided, however, that R&A Management, LLC (acting as agent for Holder under the terms of the Purchase Agreements) shall have the right to consent to an amendment to this Agreement on behalf of Holder so long as (i) such amendment does not adversely and discriminatorily affect the Exchanging Group, and (ii) a majority-in-interest (based on Class A Preferred Units being exchanged) of all Persons comprising the Exchanging Group consent to such amendment. No waiver of any provision of this Agreement or of any rights or obligations of any party under this Agreement shall be effective unless in writing and signed by the party or parties waiving compliance, and shall be effective only in the specific instance and for the specific purpose stated in that writing.

5.7. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

5.8. Additional Documents. Each party hereto agrees to execute any and all further documents and writings and to perform such other actions which may be or become necessary or expedient to effectuate and carry out this Agreement.

5.9. Severability. Any provision hereof which is prohibited or unenforceable shall be ineffective only to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof.

5.10. Integration. This Agreement and any documents referred to herein or therein (the "TRANSACTION DOCUMENTS") contain the entire understanding of the parties with respect to the subject matter hereof. There are no restrictions, agreements, promises, representations, warranties, covenants or undertakings with respect to the subject matter hereof other than those expressly set forth or referred to herein. Except for the Transaction Documents, this Agreement supersedes all prior agreements and understandings between the parties with respect to its subject matter.

[SIGNATURES BEGIN ON FOLLOWING PAGE]

Signature Page to Contribution Agreement

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the date indicated.

CHARTER COMMUNICATIONS, INC

By: ____________________________________
Name:
Title:

CHARTER COMMUNICATIONS HOLDING COMPANY, LLC

By: ____________________________________
Name:
Title:

HOLDER

____

EXHIBIT D
TO
CONTRIBUTION AGREEMENT

FORM OF REDEMPTION AND PUT AGREEMENT
("CHARTER PUT")

REDEMPTION AND PUT AGREEMENT

This Redemption and Put Agreement ("Agreement") is made as of September 14, 1999, by and among Charter Communications Holding Company, LLC, a Delaware limited liability company ("Charter LLC"), Paul G. Allen, an individual ("Allen") and ______________ ("Holder"), with reference to the following facts:

A Charter Communications Operating, LLC ("CCO"), a subsidiary of Charter LLC, is a party to (1) that certain Purchase and Sale Agreement by and among the persons or entities listed on the signature pages thereto as "Sellers," and Rifkin Acquisition Partners, L.L.L.P. ("RAP"), dated April 26, 1999 (the "RAP Agreement"), and (2) that certain Purchase and Sale Agreement by and among the persons or entities listed on the signature pages thereto as "Sellers," and InterLink Communications Partners, LLLP ("InterLink"), dated April 26, 1999 (the "InterLink Agreement" and, together with the RAP Agreement, the "Purchase Agreements"), pursuant to which CCO and certain of its affiliates have acquired all of the outstanding equity of RAP and InterLink, respectively.

B Holder is a former owner of interests in RAP and/or InterLink and, in connection with the transaction by which CCO acquired RAP and InterLink, Holder was issued Class A Preferred Units of Charter LLC (the "Issued Units").

C As an inducement for Holder to contribute its interests in RAP and/or InterLink to CCO in consideration of the Issued Units, Charter LLC agreed to grant the Holder the Redemption Election provided for herein and Allen agreed to grant the Holder the Put Option provided for herein.

NOW, THEREFORE, in consideration of the respective covenants and agreements of the parties and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each party), the parties hereby agree as follows:

1. Definitions. As used in this Agreement, the following terms have the following meanings:

1.1. "Class A Preferred Contributed Amount" has the meaning given that term in the Operating Agreement.

1.2. "Class A Preferred Return Amount" has the meaning given that term in the Operating Agreement.

1.3. "Class A Preferred Units" has the meaning given that term in the Operating Agreement.

1.4. "Closing Date" has the meaning given that term in the Purchase Agreements.

1.5. "Interest Payment" means interest on the Redemption Purchase Price or Put Purchase Price, as applicable, at a rate equal to eight percent (8%) per annum, from and including the first day of the calendar quarter following the date on which a Charter Notice was delivered, through and including the date of such Redemption Closing or Put Closing.

1.6. "Minimum Amount" means the lesser of (i) Issued Units for which the Redemption Purchase Price under this Agreement is at least $1,000,000, or (ii) all Issued Units that are subject to the Holder's Redemption Election under this Agreement.

1.7. "Operating Agreement" means that certain Amended and Restated Limited Liability Company Agreement of Charter LLC effective as of September 14, 1999 as amended from time to time.

2. Redemption Election.

2.1. Charter LLC hereby grants to the Holder the right and option (the "Redemption Election"), exercisable from the date hereof through and including the date of termination of the Redemption Election under Section 9 by written notice delivered to Charter LLC and Allen (the "Charter Notice"), to sell and to permit any of the Holder's Permitted Transferees (as defined below) to sell to Charter LLC or its designee, from time to time, on one or more occasions, all or any portion of the Issued Units held by the Holder and its Permitted Transferees that represents at least the Minimum Amount. Upon the delivery of the Charter Notice, Charter LLC shall be obligated to buy or to cause its designee to buy and, subject to Section 8.3, the Holder and the Permitted Transferees identified in the Holder's notice pursuant to this Section 2 shall be obligated to sell, the amount of the Issued Units held by the Holder and its Permitted Transferees that is specified in the Charter Notice, at the price and upon the terms and conditions specified in Section 3.

3. Redemption Purchase Price; Redemption Closing.

3.1. The purchase price to be paid upon any exercise of the Redemption Election (the "Redemption Purchase Price") shall be the sum of (i) the Class A Preferred Contributed Amount in respect of the Issued Units as to which such Redemption Election has been exercised, and (ii) the Class A Preferred Return Amount in respect of such Class A Preferred Units.

3.2. At each closing of the purchase and sale of the Issued Units to Charter LLC or its designee (the "Redemption Closing"), (a) Charter LLC or its designee shall pay to the Holder (for itself and on behalf of its Permitted Transferees, if applicable) the sum of the Redemption Purchase Price and the Interest Payment, if any, in immediately available funds by wire transfer or certified bank check; and (b) the Holder shall deliver or cause to be delivered to Charter LLC or its designee one or more certificates evidencing the Issued Units to be purchased and sold at such Redemption Closing (if certificates representing such Issued Units have been issued), together with duly executed assignments separate from the certificate in form and substance reasonably acceptable to Charter LLC to effectuate the transfer of such Issued Units to Charter LLC or its designee, together with a certificate of the Holder and its Permitted Transferee, if applicable, reaffirming the representations in Section 5.

3.3. Each Redemption Closing shall be held at the offices of Irell & Manella in Los Angeles, California, on (or before if Charter LLC so determines) the last day of the calendar quarter following the date on which Holder delivers the Charter Notice, or if the Charter Notice is delivered fewer than fifteen (15) calendar days prior to the end of the calendar quarter, then on the fifteenth day of the next calendar quarter (but effective as of the end of the calendar quarter in which such Charter Notice was delivered), or at such other time and place as the Holder and Charter LLC may mutually agree. If the Redemption Closing occurs after the end of the calendar quarter in which such Charter Notice was delivered, then at the Redemption Closing, in addition to the Redemption Purchase Price, Charter LLC shall pay to Holder the Interest Payment. The Holder and Charter LLC will cooperate so as to permit all documents required to be delivered at the Redemption Closing to be delivered by mail, delivery service or courier without requiring either party or its representatives to be physically present at the Redemption Closing.

4. Put Option if Redemption Failure; Put Closing.

4.1. In the event the Holder delivers a Charter Notice in accordance with Section 2 and either (a) the Redemption Closing has not occurred by the date specified in Section 3.3 (other than as a result of the Holder's delay or Holder's material breach of this Agreement), or (b) Charter LLC or its designee notifies the Holder that, for any reason (other than the Holder's material breach of this Agreement), Charter LLC or its designee is unwilling or unable (for legal or other reasons), to purchase any Issued Units as to which a Redemption Election has been exercised (a "Redemption Failure"), then the Holder shall have the right and option (the "Put Option"), to sell and to permit any of the Holder's Permitted Transferees to sell (provided such Permitted Transferees were specified in the Charter Notice associated with such Redemption Failure) to Allen or his designee, all or any portion of the Issued Units specified in such Charter Notice that Charter LLC failed, or was unwilling or unable, to redeem (the "Put-Eligible Units").

4.2. If a Redemption Failure occurs and the Holder wishes to exercise its Put Option as to any Put-Eligible Units, then promptly after such Redemption Failure, the Holder shall deliver a written notice to Allen stating: (i) that the Holder wishes to exercise its Put Option, (ii) the number of Issued Units that are Put-Eligible Units, (iii) the number of Put-Eligible Units as to which the Put Option is being exercised, and (iv) the date on which the Redemption Closing was to have occurred (an "Allen Notice"). If a Redemption Failure has occurred, then upon delivery of such Allen Notice, Allen shall be obligated to buy or to cause his designee to buy and, subject to Section 8.3, the Holder and the Permitted Transferees identified in the Charter Notice and Allen Notice shall be obligated to sell, the amount of the Put-Eligible Units held by the Holder and such Permitted Transferees, at the price and upon the terms and conditions specified in Section 4.3.

4.3. The closing of the purchase and sale of the Put-Eligible Units to Allen (the "Put Closing") shall occur in accordance with the following:

(a) The purchase price to be paid upon any exercise of the Put Option (the "Put Purchase Price") shall be the sum of (i) the Class A Preferred Contributed Amount in respect of the Put-Eligible Units as to which such Put Option has been exercised, and (ii) the Class A Preferred Return Amount in respect of such Class A Preferred Units.

(b) At each Put Closing, (a) Allen or his designee shall pay to the Holder (for itself and on behalf of its Permitted Transferees, if applicable) the sum of the Put Purchase Price and the Interest Payment, if any, in immediately available funds by wire transfer or certified bank check; and (b) the Holder shall deliver or cause to be delivered to Allen or his designee one or more certificates evidencing the Put-Eligible Units to be purchased and sold at such Put Closing, together with duly executed assignments separate from the certificate in form and substance reasonably acceptable to Allen to effectuate the transfer of such Put-Eligible Units to Allen or his designee, together with a certificate of the Holder and its Permitted Transferee, if applicable, reaffirming the representations in Section 5.

(c) The purchase and sale of Put-Eligible Units shall be effective as of the last day of the calendar quarter following the date on which the Holder delivers the Charter Notice; provided, however, that the Put Closing, which shall be held at the offices of Irell & Manella in Los Angeles, California, shall occur on the later of (i) the date that the Redemption Closing was to have occurred but for the Redemption Failure, and (ii) five (5) business days after the date on which the Allen Notice was delivered (or at such other time and place as the Holder and Allen may mutually agree). If the Put Closing occurs after the end of the calendar quarter in which such Charter Notice was delivered, then at the Put Closing, in addition to the Put Purchase Price, Allen shall pay to Holder the Interest Payment. The Holder and Allen will cooperate so as to permit all documents required to be delivered at the Put Closing to be delivered by mail, delivery service or courier without requiring either party or its representatives to be physically present at the Put Closing.

5. Representations of the Holder. The Holder represents and warrants (x) to Charter LLC and any of its designees or assignees that on the date hereof and at each Redemption Closing, and (y) to Allen and any of his designees or assignees that on the date hereof and at each Put Closing: (a) the Holder has full power and authority to execute and deliver this Agreement and consummate the transactions contemplated hereby; (b) this Agreement is the legal, valid and binding obligation of the Holder, enforceable against the Holder in accordance with its terms; (c) at each Redemption Closing or Put Closing, as applicable the Holder or one of its Permitted Transferees will own all of the Issued Units required to be purchased and sold at such Redemption Closing or Put Closing, both of record and beneficially, free and clear of all liens, encumbrances or adverse interests of any kind or nature whatsoever (including any restriction on the right to vote, sell or otherwise dispose of the Issued Units), other than those arising under applicable law and those arising under the Operating Agreement; (d) upon the transfer of the Issued Units pursuant to Section 3 or 4, as applicable, Charter LLC or Allen (or their respective designees, as applicable) will receive good title to the Issued Units, free and clear of all liens, encumbrances and adverse interests created by the Holder, any Permitted Transferee, or any of their respective predecessors-in-interest, other than those arising under applicable law or those arising under the Operating Agreement.

6. Representations of Charter LLC. Charter LLC represents and warrants to the Holder and each Permitted Transferee that on the date hereof and at all times hereafter through the Redemption Closing: (a) Charter LLC has full limited liability company power and authority to execute and deliver this Agreement and consummate the transactions contemplated hereby; (b) this Agreement constitutes the legal, valid and binding obligation of Charter LLC, enforceable against Charter LLC in accordance with its terms, except as the enforceability of this Agreement may be limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance or similar laws affecting creditors' rights generally or by

judicial discretion in the enforcement of equitable remedies; and (c) its execution and delivery of this Agreement does not, and its performance of its obligations under this Agreement will not, violate, conflict with or constitute a breach of, or a default under, Charter LLC operating agreement, or any material agreement, indenture or instrument to which it is a party or which is binding on it, and will not result in the creation of any lien on, or security interest in, any of his assets (other than such violations, breaches, defaults, liens or security interests that would not materially and adversely affect its ability to perform his obligations under this Agreement).

7. Representations of Allen. Allen represents and warrants to the Holder and each Permitted Transferee that on the date hereof and at all times hereafter through the Closing: (a) Allen has full power and authority to execute and deliver this Agreement and consummate the transactions contemplated hereby; (b) this Agreement constitutes the legal, valid and binding obligation of Allen, enforceable against Allen in accordance with its terms; (c) his execution and delivery of this Agreement does not, and his performance of his obligations under this Agreement will not, violate, conflict with or constitute a breach of, or a default under, any material agreement, indenture or instrument to which he is a party or which is binding on him, and will not result in the creation of any lien on, or security interest in, any of his assets (other than such violations, breaches, defaults, liens or security interests that would not materially and adversely affect his ability to perform his obligations under this Agreement); and (d) his Net Worth is and will be greater than $4 billion. At the request of R&A Management, LLC, a Colorado limited liability company ("R&A"), made (on behalf of Holder together with all other holders receiving similar put agreements in connection with the transactions under the Purchase Agreements) no more frequently than once every 180 days, Allen will within 10 days of such request deliver to R&A a certificate signed by him or his attorney-in-fact as to the representation and warranty in clause (d) being true and correct at such time. "Net Worth" means the excess of the fair market value of Allen's assets over the aggregate amount of Allen's liabilities.

8. Adjustment for Exchange, Reorganizations, Stock Splits, etc.

8.1. If the Class A Preferred Units are increased, decreased, changed into, or exchanged for a different number or kind of shares or securities of Charter LLC through reorganization, recapitalization, reclassification, dividend, split or reverse split, or other similar transaction, an appropriate adjustment shall be made with respect to number and kind of shares or securities subject to the Redemption Election and Put Option, without change in the total price applicable to the unexercised portion of the Redemption Election and Put Option but with a corresponding adjustment in the price for unit of any security covered by the Redemption Election and Put Option. Any shares or securities that become subject to the Redemption Election and Put Option pursuant to this Section 8.1 shall constitute "Issued Units" for purposes of this Agreement.

8.2. Upon a reorganization, merger or consolidation of Charter LLC with one or more other corporations or entities (any of the foregoing, a "Business Combination") pursuant to which the outstanding Class A Preferred Units are converted into or exchanged for any other security ("Replacement Securities"), the Redemption Election and Put Option shall cease to be exercisable with respect to the securities that previously constituted "Issued Units" and shall instead be automatically converted into an option to sell such number of shares or units of Replacement Securities issued in exchange for the Issued Units pursuant to such Business Combination at a price per share or unit of Replacement Securities equal to the aggregate Redemption Purchase Price for all Issued Units immediately prior to such effectiveness divided by the number of shares or units of Replacement Securities subject to the Redemption Election immediately following such effectiveness. Any Replacement Securities that become subject to the Redemption Election pursuant to this Section 8.2 shall constitute "Issued Units" for purposes of this Agreement.

8.3. In the event of any proposed Business Combination pursuant to which the outstanding Class A Preferred Units will be converted into a right to receive consideration other than securities of Charter LLC or Replacement Securities, (i) Charter LLC will provide notice thereof to the Holder at least ten (10) days prior to consummation of such Business Combination and (ii) the Redemption Election and Put Option will expire two days prior to such consummation except with respect to any Issued Units that are specified in a Charter Notice delivered by the Holder pursuant to Section 2 prior to such date. If the Holder delivers a Charter Notice after its receipt of a notice from Charter LLC pursuant to this Section 8.3, the purchase and sale of any of the Issued Units specified in the Holder's notice may be conditioned at the Holder's option on the consummation of the Business Combination described in Charter LLC's notice pursuant to this Section 8.3.

9. Termination of Redemption Election and Put Option.

9.1. The Redemption Election and Put Option shall terminate on the earliest of the following dates, except with respect to any Issued Units that are specified in a Charter Notice delivered prior to such earliest date:

(a) five years from the Closing Date;

(b) the date on which the Issued Units are exchanged for shares of common stock of Charter Communications, Inc. ("CCI") in connection with CCI's initial public offering and pursuant to an agreement between Holder and CCI; and

(c) the date specified in Section 8.3.

9.2. The Redemption Election and Put Option shall terminate as to any Issued Units on the date on which such Issued Units are first transferred by the Holder or any Permitted Transferee to a person or entity that is not a "Permitted Transferee."

10. Miscellaneous.

10.1. Complete Agreement; Modifications. This Agreement constitutes the parties' entire agreement with respect to the subject matter hereof and supersedes all other agreements, representations, warranties, statements, promises and understandings, whether oral or written, with respect to the subject matter hereof. This Agreement may not be amended, altered or modified except by a writing signed by both parties.

10.2. Additional Documents. Each party hereto agrees to execute any and all further documents and writings and to perform such other actions which may be or become necessary or expedient to effectuate and carry out this Agreement.

10.3. Notices. Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be sufficiently given if delivered in person or transmitted by telecopy or similar means of recorded electronic communication to the relevant party, addressed as follows (or at such other address as either party shall have designated by notice as herein provided to the other party):

If to the Holder, to the address set forth on the signature page hereto.

If to Charter LLC:

Charter Communications Holding Company, LLC
12444 Powerscourt Drive, Suite 400
St. Louis, Missouri 63131
Attention: Curtis S. Shaw, Esq.
Telecopy: (314) 965-8793

with a copy to:

Irell & Manella LLP
1800 Avenue of the Stars, Suite 900
Los Angeles, California 90067-4276
Attention: Alvin G. Segel
Telecopy: (310) 203-7199

If to Allen:

c/o Vulcan Northwest
110th Avenue N.E., Suite 550
Bellevue, WA 98004
Attn: William D. Savoy
Telecopy: (425) 453-1985

with a copy to:

Irell & Manella LLP
1800 Avenue of the Stars, Suite 900
Los Angeles, California 90067-4276
Attention: Alvin G. Segel
Telecopy: (310) 203-7199

Any such notice or other communication shall be deemed to have been given and received on the day on which it is delivered or telecopied (or, if such day is not a business day or if the notice or other communication is not telecopied during business hours, at the place of receipt, on the next following business day); provided, however, that any such notice or other communication shall be deemed to have been given and received on the day on which it is sent if delivery thereof is refused or if delivery thereof in the manner described above is not possible because of the intended recipient's failure to advise the sending party of a change in the intended recipient's address or telecopy number.

10.4. No Third-Party Benefits. None of the provisions of this Agreement shall be for the benefit of, or enforceable by, any person or entity that is not a party to this Agreement, other than any Permitted Transferees of the Holder.

10.5. Waivers Strictly Construed. With regard to any power, remedy or right provided herein or otherwise available to any party hereunder (a) no waiver or extension of time shall be effective unless expressly contained in a writing signed by the waiving party; and (b) no alternation, modification or impairment shall be implied by reason of any previous waiver, extension of time, delay or omission in exercise or other indulgence.

10.6. Severability. The validity, legality or enforceability of the remainder of this Agreement shall not be affected even if one or more of the provisions of this Agreement shall be held to be invalid, illegal or unenforceable in any respect.

10.7. Undertakings. All authority herein conferred or agreed to be conferred upon a party to this Agreement and all agreements of a party contained herein shall survive the death or incapacity of such party (or any of them).

10.8. Successors and Assigns. Except as provided herein to the contrary, this Agreement shall be binding upon and shall inure to the benefit of the parties, their respective heirs, estates, personal representatives, conservators, successors and permitted assigns.

10.9. Assignments.

(a) The Holder and any Permitted Transferee may transfer some or all of its Issued Units to any of the following persons or entities (each such person or entity, a "Permitted Transferee"), and the Permitted Transferee shall thereupon have the rights provided in this Agreement:

(i) any person or entity that was among the "Investors" who were party to that certain Contribution Agreement, dated as of September 14, 1999, among such Investors, Charter Communications Operating, LLC, Charter Communications Holding Company, LLC, and Paul Allen;

(ii) any person or entity that, directly or indirectly, through the ownership of voting securities, controls, is controlled by, or is commonly controlled with the Holder;

(iii) a trust for the benefit of the equity owners of the Holder and of which the trustee or trustees are one or more persons or entities that either control, or are commonly controlled with, the Holder or are banks, trust companies, or similar entities;

(iv) any person or entity for which the Holder is acting as nominee or any trust controlled by or under common control with such person or entity;

(v) if the Holder is an individual, any charitable foundation, charitable trust, or similar entity, the estate, heirs, or legatees of the Holder upon the Holder's death, any member of the Holder's family, any trust or similar entity for the benefit of the Holder or one or more members of the Holder's family, or any entity controlled by the Holder or one or more members of the Holder's family.

(b) The Holder may assign all its rights and delegate all its obligations under this Agreement to any Permitted Transferee, and such Permitted Transferee shall thereupon be deemed to be the "Holder" for purposes of this Agreement.

(c) Charter LLC is entitled, in its sole discretion, to assign its rights to purchase any Issued Units under this Agreement to one or more entities controlled by Charter LLC, but no such assignment will relieve Charter LLC of any of its obligations under this Agreement. Allen is entitled, in his sole discretion, to assign his rights to purchase any Issued Units under this Agreement to one or more entities controlled by Allen, but no such assignment will relieve Allen of any of his obligations under this Agreement.

10.10. Governing Law. This Agreement shall be governed by the laws of the State of Delaware, without regard to any choice of law provisions of that state or the laws of any other jurisdiction.

10.11. Headings. The Section headings in this Agreement are inserted only as a matter of convenience and in no way define, limit, extend or interpret the scope of this Agreement or of any particular Section.

10.12. Number and Gender. Throughout this Agreement, as the context may require, (a) the masculine gender includes the feminine and neuter; and the neuter gender includes the masculine and feminine; and (b) the singular tense and number includes the plural, and the plural tense and number includes the singular.

10.13. Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

10.14. Costs. Except as otherwise provided in this Agreement, each party will bear his or its own costs in connection with the exercise of the Holder's right under this Agreement and the purchase and sale of any Issued Units pursuant to this Agreement.

10.15. Default. In the event of any legal action between the parties arising out of or in relation to this Agreement, the prevailing party in such legal action shall be entitled to recover, in addition to any other legal remedies, all of his or its costs and expenses, including reasonable attorney's fees, from the non-prevailing party, regardless of whether such legal action is prosecuted to completion.

[SIGNATURES BEGIN ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have executed this Redemption and Put Agreement as of the date first set forth above.

CHARTER COMMUNICATIONS HOLDING COMPANY, LLC

By:_______________________________________
Name:
Title:

____
Paul G. Allen, by William D. Savoy, attorney-in-fact

[SIGNATURE PAGE TO REDEMPTION AND PUT AGREEMENT]

HOLDER

____

[ADDRESS]

EXHIBIT E
TO
CONTRIBUTION AGREEMENT

FORM OF PUT AGREEMENT
("ALLEN PUT")

FORM OF [2-YEAR]

PUT AGREEMENT

This Put Agreement ("Agreement") is made as of the ___ day of _____, 199_ [to be dated the day of the exchange closing in connection with IPO] by and between Paul G. Allen, an individual ("Allen"), and __________ (the "Holder"), with reference to the following facts:

A Charter Communications Operating, LLC ("CCO") is a party to (1) that certain Purchase and Sale Agreement by and among the persons or entities listed on the signature pages thereto as "Sellers," and Rifkin Acquisition Partners, L.L.L.P. ("RAP"), dated April 26, 1999 (the "RAP Agreement"), and (2) that certain Purchase and Sale Agreement by and among the persons or entities listed on the signature pages thereto as "Sellers," and InterLink Communications Partners, LLLP ("InterLink"), dated April 26, 1999 (the "InterLink Agreement" and, together with the RAP Agreement, the "Purchase Agreements"), pursuant to which CCO and certain of its affiliates have acquired all of the outstanding equity of RAP and InterLink, respectively.

B Allen is the indirect controlling owner of CCO and expects to derive benefit from the transactions contemplated by the Purchase Agreements.

C Holder is a former owner of interests in RAP and/or InterLink and, in connection with the transaction by which CCO acquired RAP and InterLink, Holder was issued preferred membership units of Charter Communications Holding Company, LLC ("Charter LLC").

D In connection with the initial public offering of Charter Communications, Inc. ("CCI"), Holder exchanged its preferred membership units in Charter LLC for CCI Stock (as defined below), and as a condition of such exchange, Allen agreed to enter into this Agreement, giving Holder certain rights with respect to the common

NOW, THEREFORE, in consideration of the respective covenants and agreements of the parties and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each party), the parties hereby agree as follows:

1. Definitions. As used in this Agreement, the following terms have the following meanings:

"Closing Price" means, with respect to a share of CCI common stock, (i) the last reported sales price, regular way, as reported on the principal national securities exchange on which shares of CCI common stock are listed or admitted for trading or (ii) if shares of CCI common stock are not listed or admitted for trading on any national securities exchange, the last reported sales price, regular way, as reported on the Nasdaq National Market or, if shares of CCI common stock are not listed on the Nasdaq National Market, the average of the highest bid and lowest asked prices as reported on the Nasdaq Stock Market.

"CCI Stock" means all shares of common stock of CCI issued to Holder in exchange for preferred membership units of Charter LLC, and all other securities that constitute "CCI Stock" in accordance with Section 7 of this Agreement.

"IPO Price" means the price per share at which shares of common stock of CCI are sold to the public in CCI's initial public offering (without reduction for underwriters' fees, discounts, commissions, and other selling expenses).

"Lockup Agreement" means the agreement entered into between the Holder and the underwriters of CCI's initial public offering, which, among other things, prohibits the Holder from selling the CCI Stock until the Lockup Termination Date.

"Lockup Termination Date" means the earliest date on which the Lockup Agreement no longer prohibits the Holder from selling the CCI Stock.

"Minimum Amount" means the lesser of (i) CCI Stock for which the Purchase Price under this Agreement is at least $1,000,000, or (ii) all CCI Stock that is subject to the Holder's Put Option under this Agreement.

2. Put Option. Allen hereby grants to the Holder the right and option (the "Put Option"), exercisable from the date hereof through and including the date of termination of the Put Option under Section 9 by written notice delivered to Allen, to sell and to permit any of the Holder's Permitted Transferees to sell to Allen or his designee, from time to time, on one or more occasions, all or any portion of the CCI Stock held by the Holder and its Permitted Transferees that represents at least the Minimum Amount. Upon the giving of such notice, Allen shall be obligated to buy or to cause his designee to buy and, subject to Section 8.3, the Holder and the Permitted Transferees identified in the Holder's notice pursuant to this Section 2 shall be obligated to sell, the amount of the CCI Stock held by the Holder and its Permitted Transferees that is specified in the Holder's notice pursuant to this Section 2, at the price and upon the terms and conditions specified in Section 3.

3. Purchase Price; Closing.

3.1. The purchase price to be paid upon any exercise of the Put Option (the "Purchase Price") shall be equal the IPO Price (calculated in accordance with Section 7, if applicable), plus interest thereon at a rate of four and one-half percent (4.5%) per year, compounded annually, for the period from the date of this Agreement through the closing of the purchase and sale of the CCI Stock hereunder (the "Closing").

3.2. At each Closing, (a) Allen or his designee shall pay to the Holder (for itself and on behalf of its Permitted Transferees, if applicable) the Purchase Price in immediately available funds by wire transfer or certified bank check; and (b) the Holder shall deliver or cause to be delivered to Allen or his designee one or more certificates evidencing the CCI Stock to be purchased and sold at such Closing, together with duly executed assignments separate from the certificate in form and substance reasonably acceptable to Allen to effectuate the transfer of such CCI Stock to Allen or his designee, together with a certificate of the Holder and its Permitted Transferee, if applicable, reaffirming the representations in Section 5.

3.3. Each Closing shall be held at the offices of Irell & Manella in Los Angeles, California, on (or before if Allen so determines) the thirtieth day after the Holder delivers the written notice described above (or, if such day is not a business day, on the next business day thereafter), or at such other time and place as the Holder and Allen may agree. The Holder and Allen will cooperate so as to permit all documents required to be delivered at the Closing to be delivered by mail, delivery service or courier without requiring either party or his or its representatives to be physically present at the Closing.

4. Representations of the Holder. The Holder represents and warrants to Allen and any of his designees or assignees that on the date hereof and at each Closing: (a) the Holder has full power and authority to execute and deliver this Agreement and consummate the transactions contemplated hereby; (b) this Agreement is the legal, valid and binding obligation of the Holder, enforceable against the Holder in accordance with its terms; (c) at each Closing, the Holder or one of its Permitted Transferees will own all of the CCI Stock required to be purchased and sold at such Closing, both of record and beneficially, free and clear of all liens, encumbrances or adverse interests of any kind or nature whatsoever (including any restriction on the right to vote, sell or otherwise dispose of the CCI Stock), other than those arising under applicable law and those arising under the organizational documents of CCI; (d) upon the transfer of the CCI Stock pursuant to Section 3, Allen or his designee will receive good title to the CCI Stock, free and clear of all liens, encumbrances and adverse interests created by the Holder, any Permitted Transferee, or any of their respective predecessors-in-interest, other than those arising under applicable law or those arising under the organizational documents of CCI.

5. Adjustment for Exchange, Reorganizations, Stock Splits, etc.

5.1. If the number of shares of CCI Stock is increased, decreased, changed into, or exchanged for a different number or kind of shares or securities of CCI through reorganization, recapitalization, reclassification, stock dividend, stock split or reverse stock split, or other similar transaction, an appropriate adjustment shall be made with respect to number and kind of shares or securities subject to the Put Option, without change in the total price applicable to the unexercised portion of the Put Option but with a corresponding adjustment in the price per unit of any security covered by the Put Option. Any shares or securities that become subject to the Put Option pursuant to this Section 8.1 shall constitute "CCI Stock" for purposes of this Agreement.

5.2. Upon a reorganization, merger or consolidation of CCI with one or more other corporations or entities (any of the foregoing, a "Business Combination") pursuant to which the outstanding CCI Stock is converted into or exchanged for any other security ("Replacement Securities"), the Put Option shall cease to be exercisable with respect to the securities that previously constituted "CCI Stock" and shall instead be automatically converted into an option to sell such number of shares or units of Replacement Securities issued in exchange for the CCI Stock pursuant to such Business Combination at a price per share or unit of Replacement

Securities equal to the aggregate Purchase Price for all CCI Stock immediately prior to such effectiveness divided by the number of shares or units of Replacement Securities subject to the Put Option immediately following such effectiveness. Any Replacement Securities that become subject to the Put Option pursuant to this Section 8.2 shall constitute "CCI Stock" for purposes of this Agreement.

5.3. In the event of any proposed Business Combination pursuant to which the outstanding CCI Stock will be converted into a right to receive consideration other than securities of CCI or Replacement Securities, (i) Allen will provide notice thereof to the Holder at least ten (10) days prior to consummation of such Business Combination and (ii) the Put Option will expire two days prior to such consummation except with respect to any CCI Stock that is specified in a notice delivered by the Holder pursuant to Section 2 prior to such date. If the Holder delivers a notice pursuant to Section 2 after its receipt of a notice from Allen pursuant to this Section 8.3, the purchase and sale of any of the CCI Stock specified in the Holder's notice may be conditioned at the Holder's option on the consummation of the Business Combination described in Allen's notice pursuant to this Section 8.3.

6. Representations of Allen. Allen represents and warrants to the Holder and each Permitted Transferee that on the date hereof and at all times hereafter through the Closing: (a) Allen has full power and authority to execute and deliver this Agreement and consummate the transactions contemplated hereby; (b) this Agreement constitutes the legal, valid and binding obligation of Allen, enforceable against Allen in accordance with its terms; (c) his execution and delivery of this Agreement does not, and his performance of his obligations under this Agreement will not, violate, conflict with or constitute a breach of, or a default under, any material agreement, indenture or instrument to which he is a party or which is binding on him, and will not result in the creation of any lien on, or security interest in, any of his assets (other than such violations, breaches, defaults, liens or security interests that would not materially and adversely affect his ability to perform his obligations under this Agreement); and (d) his Net Worth is and will be greater than $4 billion. At the request of R&A Management, LLC, a Colorado limited liability company ("R&A"), made (on behalf of Holder together with all other holders receiving similar put agreements in connection with the transactions under the Purchase Agreements) no more frequently than once every 180 days, Allen will within 10 days of such request deliver to R&A a certificate signed by him or his attorney-in-fact as to the representation and warranty in clause (d) being true and correct at such time. "Net Worth" means the excess of the fair market value of Allen's assets over the aggregate amount of Allen's liabilities.

7. Termination of Put Option.

7.1. The Put Option shall terminate on the earliest of the following dates, except with respect to any CCI Stock that is specified in a notice delivered by the Holder pursuant to Section 2 prior to such earliest date:

(a) the later of (x) thirty days after the Lockup Termination Date, or (y) the second anniversary of the date of this Agreement;

(b) the date specified in Section 8.3; and

(c) the later of (x) thirty days after the Lockup Termination Date, or (y) the first date on which both of the following conditions are satisfied:

(i) the Closing Price of CCI common stock has exceeded 115% of the IPO Price for any 90 trading days during the preceding 100 consecutive trading days (which period of 100 trading days shall not have commenced prior to the closing under the Purchase Agreements); and

(ii) all shares of CCI common stock then held by the Holder or any Permitted Transferee (as defined below) and subject to the Put Option (or all shares of CCI common stock that the Holder and all Permitted Transferees may then acquire in exchange for limited liability company CCI Stock in Charter LLC that are held by the Holder and its Permitted Transferees and subject to the Put Option) may be sold to the public in their entirety on such date (x) without registration under the Securities Act of 1933, as amended (the "Act"), pursuant to Rule 144 under the Act or another comparable provision or (y) pursuant to a then effective registration statement under the Act.

7.2. The Put Option shall terminate as to any CCI Stock on the date on which such CCI Stock is first transferred by the Holder or any Permitted Transferee to a person or entity that is not a "Permitted Transferee."

7.3. For purposes of determining whether the condition in Section 7.1(c)(i) is satisfied, appropriate adjustments will be made to take into account any subdivision (by stock split or otherwise) or combination (by reverse stock split or otherwise) of outstanding shares of CCI common stock occurring after the consummation of CCI's initial public offering.

8. Miscellaneous.

8.1. Complete Agreement; Modifications. This Agreement constitutes the parties' entire agreement with respect to the subject matter hereof and supersedes all other agreements, representations, warranties, statements, promises and understandings, whether oral or written, with respect to the subject matter hereof. This Agreement may not be amended, altered or modified except by a writing signed by both parties.

8.2. Additional Documents. Each party hereto agrees to execute any and all further documents and writings and to perform such other actions which may be or become necessary or expedient to effectuate and carry out this Agreement.

8.3. Notices. Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be sufficiently given if delivered in person or transmitted by telecopy or similar means of recorded electronic communication to the relevant party, addressed as follows (or at such other address as either party shall have designated by notice as herein provided to the other party):

If to the Holder:

with a copy to:

If to Allen:

Paul G. Allen
c/o William D. Savoy @ Vulcan Northwest
110 110th Avenue Northwest
Bellevue, Washington 98004
Telecopy: (425) 453-1985

with a copy to:

Irell & Manella LLP
1800 Avenue of the Stars, Suite 900
Los Angeles, California 90067-4276
Attention: Alvin G. Segel
Telecopy: (310) 203-7199

Any such notice or other communication shall be deemed to have been given and received on the day on which it is delivered or telecopied (or, if such day is not a business day or if the notice or other communication is not telecopied during business hours, at the place of receipt, on the next following business day); provided, however, that any such notice or other communication shall be deemed to have been given and received on the day on which it is sent if delivery thereof is refused or if delivery thereof in the manner described above is not possible because of the intended recipient's failure to advise the sending party of a change in the intended recipient's address or telecopy number.

8.4. No Third-Party Benefits. None of the provisions of this Agreement shall be for the benefit of, or enforceable by, any person or entity that is not a party to this Agreement, other than any Permitted Transferees of the Holder.

8.5. Waivers Strictly Construed. With regard to any power, remedy or right provided herein or otherwise available to any party hereunder (a) no waiver or extension of time shall be effective unless expressly contained in a writing signed by the waiving party; and (b) no alternation, modification or impairment shall be implied by reason of any previous waiver, extension of time, delay or omission in exercise or other indulgence.

8.6. Severability. The validity, legality or enforceability of the remainder of this Agreement shall not be affected even if one or more of the provisions of this Agreement shall be held to be invalid, illegal or unenforceable in any respect.

8.7. Undertakings. All authority herein conferred or agreed to be conferred upon a party to this Agreement and all agreements of a party contained herein shall survive the death or incapacity of such party (or any of them).

8.8. Successors and Assigns. Except as provided herein to the contrary, this Agreement shall be binding upon and shall inure to the benefit of the parties, their respective heirs, estates, personal representatives, conservators, successors and permitted assigns.

8.9. Assignments.

(a) The Holder and any Permitted Transferee may transfer some or all of its CCI Stock to any of the following persons or entities (each such person or entity, a "Permitted Transferee"), and the Permitted Transferee shall thereupon have the rights provided in this Agreement:

(i) any person or entity that was among the "Investors" who were party to that certain Contribution Agreement, dated as of September 14, 1999, among such Investors, Charter Communications Operating, LLC, Charter Communications Holding Company, LLC, and Paul Allen;

(ii) any person or entity that, directly or indirectly, through the ownership of voting securities, controls, is controlled by, or is commonly controlled with the Holder;

(iii) a trust for the benefit of the equity owners of the Holder and of which the trustee or trustees are one or more persons or entities that either control, or are commonly controlled with, the Holder or are banks, trust companies, or similar entities;

(iv) any person or entity for which the Holder is acting as nominee or any trust controlled by or under common control with such person or entity;

(v) if the Holder is an individual, any charitable foundation, charitable trust, or similar entity, the estate, heirs, or legatees of the Holder upon the Holder's death, any member of the Holder's family, any trust or similar entity for the benefit of the Holder or one or more members of the Holder's family, or any entity controlled by the Holder or one or more members of the Holder's family.

(b) The Holder may assign all its rights and delegate all its obligations under this Agreement to any Permitted Transferee, and such Permitted Transferee shall thereupon be deemed to be the "Holder" for purposes of this Agreement.

(c) Allen is entitled, in his sole discretion, to assign his rights to purchase any CCI Stock under this Agreement to one or more entities controlled by Allen, but no such assignment will relieve Allen of any of his obligations under this Agreement.

8.10. Governing Law. This Agreement shall be governed by the laws of the State of Delaware, without regard to any choice of law provisions of that state or the laws of any other jurisdiction.

8.11. Headings. The Section headings in this Agreement are inserted only as a matter of convenience and in no way define, limit, extend or interpret the scope of this Agreement or of any particular Section.

8.12. Number and Gender. Throughout this Agreement, as the context may require, (a) the masculine gender includes the feminine and neuter; and the neuter gender includes the masculine and feminine; and (b) the singular tense and number includes the plural, and the plural tense and number includes the singular.

8.13. Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

8.14. Costs. Except as otherwise provided in this Agreement, each party will bear his or its own costs in connection with the exercise of the Holder's right under this Agreement and the purchase and sale of any CCI Stock pursuant to this Agreement.

8.15. Default. In the event of any legal action between the parties arising out of or in relation to this Agreement, the prevailing party in such legal action shall be entitled to recover, in addition to any other legal remedies, all of his or its costs and expenses, including reasonable attorney's fees, from the non-prevailing party, regardless of whether such legal action is prosecuted to completion.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first set forth above.

____

Paul G. Allen, by William D. Savoy,
attorney-in-fact

HOLDER

____

EXHIBIT F
TO
CONTRIBUTION AGREEMENT

FORM OF PUT AGREEMENT
("LOCKUP PUT")

FORM OF [LOCKUP PERIOD]

PUT AGREEMENT

This Put Agreement ("Agreement") is made as of the ___ day of _____, 199_, [to be dated the day of the exchange closing in connection with the IPO] by and between Paul G. Allen, an individual ("Allen"), and __________ (the "Holder"), with reference to the following facts:

A Charter Communications Operating, LLC ("CCO") is a party to (1) that certain Purchase and Sale Agreement by and among the persons or entities listed on the signature pages thereto as "Sellers," and Rifkin Acquisition Partners, L.L.L.P. ("RAP"), dated April 26, 1999 (the "RAP Agreement"), and (2) that certain Purchase and Sale Agreement by and among the persons or entities listed on the signature pages thereto as "Sellers," and InterLink Communications Partners, LLLP ("InterLink"), dated April 26, 1999 (the "InterLink Agreement" and, together with the RAP Agreement, the "Purchase Agreements"), pursuant to which CCO and certain of its affiliates have acquired all of the outstanding equity of RAP and InterLink, respectively.

B Allen is the indirect controlling owner of CCO and expects to derive benefit from the transactions contemplated by the Purchase Agreements.

C Holder is a former owner of interests in RAP and/or InterLink and, in connection with the transaction by which CCO acquired RAP and InterLink, Holder was issued preferred membership units of Charter Communications Holding Company, LLC ("Charter LLC").

D In connection with the initial public offering of Charter Communications, Inc. ("CCI"), Holder exchanged its preferred membership units in Charter LLC for CCI Stock (as defined below), and as a condition of such exchange, Allen agreed to enter into this Agreement, giving Holder certain rights with respect to the CCI Stock.

NOW, THEREFORE, in consideration of the respective covenants and agreements of the parties and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each party), the parties hereby agree as follows:

1. Definitions. As used in this Agreement, the following terms have the following meanings:

"Closing Price" means, with respect to a share of CCI common stock, (i) the last reported sales price, regular way, as reported on the principal national securities exchange on which shares of CCI common stock are listed or admitted for trading or (ii) if shares of CCI common stock are not listed or admitted for trading on any national securities exchange, the last reported sales price, regular way, as reported on the Nasdaq National Market or, if shares of CCI common stock are not listed on the Nasdaq National Market, the average of the highest bid and lowest asked prices as reported on the Nasdaq Stock Market.

"CCI Stock" means all shares of common stock of CCI issued to Holder in exchange for preferred membership units of Charter LLC, and all other securities that constitute "CCI Stock" in accordance with Section 7 of this Agreement.

"Lockup Agreement" means the agreement entered into between the Holder and the underwriters of CCI's initial public offering, which, among other things, prohibits the Holder from selling the CCI Stock until the Lockup Termination Date.

"Lockup Termination Date" means the earliest date on which the Lockup Agreement no longer prohibits the Holder from selling the CCI Stock.

"Minimum Amount" means the lesser of (i) CCI Stock for which the Purchase Price under this Agreement is at least $1,000,000, or (ii) all CCI Stock that is subject to the Holder's Put Option under this Agreement.

2. Put Option. Allen hereby grants to the Holder the right and option (the "Put Option"), exercisable from the date hereof through and including the date of termination of the Put Option under Section 9 by written notice delivered to Allen, to sell and to permit any of the Holder's Permitted Transferees (as defined below) to sell to Allen or his designee, from time to time, on one or more occasions, all or any portion of the CCI Stock held by the Holder and its Permitted Transferees that represents at least the Minimum Amount. Upon the giving of such notice, Allen shall be obligated to buy or to cause his designee to buy and, subject to Section 8.3, the Holder and the Permitted Transferees identified in the Holder's notice pursuant to this Section 2 shall be obligated to sell, the amount of the CCI Stock held by the Holder and its Permitted Transferees that is specified in the Holder's notice pursuant to this Section 2, at the price and upon the terms and conditions specified in Section 3.

3. Purchase Price; Closing.

3.1. The purchase price to be paid upon any exercise of the Put Option (the "Purchase Price") shall be equal to the Closing Price of CCI common stock on the date on which the Holder's notice of exercise is delivered under Section 2 (or if such date is not a trading day, then the Closing Price on the next trading day).

3.2. At each closing of the purchase and sale of the CCI Stock hereunder (the "Closing"), (a) Allen or his designee shall pay to the Holder (for itself and on behalf of its Permitted Transferees, if applicable) the Purchase Price in immediately available funds by wire transfer or certified bank check; and (b) the Holder shall deliver or cause to be delivered to Allen or his designee one or more certificates evidencing the CCI Stock to be purchased and sold at such Closing, together with duly executed assignments separate from the certificate in form and substance reasonably acceptable to Allen to effectuate the transfer of such CCI Stock to Allen or his designee, together with a certificate of the Holder and its Permitted Transferee, if applicable, reaffirming the representations in Section 5.

3.3. Each Closing shall be held at the offices of Irell & Manella in Los Angeles, California, on (or before if Allen so determines) the thirtieth day after the Holder delivers the written notice described above (or, if such day is not a business day, on the next business day thereafter), or at such other time and place as the Holder and Allen may agree. The Holder and Allen will cooperate so as to permit all documents required to be delivered at the Closing to be delivered by mail, delivery service or courier without requiring either party or his or its representatives to be physically present at the Closing.

4. Representations of the Holder. The Holder represents and warrants to Allen and any of his designees or assignees that on the date hereof and at each Closing: (a) the Holder has full power and authority to execute and deliver this Agreement and consummate the transactions contemplated hereby; (b) this Agreement is the legal, valid and binding obligation of the Holder, enforceable against the Holder in accordance with its terms; (c) at each Closing, the Holder or one of its Permitted Transferees will own all of the CCI Stock required to be purchased and sold at such Closing, both of record and beneficially, free and clear of all liens, encumbrances or adverse interests of any kind or nature whatsoever (including any restriction on the right to vote, sell or otherwise dispose of the CCI Stock), other than those arising under applicable law and those arising under the organizational documents of CCI; (d) upon the transfer of the CCI Stock pursuant to Section 3, Allen or his designee will receive good title to the CCI Stock, free and clear of all liens, encumbrances and adverse interests created by the Holder, any Permitted Transferee, or any of their respective predecessors-in-interest, other than those arising under applicable law or those arising under the organizational documents of CCI.

5. Adjustment for Exchange, Reorganizations, Stock Splits, etc.

5.1. If the number of shares of CCI Stock is increased, decreased, changed into, or exchanged for a different number or kind of shares or securities of CCI through reorganization, recapitalization, reclassification, stock dividend, stock split or reverse stock split, or other similar transaction, an appropriate adjustment shall be made with respect to number and kind of shares or securities subject to the Put Option, without change in the total price applicable to the unexercised portion of the Put Option but with a corresponding adjustment in the price per unit of any security covered by the Put Option. Any shares or securities that become subject to the Put Option pursuant to this Section 8.1 shall constitute "CCI Stock" for purposes of this Agreement.

5.2. Upon a reorganization, merger or consolidation of CCI with one or more other corporations or entities (any of the foregoing, a "Business Combination") pursuant to which the outstanding CCI Stock is converted into or exchanged for any other security ("Replacement Securities"), the Put Option shall cease to be exercisable with respect to the securities that previously constituted "CCI Stock" and shall instead be automatically converted into an option to sell such number of shares or units of Replacement Securities issued in exchange for the CCI Stock pursuant to such Business Combination at a price per share or unit of Replacement Securities equal to the aggregate Purchase Price for all CCI Stock immediately prior to such effectiveness divided by the number of shares or units of Replacement Securities subject to the Put Option immediately following such effectiveness. Any Replacement Securities that become subject to the Put Option pursuant to this Section 8.2 shall constitute "CCI Stock" for purposes of this Agreement.

5.3. In the event of any proposed Business Combination pursuant to which the outstanding CCI Stock will be converted into a right to receive consideration other than securities of CCI or

Replacement Securities, (i) Allen will provide notice thereof to the Holder at least ten (10) days prior to consummation of such Business Combination and (ii) the Put Option will expire two days prior to such consummation except with respect to any CCI Stock that is specified in a notice delivered by the Holder pursuant to Section 2 prior to such date. If the Holder delivers a notice pursuant to Section 2 after its receipt of a notice from Allen pursuant to this Section 8.3, the purchase and sale of any of the CCI Stock specified in the Holder's notice may be conditioned at the Holder's option on the consummation of the Business Combination described in Allen's notice pursuant to this Section 8.3.

6. Representations of Allen. Allen represents and warrants to the Holder and each Permitted Transferee that on the date hereof and at all times hereafter through the Closing: (a) Allen has full power and authority to execute and deliver this Agreement and consummate the transactions contemplated hereby; (b) this Agreement constitutes the legal, valid and binding obligation of Allen, enforceable against Allen in accordance with its terms; (c) his execution and delivery of this Agreement does not, and his performance of his obligations under this Agreement will not, violate, conflict with or constitute a breach of, or a default under, any material agreement, indenture or instrument to which he is a party or which is binding on him, and will not result in the creation of any lien on, or security interest in, any of his assets (other than such violations, breaches, defaults, liens or security interests that would not materially and adversely affect his ability to perform his obligations under this Agreement); and (d) his Net Worth is and will be greater than $4 billion. At the request of R&A Management, LLC, a Colorado limited liability company ("R&A"), made (on behalf of Holder together with all other holders receiving similar put agreements in connection with the transactions under the Purchase Agreements) no more frequently than once every 180 days, Allen will within 10 days of such request deliver to R&A a certificate signed by him or his attorney-in-fact as to the representation and warranty in clause (d) being true and correct at such time. "Net Worth" means the excess of the fair market value of Allen's assets over the aggregate amount of Allen's liabilities.

7. Termination of Put Option.

7.1. The Put Option shall terminate on the earlier of the following dates, except with respect to any CCI Stock that is specified in a notice delivered by the Holder pursuant to Section 2 prior to such earliest date:

(a) thirty days after the Lockup Termination Date; and

(b) the date specified in Section 8.3.

7.2. The Put Option shall terminate as to any CCI Stock on the date on which such CCI Stock is first transferred by the Holder or any Permitted Transferee to a person or entity that is not a "Permitted Transferee."

8. Miscellaneous.

8.1. Complete Agreement; Modifications. This Agreement constitutes the parties' entire agreement with respect to the subject matter hereof and supersedes all other agreements, representations, warranties, statements, promises and understandings, whether oral or written, with respect to the subject matter hereof. This Agreement may not be amended, altered or modified except by a writing signed by both parties.

8.2. Additional Documents. Each party hereto agrees to execute any and all further documents and writings and to perform such other actions which may be or become necessary or expedient to effectuate and carry out this Agreement.

8.3. Notices. Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be sufficiently given if delivered in person or transmitted by telecopy or similar means of recorded electronic communication to the relevant party, addressed as follows (or at such other address as either party shall have designated by notice as herein provided to the other party):

If to the Holder:

with a copy to:

If to Allen:

Paul G. Allen
c/o William D. Savoy @ Vulcan Northwest
110 110th Avenue Northwest
Bellevue, Washington 98004
Telecopy: (425) 453-1985

with a copy to:

Irell & Manella LLP
1800 Avenue of the Stars, Suite 900
Los Angeles, California 90067-4276
Attention: Alvin G. Segel
Telecopy: (310) 203-7199

Any such notice or other communication shall be deemed to have been given and received on the day on which it is delivered or telecopied (or, if such day is not a business day or if the notice or other communication is not telecopied during business hours, at the place of receipt, on the next following business day); provided, however, that any such notice or other communication shall be deemed to have been given and received on the day on which it is sent if delivery thereof is refused or if delivery thereof in the manner described above is not possible because of the intended recipient's failure to advise the sending party of a change in the intended recipient's address or telecopy number.

8.4. No Third-Party Benefits. None of the provisions of this Agreement shall be for the benefit of, or enforceable by, any person or entity that is not a party to this Agreement, other than any Permitted Transferees of the Holder.

8.5. Waivers Strictly Construed. With regard to any power, remedy or right provided herein or otherwise available to any party hereunder (a) no waiver or extension of time shall be effective unless expressly contained in a writing signed by the waiving party; and (b) no alternation, modification or impairment shall be implied by reason of any previous waiver, extension of time, delay or omission in exercise or other indulgence.

8.6. Severability. The validity, legality or enforceability of the remainder of this Agreement shall not be affected even if one or more of the provisions of this Agreement shall be held to be invalid, illegal or unenforceable in any respect.

8.7. Undertakings. All authority herein conferred or agreed to be conferred upon a party to this Agreement and all agreements of a party contained herein shall survive the death or incapacity of such party (or any of them).

8.8. Successors and Assigns. Except as provided herein to the contrary, this Agreement shall be binding upon and shall inure to the benefit of the parties, their respective heirs, estates, personal representatives, conservators, successors and permitted assigns.

8.9. Assignments.

(a) The Holder and any Permitted Transferee may transfer some or all of its CCI Stock to any of the following persons or entities (each such person or entity, a "Permitted Transferee"), and the Permitted Transferee shall thereupon have the rights provided in this Agreement:

(i) any person or entity that was among the "Investors" who were party to that certain Contribution Agreement, dated as of September 14, 1999, among such Investors, Charter Communications Operating, LLC, Charter Communications Holding Company, LLC, and Paul Allen;

(ii) any person or entity that, directly or indirectly, through the ownership of voting securities, controls, is controlled by, or is commonly controlled with the Holder;

(iii) a trust for the benefit of the equity owners of the Holder and of which the trustee or trustees are one or more persons or entities that either control, or are commonly controlled with, the Holder or are banks, trust companies, or similar entities;

(iv) any person or entity for which the Holder is acting as nominee or any trust controlled by or under common control with such person or entity;

(v) if the Holder is an individual, any charitable foundation, charitable trust, or similar entity, the estate, heirs, or legatees of the Holder upon the Holder's death, any member of the Holder's family, any trust or similar entity for the benefit of the Holder or one or more members of the Holder's family, or any entity controlled by the Holder or one or more members of the Holder's family.

(b) The Holder may assign all its rights and delegate all its obligations under this Agreement to any Permitted Transferee, and such Permitted Transferee shall thereupon be deemed to be the "Holder" for purposes of this Agreement.

(c) Allen is entitled, in his sole discretion, to assign his rights to purchase any CCI Stock under this Agreement to one or more entities controlled by Allen, but no such assignment will relieve Allen of any of his obligations under this Agreement.

8.10. Governing Law. This Agreement shall be governed by the laws of the State of Delaware, without regard to any choice of law provisions of that state or the laws of any other jurisdiction.

8.11. Headings. The Section headings in this Agreement are inserted only as a matter of convenience and in no way define, limit, extend or interpret the scope of this Agreement or of any particular Section.

8.12. Number and Gender. Throughout this Agreement, as the context may require, (a) the masculine gender includes the feminine and neuter; and the neuter gender includes the masculine and feminine; and (b) the singular tense and number includes the plural, and the plural tense and number includes the singular.

8.13. Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

8.14. Costs. Except as otherwise provided in this Agreement, each party will bear his or its own costs in connection with the exercise of the Holder's right under this Agreement and the purchase and sale of any CCI Stock pursuant to this Agreement.

8.15. Default. In the event of any legal action between the parties arising out of or in relation to this Agreement, the prevailing party in such legal action shall be entitled to recover, in addition to any other legal remedies, all of his or its costs and expenses, including reasonable attorney's fees, from the non-prevailing party, regardless of whether such legal action is prosecuted to completion.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first set forth above.

____
Paul G. Allen, by William D. Savoy,
attorney-in-fact

HOLDER

EXHIBIT G
TO
CONTRIBUTION AGREEMENT

FORM OF LOCKUP AGREEMENT

CHARTER COMMUNICATIONS, INC.

LOCK-UP AGREEMENT

___________, 1999

Goldman, Sachs & Co.
Bear, Stearns & Co. Inc.
Morgan Stanley & Co. Incorporated
Donaldson, Lufkin & Jenrette Securities Corporation
Merrill Lynch, Pierce, Fenner & Smith Incorporated
Salomon Smith Barney Inc.
A.G. Edwards & Sons Inc.
M.R. Beal & Company
c/o Goldman, Sachs & Co.
85 Broad Street
New York, NY 10004

Re: Charter Communications, Inc. - Lock-Up Agreement

Ladies and Gentlemen:

The undersigned understands that Goldman, Sachs & Co., Bear, Stearns & Co. Inc., Morgan Stanley & Co. Incorporated, Donaldson, Lufkin & Jenrette Securities Corporation, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Salomon Smith Barney Inc., A.G. Edwards & Sons Inc. and M.R. Beal & Company, as representatives (the "U.S. REPRESENTATIVES"), propose to enter into an underwriting agreement (the "U.S. UNDERWRITING AGREEMENT") on behalf of the several U.S. Underwriters named in Schedule I to such agreement (collectively, the "U.S. UNDERWRITERS"), with Charter Communications Inc., a Delaware corporation (the "COMPANY") and Charter Communications Holding Company, LLC ("CHARTER HOLDCO") and that Goldman Sachs International, Bear, Stearns International Limited, Morgan Stanley & Co. International Limited, Donaldson Lufkin & Jenrette Securities Corporation, Merrill Lynch International, Salomon Brothers International, ABN AMRO Rothschild, Credit Lyonnais Securities and Dresdner Bank AG (the "INTERNATIONAL REPRESENTATIVES" and together with the U.S. Representatives, the "REPRESENTATIVES") propose to enter into an underwriting agreement (the "INTERNATIONAL UNDERWRITING AGREEMENT" and together with the U.S. Underwriting Agreement, the "UNDERWRITING AGREEMENTS") on behalf of the several International Underwriters named in Schedule I to such agreement (collectively, the "INTERNATIONAL UNDERWRITERS" and together with the U.S. Underwriters, the "UNDERWRITERS"), with the Company and Charter Holdco, in each case providing for a public offering of the Common Stock of the Company (the "SHARES") pursuant to a Registration Statement on Form S-1 that has been filed with the Securities and Exchange Commission (the "SEC").

In consideration of the agreement by the Underwriters to offer and sell the Shares, and of other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the undersigned agrees that, during the period beginning from the date of the final U.S. Prospectus covering the public offering of the Shares and continuing to and including the date 180 days after the date of such final Prospectus, the undersigned will not offer, sell, contract to sell, pledge, grant any option to purchase, make any short sale or otherwise dispose of any shares of Common Stock of the Company, or any options or warrants to purchase any shares of Common Stock of the Company, or any securities convertible into, exchangeable for or that represent the right to receive shares of Common Stock of the Company, whether now owned or hereinafter acquired, owned directly by the undersigned (including holding as a custodian) or with respect to which the undersigned has the voting power or power of disposition within the rules and regulations of the SEC (collectively the "UNDERSIGNED'S SHARES"), except to the extent that this restriction will not restrict the undersigned from fulfilling the undersigned's fiduciary duty to any other person with respect to any shares of Common Stock of the Company owned by such other person.

The foregoing restriction is expressly agreed to preclude the undersigned from engaging in any hedging or other transaction which is designed to or which reasonably could be expected to lead to or result in a sale or disposition of the Undersigned's Shares even if such Shares would be disposed of by someone other than the undersigned. Such prohibited hedging or other transactions would include without limitation any short sale or any purchase, sale or grant of any right (including without limitation any put or call option) with respect to any of the Undersigned's Shares or with respect to any security that includes, relates to, or derives any significant part of its value from such Shares.

Notwithstanding the foregoing, the undersigned may transfer the Undersigned's Shares (i) as a bona fide gift or gifts, provided that the donee or donees thereof agree to be bound in writing by the restrictions set forth herein, (ii) to any trust for the direct or indirect benefit of the undersigned or the immediate family of the undersigned, provided that the trustee of the trust agrees to be bound in writing by the restrictions set forth herein, and provided further that any such transfer shall not involve a disposition for value, (iii) to Paul G. Allen or any entity controlled by Paul G. Allen, provided that in each case the transferee agrees to be bound in writing by the restrictions contained herein, (iv) to any other seller in the Rifkin acquisition who is eligible to receive any portion of his pro-rata purchase price in the form of membership units of Charter Holdco pursuant to the Letter Agreement, dated August 27, 1999, provided that each transferee agrees to be bound in writing by the restrictions contained herein, or (v) with the prior written consent of Goldman, Sachs & Co. on behalf of the Underwriters. For purposes of this Lock-Up Agreement, "immediate family" shall mean any relationship by blood, marriage or adoption, not more remote than first cousin. In addition, notwithstanding the foregoing, if the undersigned is a corporation, the corporation may transfer the capital stock of the Company to any wholly-owned subsidiary of such corporation; provided, however, that in any such case, it shall be a condition to the transfer that the transferee execute an agreement stating that the transferee is receiving and holding such capital stock subject to the provisions of this Agreement and there shall be no further transfer of such capital stock except in accordance with this Agreement, and provided further that any such transfer shall not involve a disposition for value. The undersigned agrees and consents to the entry of stop transfer instructions with the Company's transfer agent and registrar against the transfer of the Undersigned's Shares except in compliance with the foregoing restrictions.

The undersigned understands that the Company and the Underwriters are relying upon this Lock-Up Agreement in proceeding toward consummation of the offering. The undersigned further understands that this Lock-Up Agreement is irrevocable and shall be binding upon the undersigned's heirs, legal representatives, successors, and assigns.

Very truly yours,

Exact Name of Shareholder

Authorized Signature

Title

Exhibit 2.8(b)

ASSIGNMENT AND CONTRIBUTION AGREEMENT

This Assignment and Contribution Agreement (the "Agreement") is entered into as of October 11, 1999 by and between Charter Communications Holding Company, LLC, a Delaware limited liability company ("Charter Holdco") and Charter Communications, Inc., a Delaware corporation ("CCI").

WHEREAS, Charter Investment, Inc. (formerly Charter Communications, Inc.), a Delaware corporation, Charter Communications Holdings, LLC, a Delaware limited liability company ("CCH"), Avalon Cable Holdings LLC ("Parent"), Avalon Investors, L.L.C. ("Avalon Investors"), Avalon Cable of Michigan Holdings, Inc. ("Michigan Holdings") and Avalon Cable LLC (the "Avalon Cable") entered into a Securities Purchase Agreement dated as of May 13, 1999 (the "Avalon Agreement").

WHEREAS, pursuant to the Avalon Agreement, CCH agreed, among other things, to purchase from Parent its stock in Michigan Holdings and its option to purchase the Class B-1 Units of the Avalon Cable and CCH agreed to purchase from Avalon Investors all of the Class A Units of the Avalon Cable.

WHEREAS, pursuant to an Assignment Agreement effective as of June 16, 1999, CCH assigned its rights and obligations under the Avalon Agreement to Charter Holdco.

WHEREAS, pursuant to this Agreement: (i) Charter Holdco is assigning to CCI all of its rights and obligations to purchase all of the stock of Michigan Holdings (the "Michigan Holdings Stock") pursuant to the Avalon Agreement; (ii) CCI is committing to retain an amount equal to $365,000,000 from its initial public offering of Class A Common Stock ("IPO") to consummate the purchase of the Michigan Holding Stock (such proceeds, the "Retained Cash"); (iii) upon the purchase of the Michigan Holdings Stock, CCI will contribute to Charter Holdco a direct or indirect interest in the limited liability company interest in the Avalon Cable owned by Avalon Cable of Michigan, Inc. (the "Michigan LLC Interest") and any Retained Cash remaining following the consummation of such purchase; and (iv) in respect of CCI's commitment set forth in clause (iii), Charter Holdco will issue to CCI, at the closing of the IPO, a number of Class B Common Units in Charter Holdco equal to (x) the amount of the Retained Cash divided by (y) the initial public offering price per share of CCI's Class A Common Stock minus the amount of underwriting discounts per share of Class A Common Stock.

NOW, THEREFORE, the parties hereto agree as follows:

1. Assignment and Assumption. Charter Holdco hereby assigns to CCI all of Charter Holdco's rights and obligations to purchase the Michigan Holdings Stock pursuant to the Avalon Agreement. CCI hereby accepts such assignment and assumes and agrees to perform all of the obligations of Charter Holdco to purchase the Michigan Holdings Stock pursuant to the Avalon Agreement.

2. Commitment to Retain Cash from IPO.At the closing of the IPO, CCI will retain the Retained Cash and shall not contribute the Retained Cash to Charter Holdco.

3. Contribution of Michigan LLC Interest and Excess Retained Cash. CCI hereby commits that following the purchase of the Michigan Holdings Stock by CCI, CCI will contribute to Charter Holdco a direct or indirect interest in 100% of the Michigan LLC Interest. In addition, following the completion of all payments related to the final purchase price adjustments pursuant to the Avalon Agreement, CCI will contribute to Charter Holdco an amount of cash equal to (i) the amount of Retained Cash, minus (ii) the amount paid by CCI to consummate the purchase of the Michigan Holdings Stock (including any payments made by CCI in respect of purchase price adjustments), plus (iii) any payments received by CCI in respect of purchase price adjustments related to the Michigan Holdings Stock pursuant to the Avalon Agreement. Notwithstanding the foregoing, if the closing of the transactions pursuant to the Avalon Agreement has not occurred prior to March 31, 2000 (or, if the termination date under the Avalon Agreement is extended, such extended termination date), then CCI will contribute the Retained Cash to Charter Holdco.

4. Issuance of Class B Common Units to CCI. In respect of CCI's commitment set forth in Paragraph 3 above, Charter Holdco will issue to CCI, at the closing of the IPO, a number of Class B Common Units in Charter Holdco equal to (x) the amount of the Retained Cash, divided by (y) the initial public offering price per share of CCI's Class A Common Stock minus the amount of underwriting discounts per share of Class A Common Stock. This provision should not be construed in any way to result in CCI receiving any more Class B Common Units in Charter Holdco in total than the number of Class B Common Units it would receive had all of the IPO proceeds been immediately contributed to Charter Holdco.

5. Choice of Law. This Agreement shall be governed by, and construed in accordance with, the internal laws of the State of Delaware, without reference to the choice of law or conflicts of law principles thereof.

6. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[SIGNATURE PAGE TO ASSIGNMENT
AND CONTRIBUTION AGREEMENT]

AGREED AND ACCEPTED:

CHARTER COMMUNICATIONS, INC.

By: /s/ Curtis S. Shaw

Name: Curtis S. Shaw
Title: Senior Vice President

CHARTER COMMUNICATIONS HOLDING COMPANY, LLC

By: /s/ Curtis S. Shaw

Name: Curtis S. Shaw
Title: Senior Vice President

Exhibit 2.8(c)

ASSIGNMENT AGREEMENT

WHEREAS, Charter Communications, Inc. ("CCI"), Charter Communications Holdings, LLC ("CCH"), Avalon Cable Holdings LLC ("Parent"), Avalon Investors, L.L.C. ("Avalon Investors"), Avalon Cable of Michigan Holdings, Inc. ("Michigan Holdings") and Avalon Cable LLC (the "Company") (Parent, Avalon Investors, Michigan Holdings and the Company are collectively referred to as the "Avalon Parties") are parties to a Securities Purchase Agreement dated as of May 13, 1999 (the "Agreement").

WHEREAS, pursuant to the Agreement, CCH agreed to purchase from Parent its stock in Michigan Holdings and its option to purchase the Class B-1 Units of the Company and CCH agreed to purchase from Avalon Investors all of the Class A Units of the Company.

WHEREAS, CCI owns all of the equity interests in Charter Communications Holding Company, LLC, a Delaware limited liability company ("CCHC").

WHEREAS, CCHC owns all of the equity interests in CCH.

WHEREAS, CCH wishes to assign its rights and obligations under the Agreement to CCHC.

WHEREAS, CCH and the Avalon Parties are relying on the agreements set forth herein in connection with such assignment.

NOW, THEREFORE, the undersigned parties hereby agree as follows:

1. Defined Terms. Any capitalized terms used in this Assignment Agreement that are not otherwise defined herein shall have the meanings set forth in the Agreement.

2. Effective Date. This Assignment Agreement is entered into, and is effective as of, June 16, 1999.

3. Representations and Warranties of Each Party. Each party hereto represents to the other parties hereto that (i) it has all the requisite power and authority to execute and deliver this Assignment Agreement and to perform its obligations hereunder; (ii) the execution and delivery of this Assignment Agreement by it and the performance of its obligations hereunder and have been duly and validly authorized by all action by or on behalf of it; and (iii) this Assignment Agreement constitutes the valid and legally binding obligation of it, enforceable against it in accordance with its terms, except as the same may be limited by Enforceability Exceptions.

4. Representations and Warranties of CCHC and CCI. Each of CCHC and CCI hereby jointly and severally represents and warrants to each of the Avalon Parties that the statements contained in Article V of the Agreement are correct and complete as applied to CCHC and CCI, as Purchaser and Guarantor, respectively, as of the date hereof and after giving effect to the assignment and assumption contemplated herein, and will be correct and complete as of the Closing Date; provided, however, the first sentence of Section 5.5 of the Agreement shall be amended to read as follows: "Purchaser will have on the Closing Date sufficient funds available to pay the amounts contemplated under Sections 2.3 and 2.4 and to pay all related fees and expenses payable by Purchaser arising in connection with this Agreement and the Transactions."

5. Assignment and Assumption. CCH hereby assigns to CCHC all of CCH's rights related to or arising out of the Agreement. CCHC hereby assumes and agrees to perform all of the obligations of CCH arising under or pursuant to the Agreement. Without limiting the foregoing, from and after the date hereof, all references in the Agreement to the Purchaser shall be to CCHC.

6. Restrictions on Incurring Indebtedness. Prior to the Closing, CCHC shall not incur any indebtedness for borrowed funds.

7. Release of CCH. The Avalon Parties hereby release and discharge CCH from all obligations arising under or pursuant to the Agreement and agree that CCHC shall be the "Purchaser" for the purposes of the Agreement.

8. Further Assignments. The parties hereto acknowledge and agree that, pursuant to Section 10.1 of the Agreement, CCHC shall be permitted to assign its rights and obligations under the Agreement to an Affiliate of CCHC or an entity in which Paul G. Allen has a direct or indirect equity interest of at least $100,000,000; provided, however, that no such assignment shall be permitted if it could reasonably be expected to delay the Closing; provided, further, that no such assignment shall relieve CCHC or CCI of its obligations under the Agreement or under this Assignment Agreement.

9. Choice of Law. This Assignment Agreement shall be governed by, and construed in accordance with, the internal laws of the State of New York, without reference to the choice of law or conflicts of law principles thereof.

10. Agreement Remains in Full Force and Effect; Entire Agreement. Except as modified and amended by this Assignment Agreement, the Agreement shall remain in full force and effect. The Agreement (as modified and amended by this Assignment Agreement) and all the Exhibits and Schedules thereto and the Confidentiality Agreement constitute the entire agreement among the Parties pertaining to the subject matter hereof and supersede all other prior agreements, understandings, negotiations and discussions, whether oral or written.

11. Counterparts. This Assignment Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

[SIGNATURE PAGE TO ASSIGNMENT AGREEMENT]

AGREED AND ACCEPTED:

CHARTER COMMUNICATIONS, INC.

CHARTER COMMUNICATIONS HOLDINGS, LLC

Name:
Title:

CHARTER COMMUNICATIONS HOLDING COMPANY, LLC

Name:
Title:

AVALON CABLE HOLDINGS LLC

Name:
Title:

[SECOND SIGNATURE PAGE TO ASSIGNMENT AGREEMENT]

AVALON INVESTORS, L.L.C.

Name:
Title:

AVALON CABLE OF MICHIGAN
HOLDINGS, INC.

Name:
Title:

AVALON CABLE LLC

Name:
Title:

Exhibit 2.10(b)

ASSIGNMENT
OF
PURCHASE AGREEMENT

This Assignment of Purchase Agreement is made by and between Charter Investment, Inc. ("CII") and its wholly-controlled indirect subsidiaries, Charter Communications Holding Company, LLC ("HoldCo") and Charter Communications VI, LLC ("CC-VI"), effective as of the 21st day of September, 1999, with respect to the following:

A. CII (formerly known as Charter Communications, Inc.) is the "Buyer" of certain cable television assets and equity interests pursuant to the Purchase Agreement among Fanch Management Partners, Inc., Fanch - JV2 Master Limited Partnership and the other Sellers (as defined therein) party thereto, and Charter Communications, Inc. dated as of May 21, 1999 (the "Agreement");

B. Pursuant to Section 12.5 of the Agreement, CII may assign its rights, interests and obligations under the Agreement to any of its affiliates without the prior written consent of any other party to the Agreement, provided that notwithstanding any such assignment, CII guarantees the performance of all the assignee's obligations under the Agreement;

C. CII desires to assign its rights, interests and obligations under the Agreement to purchase the Tioga Stock (as defined in the Agreement) and the CSI Stock (as defined in the Agreement) to HoldCo and HoldCo desires to assume such rights, interests and obligations under the Agreement.

D. CII desires to assign its rights, interests and obligations under the Agreement to purchase the Asset Sellers Assets (as defined in the Agreement) and the FCILP Interests (as defined in the Agreement) to CC-VI and CC-VI desires to assume such rights, interest and obligations under the Agreement.

In recognition of the above and for other good and valuable consideration the receipt of which is hereby acknowledged, the parties agree as follows:

1. CII assigns all of its rights, interests and obligations under the Agreement to purchase the Tioga Stock and the CSI Stock to HoldCo.

2. HoldCo assumes all of CII's rights, interests and obligations under the Agreement to purchase the Tioga Stock and the CSI Stock and for all

intents and purposes, with respect to the Tioga Stock and the CSI Stock, to be substituted as the "Buyer" under the terms thereof.

3. CII assigns all of its rights under the Agreement to purchase the Asset Sellers Assets and the FCILP Interests to CC-VI.

4. CC-VI assumes all of CII's rights, obligations and interests under the Agreement to purchase the Asset Sellers Assets and the FCILP Interests and for all intents and purposes, with respect to the Asset Sellers Assets and the FCILP Interests, to be substituted as the "Buyer" under the terms hereof.

5. CII guarantees the performance of all of HoldCo's and CC-VI's obligations under the Agreement.

6. This assignment shall be effective as of the date first written above.

In witness whereof, each of the parties has caused this Agreement to be executed on its behalf by their duly authorized officers.

CHARTER INVESTMENT, INC.

By: /s/ Marcy Lifton

Name: Marcy Lifton
Title: Vice President

CHARTER COMMUNICATIONS HOLDING COMPANY, LLC

By: /s/ Marcy Lifton

Name: Marcy Lifton
Title: Vice President

CHARTER COMMUNICATIONS VI, LLC

By: /s/ Marcy Lifton

Name: Marcy Lifton
Title: Vice President

Exhibit 3.1

RESTATED
CERTIFICATE OF INCORPORATION

OF

CHARTER COMMUNICATIONS, INC.
(ORIGINALLY INCORPORATED JULY 22, 1999)

FIRST: NAME. The name of the corporation is Charter Communications, Inc. (the "Corporation").

SECOND: REGISTERED OFFICE. The registered office of the Corporation is located at 30 Old Rudnick Lane, City of Dover, Kent County, State of Delaware. The name of its registered agent at such address is CorpAmerica, Inc.

THIRD: CORPORATE PURPOSE; LIMITATIONS ON ASSETS AND LIABILITIES.

(a) CORPORATE PURPOSE. The purpose of the Corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of the State of Delaware (the "GCL"); (i) provided, however, that until all outstanding shares of Class B Common Stock of the Corporation (as hereinafter defined) have been converted into shares of Class A Common Stock of the Corporation (as hereinafter defined) in accordance with Clause (b)(viii) of Article Fourth of this Certificate of Incorporation, the Corporation shall not engage directly or indirectly, including without limitation through any Subsidiary, in any business other than the cable transmission business and as a member of, and subscriber to, the portal joint venture with Broadband Partners; and (ii) provided further, that to the extent that, as of the date of the closing of the initial registered public offering of shares of Class A Common Stock on Form S-1 (the "IPO Date"), the Corporation was directly or indirectly engaged in or had agreed to acquire directly or indirectly any business other than a cable transmission business or as a member of, and subscriber to, the portal joint venture with Broadband Partners (any such other business, an "Incidental Business," and collectively, "Incidental Businesses") so long as (A) such Incidental Businesses so engaged in by the Corporation on the IPO Date in the aggregate on such date accounted for less than ten percent (10%) of the consolidated revenues of the total business engaged in by the Corporation or (B) such Incidental Businesses which on the IPO Date the Corporation had agreed to acquire in the aggregate on such date accounted for less than ten percent (10%) of the consolidated revenues of the total businesses to be acquired, as applicable, the Corporation may, directly or indirectly, including through any Subsidiary, continue to conduct any such Incidental Business and the foregoing limitation on the business and purpose of the Corporation shall not require that any such Incidental Business be divested by the Corporation, but the Corporation shall not, directly or indirectly, expand any such Incidental Business by means of any acquisition or any commitment of the Corporation's or any Subsidiary's resources or financial support. "Cable transmission business" means the transmission of video, audio (including telephony) and data over cable television systems owned, operated or managed by the Corporation or any Subsidiary; provided, that, the businesses of RCN Corporation and its subsidiaries shall not be deemed to be a cable transmission business. "Subsidiary" means any corporation, limited liability company, partnership, association, joint venture or other business entity of which (i) if a corporation, ten percent (10%) or more of the total voting power of shares of stock entitled to vote in the election of directors thereof or ten percent (10%) or more of the value of the equity interests is at the time owned or controlled, directly or indirectly, by the Corporation or one or more of its Subsidiaries, or (ii) if a limited liability company, partnership, association or other business entity, ten percent (10%) or more of the partnership or other similar ownership interests thereof is at the time owned or controlled, directly or indirectly, by the Corporation or one or more of its Subsidiaries. The Corporation shall be deemed to have a ten percent (10%) or greater ownership interest in a limited liability company, partnership, association or other business entity if the Corporation is allocated ten percent (10%) or more of the limited liability company, partnership, association or other business entity gains or losses or shall be or control the person managing such limited liability company, partnership, association or other business entity.

(b) Limitations on Holding Assets and Incurring Certain Liabilities. The Corporation shall not (i) hold any assets, other than (A) working capital cash and cash equivalents held for the payment of current obligations and receivables from Charter LLC (as hereinafter defined in Clause (a)(i)(B) of Article Fourth of this Certificate of Incorporation); (B) common Membership Units (as hereinafter defined in Clause (a)(i)(B) of Article Fourth of this Certificate of Incorporation); (C) back-to-back obligations and mirror equity interests of Charter LLC, consisting of obligations and equity securities (other than common Membership Units, but including convertible securities), which are substantially equivalent to liabilities or obligations or securities of the Corporation to third parties; (D) assets subject to an existing obligation to contribute such assets (or successor assets) to Charter LLC in exchange for Membership Units; (E) assets acquired as a result of the issuance of Common Stock of the Corporation (as hereinafter defined) and/or Preferred Stock of the Corporation (as hereinafter defined) and/or liabilities or obligations of the Corporation, subject to an existing obligation to contribute such assets (or successor assets) to Charter LLC in exchange for common Membership Units (in respect of the Common Stock issued) and/or for mirror equity securities (other than common Membership Units, but including convertible securities, in respect of the mirror equity securities issued) of Charter LLC and/or liabilities or obligations of Charter LLC (in respect of the liabilities or obligations incurred), which are substantially equivalent to the equity securities and/or liabilities and obligations of the Corporation issued to acquire such assets; or (F) goodwill or deferred tax assets or (ii) incur any liabilities or obligations for borrowed money, for acquisition of assets or under any capital lease, other than (A) in connection with back-to-back obligations of Charter LLC to the Corporation, consisting of liabilities or obligations of Charter LLC which are substantially equivalent to liabilities or obligations of the Corporation to a third party; (B) liabilities or obligations incident to the acquisition of Membership Units in exchange for Common Stock or (C) liabilities or obligations as contemplated by Clauses (b)(i)(D) and (E) above.

FOURTH: CAPITAL STOCK.

(a) AUTHORIZED CAPITAL STOCK; LIMITATIONS ON CAPITAL STOCK TRANSACTIONS.

(i) Authorized Capital Stock.

(A) The total number of shares of stock that the Corporation shall have authority to issue is two billion seven hundred fifty million (2,750,000,000) shares, consisting of: (1) one billion seven hundred fifty million (1,750,000,000) shares of Class A Common Stock, par value $.001 per share (the "Class A Common Stock"); (2) seven hundred fifty million (750,000,000) shares of Class B Common Stock, par value $.001 per share (the "Class B Common Stock"); and (3) two hundred fifty million (250,000,000) shares of Preferred Stock, par value $.001 per share (the "Preferred Stock"), issuable in one or more series as hereinafter provided. The Class A Common Stock and the Class B Common Stock are herein sometimes collectively or individually referred to as the "Common Stock."

(B) The number of authorized shares of Class A Common Stock or Preferred Stock may be increased or decreased (but the number of authorized shares of Class A Common Stock may not be decreased below (1) the number of shares thereof then outstanding plus (2) the number of shares of Class A Common Stock issuable upon the conversion of Class B Common Stock and the exercise of outstanding options, warrants, exchange rights, conversion rights or similar rights for Class A Common Stock plus (3) the number of shares of Class B Common Stock issuable by the Corporation upon the exchange of Membership Units under agreements between the Corporation and holders of such Membership Units and the number of authorized shares of Preferred Stock may not be decreased below the number of shares thereof then outstanding) by the affirmative vote of the holders of a majority of the voting power of the stock of the Corporation entitled to vote generally in the election of directors irrespective of the provisions of Section 242(b)(2) of the GCL or any corresponding provision hereinafter enacted. "Membership Units" shall mean limited liability company interests in Charter Communications Holding Company, LLC, a Delaware limited liability company or any successor entity thereto ("Charter LLC"), issued under a Limited Liability Company Agreement as amended from time to time.

(C) The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of issuance upon exchange of Membership Units, such number of shares of Common Stock that shall be issuable upon the exchange of Membership Units pursuant to agreements between the Corporation and holders of such Membership Units.

(ii) Limitations Respecting Ratio of Common Stock to Membership Units. The Corporation shall not issue, transfer from treasury stock or repurchase shares of Common Stock unless in connection with any such issuance, transfer or repurchase the Corporation takes all requisite action such that, after giving effect to all such issuances, transfers or repurchases, the number of outstanding shares of Common Stock will equal on a one-for-one basis the number of common Membership Units owned by the Corporation. The Corporation shall not issue, transfer from treasury stock or repurchase shares of Preferred Stock unless in connection with any such issuance, transfer or repurchase the Corporation takes all requisite action such that, after giving effect to all such issuances, transfers or repurchases, the Corporation holds mirror equity interests of Charter LLC which are in the aggregate substantially equivalent to the outstanding Preferred Stock. Upon any reclassification of the common Membership Units, whether by combination, division or otherwise, the Corporation shall take all requisite action so that the number of outstanding shares of Common Stock will equal on a one-for-one basis the number of common Membership Units owned by the Corporation.

(b) COMMON STOCK VOTING RIGHTS AND DIRECTORS; DIVIDENDS AND DISTRIBUTIONS; SPLITS; OPTIONS; MERGERS; LIQUIDATION; PREEMPTIVE RIGHTS; CONVERSION.

(i) Common Stock Voting Rights and Directors.

(A) The holders of shares of Common Stock shall have the following voting rights and powers:

(1) Each holder of Class A Common Stock shall be entitled, with respect to each share of Class A Common Stock held by such holder on the applicable record date, to one (1) vote in person or by proxy on all matters submitted to a vote of the holders of the Class A Common Stock, whether voting separately as a class or otherwise.

(2) Each holder of Class B Common Stock shall be entitled, with respect to each share of Class B Common Stock held by such holder on the applicable record date, to the following number of votes per share in person or by proxy on all matters submitted to a vote of the holders of the Class B Common Stock, whether voting separately as a class or otherwise: (I) ten (10) multiplied by the sum of (x) the number of shares of Class B Common Stock outstanding on such record date and (y) the number of shares of Class B Common Stock for which Membership Units outstanding on such record date are exchangeable as of such record date (assuming all conditions to such exchange have been satisfied) pursuant to agreements between the holders of such Membership Units and the Corporation, divided by (II) the number of shares of Class B Common Stock outstanding on such record date.

(3) Notwithstanding any other provision of this Certificate of Incorporation, including without limitation Clauses (b)(i)(A)(1) and (c) of this Article Fourth, so long as any shares of Class B Common Stock are outstanding and held by an Allen Entity (as defined in Clause (b)(viii)(B)), (I) only the shares of Class B Common Stock shall be entitled to vote on any amendment or repeal of Article Third of this Certificate of Incorporation or of Clause (a)(ii) of this Article Fourth, (II) any such amendment or repeal shall require the affirmative vote of at least a majority of the voting power of the outstanding Class B Common Stock, and (III) no holder of any other capital stock of the Corporation shall be entitled to vote on any such amendment or repeal.

(4) The Corporation shall provide, at the request of any stockholder of the Corporation, a determination, as of any record date and as of the last day of the preceding calendar quarter, of (I) the number of shares of Class B Common Stock that are exchangeable for Membership Units pursuant to agreements between the Corporation and the holders of such Membership Units and (II) the number of votes to which each share of Class B Common Stock is entitled. The Board of Directors shall determine the state of facts described in the preceding sentence and, to the fullest extent permitted by law, any construction, calculation or interpretation made by the Board of Directors in determining the application of the provisions of Clause (b)(i)(A)(2) of this Article Fourth in good faith shall be conclusive and binding on the Corporation and its stockholders.

(B) The number of directors which shall constitute the whole Board of Directors shall be fixed by, or in the manner provided in, the Bylaws of the Corporation.

(1) In all elections of directors, the holders of the Class B Common Stock voting together as a separate class shall be entitled to elect all members of the Board of Directors except one (1) member (and except for any member of the Board of Directors elected separately by the holders of one or more series of Preferred Stock).

(2) The holders of Class A Common Stock and Class B Common Stock, voting together as one class (or if any holders of shares of Preferred Stock are entitled to vote thereon together with the holders of Common Stock, as one class with such holders of shares of Preferred Stock) shall be entitled to elect one (1) member of the Board of Directors; provided, however, that at such time as all outstanding shares of Class B Common Stock have been converted into shares of Class A Common Stock in accordance with Clause (b)(viii) of this Article Fourth, the holders of Class A Common Stock (or if any holders of shares of Preferred Stock are entitled to vote thereon together with the holders of Class A Common Stock, as one class with such holders of shares of Preferred Stock) shall be entitled to elect all members of the Board of Directors (other than any member of the Board of Directors elected separately by the holders of one or more series of Preferred Stock).

(3) Any vacancies on the Board of Directors resulting from death, resignation, disqualification, removal or other cause of a member of the Board of Directors elected by the holders of the Class A Common Stock and Class B Common Stock voting together as one class (or if any holders of Preferred Stock are entitled to vote thereon together with the holders of Common Stock, as one class with such holders of Preferred Stock) shall be filled by majority vote of the remaining director or directors elected by the holders of such capital stock, even if less than a quorum, or if there are no such directors or such directors fail to fill such vacancies within thirty (30) days, by the vote of the holders of Class A Common Stock and Class B Common Stock, voting together as one class (or if any holders of Preferred Stock are entitled to vote thereon together with the holders of Common Stock, as one class with such holders of Preferred Stock). Any vacancies on the Board of Directors resulting from death, resignation, disqualification, removal or other cause of a member of the Board of Directors elected by the holders of the Class B Common Stock voting separately as a class shall be filled by majority vote of the remaining directors so elected by the holders of the Class B Common Stock, even if less than a quorum, or if there are no such directors or such directors fail to fill such vacancies within thirty (30) days, by the vote of the holders of the Class B Common Stock voting separately as a class; provided, however, that at such time as all outstanding shares of Class B Common Stock have been converted into shares of Class A Common Stock in accordance with Clause (b)(viii) of this Article Fourth, any such vacancies shall be filled by majority vote of the remaining directors then in office, although less than a quorum, or by a sole remaining director, or if there are no such directors or such directors fail to fill such vacancies within thirty (30) days, by the holders of the Class A Common Stock (or if any holders of shares of Preferred Stock are entitled to vote thereon together with the holders of Class A Common Stock, together as one class with such holders of Preferred Stock). The foregoing provisions of this Clause (b)(i)(B)(3) shall not apply to any members of the Board of Directors elected by one or more series of Preferred Stock voting as a separate class.

(C) Except as otherwise required by applicable law, and Clauses (b)(i)(A) and (b)(i)(D) of this Article Fourth notwithstanding, the Corporation shall not, without the prior affirmative vote of holders of at least a majority of the voting power of the outstanding Class B Common Stock voting as a separate class: (1) issue or transfer from treasury stock any Class B Common Stock other than (I) to Allen Entities, or in the case of a reorganization under Section 368(a) of the Internal Revenue Code involving an Allen Entity and the Corporation, the stockholders of such Allen Entity, and (II) pursuant to Clause (b)(ii)(B) and Clause (b)(iii) of this Article Fourth; (2) issue, enter into any agreement to issue, or create or issue any option, warrant, exchange right, convertible right or similar rights in respect of, any class or series of capital stock, including without limitation Class B Common Stock or Preferred Stock, other than Class A Common Stock and other than as permitted by the foregoing Clause (b)(i)(C)(1) of this Article Fourth with respect to Class B Common Stock; or (3) amend, modify or repeal any provisions of this Article Fourth or Article Fifth of this Certificate of Incorporation; or (4) agree to do any of the foregoing.

(D) Except as otherwise provided in this Certificate of Incorporation (including without limitation Clauses (b)(i)(A)(2) and (b)(i)(C) of this Article Fourth and Article Fifth of this Certificate of Incorporation) or required by applicable law, the holders of shares of Common Stock shall vote together as one class on all matters submitted to a vote of stockholders of the Corporation (or if any holders of shares of any series of Preferred Stock are entitled to vote together with the holders of Common Stock, as one class with such holders of such series of Preferred Stock).

(ii) Dividends and Distributions.

(A) Subject to the preferences applicable to any series of Preferred Stock outstanding at any time, the holders of shares of Common Stock shall be entitled to receive such dividends and other distributions in cash, property or shares of stock of the Corporation as may be declared thereon by the Board of Directors from time to time out of assets or funds of the Corporation legally available therefor; provided, however, that, subject to the provisions of this Section (ii), the Corporation shall not pay dividends or make distributions to any holders of any class of Common Stock unless simultaneously with such dividend or distribution, as the case may be, the Corporation makes the same dividend or distribution with respect to each outstanding share of Common Stock regardless of class.

(B) In the case of dividends or other distributions on Common Stock payable in Class A Common Stock or Class B Common Stock, including without limitation distributions pursuant to stock splits or divisions of Class A Common Stock or Class B Common Stock, only shares of Class A Common Stock shall be distributed with respect to Class A Common Stock and only shares of Class B Common Stock shall be distributed with respect to Class B Common Stock. In the case of any such dividend or distribution payable in shares of Class A Common Stock or Class B Common Stock, (1) the number of shares of each class of Common Stock payable per share of such class of Common Stock shall be equal in number and (2) the Corporation shall not make any such dividend or distribution unless all outstanding common Membership Units, and any option, warrant, exchange right, convertible right or similar rights in respect of common Membership Units, shall be correspondingly adjusted.

(C) The Corporation shall not pay any dividends or other distributions consisting of other voting securities of the Corporation or of voting securities of any Subsidiary or pay any dividend or other distribution consisting of securities convertible into, or exchangeable for, voting securities of the Corporation or voting securities of any Subsidiary.

(iii) Stock Splits. The Corporation shall not in any manner subdivide (by any stock split, stock dividend, reclassification, recapitalization or otherwise) or combine (by reverse stock split, reclassification, recapitalization or otherwise) the outstanding shares of one class of Common Stock unless (A) the outstanding shares of all classes of Common Stock shall be proportionately subdivided or combined and (B) all outstanding common

Membership Units, and any option, warrant, exchange right, convertible right or similar rights in respect of common Membership Units, shall be correspondingly adjusted.

(iv) Options, Rights or Warrants.

(A) Subject to Clauses (a)(ii) and (b)(i)(C) of this Article Fourth, the Corporation shall have the power to create and issue, whether or not in connection with the issue and sale of any shares of stock or other securities of the Corporation, options, exchange rights, warrants, convertible rights, and similar rights permitting the holders thereof to purchase from the Corporation any shares of its capital stock of any class or classes at the time authorized, such options, exchange rights, warrants, convertible rights and similar rights to have such terms and conditions, and to be evidenced by or in such instrument or instruments, as shall be approved by the Board of Directors.

(v) Mergers, Consolidation, Etc. In the event that the Corporation shall enter into any consolidation, merger, combination or other transaction (in each case other than incident to an exchange of Membership Units, Common Stock and/or other securities for Common Stock pursuant to agreements between the holders of such Membership Units and the Corporation) in which shares of Common Stock are exchanged for or converted into other stock or securities, cash and/or any other property, then, and in such event, the shares of each class of Common Stock shall be exchanged for or converted into either (A) the same kind and amount of stock, securities, cash and/or any other property, as the case may be, into which or for which each share of any other class of Common Stock is exchanged or converted; provided, however, that if shares of Common Stock are exchanged for or converted into shares of capital stock, such shares received upon such exchange or conversion may differ in a manner similar to the manner in which the Class A Common Stock and the Class B Common Stock differ (without regard to the provisions of Clause (b)(viii)(C)), or (B) if holders of each class of Common Stock are to receive different kinds (other than as contemplated by the preceding Clause A) or amounts of stock, securities, cash and/or any other property, an amount of stock, securities, cash and/or property per share having a value, as determined by an independent investment banking firm of national reputation selected by the Board of Directors, substantially equivalent to the value per share into which or for which each share of any other class of Common Stock is exchanged or converted. To the fullest extent permitted by law, any construction, calculation or interpretation made by the Board of Directors in determining the application of the provisions of this Clause (b)(v) of this Article Fourth in good faith shall be conclusive and binding on the Corporation and its stockholders.

(vi) Liquidation Rights. In the event of any dissolution, liquidation or winding-up of the affairs of the Corporation, whether voluntary or involuntary, after payment or provision for payment of the debts and other liabilities of the Corporation and after making provision for the holders of any series of Preferred Stock entitled thereto, the remaining assets and funds of the Corporation, if any, shall be divided among and paid ratably to the holders of the shares of the Class A Common Stock and the Class B Common Stock treated as a single class.

(vii) No Preemptive Rights. The holders of shares of Common Stock are not entitled to any preemptive right to subscribe for, purchase or receive any part of any new or additional issue of stock of any class, whether now or hereafter authorized, or of bonds, debentures or other securities convertible into or exchangeable for stock.

(viii) Conversion of Class B Common Stock.

(A) Each holder of a share of Class B Common Stock shall have the right to convert such share into one (1) fully paid and non-assessable share of Class A Common Stock, at any time and from time to time.

(B) Each share of Class B Common Stock Transferred (as defined below) to one or more persons or entities other than Authorized Class B Holders (as defined below) shall automatically convert into one (1) fully paid and non-assessable share of Class A Common Stock upon such Transfer; provided, however, that no such conversion shall occur solely as a result of the pledge or encumbrance of any shares of Class B Common Stock by an Authorized Class B Holder. "Authorized Class B Holders" shall mean any of (1) Paul G. Allen ("Allen"); (2) the estate of Allen, any trust created as a result of the death of Allen, or any organization qualified under Section 501(c)(3) of the Internal Revenue Code that is the beneficiary of Allen upon his death; (3) any entity controlled by Allen Entities; and (4) any trust in which Allen is a trustee and owns more than 50% of the beneficial interest. "Controlled" shall mean the direct or indirect ownership of at least 50% of the voting power and economic interest of an entity. "Transfer," and words of similar import, shall mean the transfer of record and/or beneficial ownership of any such shares of Class B Common Stock. "Allen Entities" shall mean Allen and from time to time the entities described in Clauses (b)(viii)(B)(2), (3) and (4) of this Article Fourth, and "Allen Entity" shall mean any of the foregoing Allen Entities from time to time.

(C) Each share of Class B Common Stock shall automatically convert into one (1) fully paid and non-assessable share of Class A Common Stock at such time as the Allen Entities directly or indirectly own, as a result of Transfers by such Allen Entities (other than Transfers to the Corporation in connection with an exchange for Class B Common Stock and other than Transfers to Allen Entities) of Common Stock and other equity interests in the Corporation and Membership Units directly or indirectly owned by such Allen Entities, on the measuring date Common Stock and other equity interests in the Corporation and Membership Units having an aggregate value that is both (1) less than twenty percent (20%) of the sum of the values on the IPO Date of (I) the shares of Class B Common Stock directly or indirectly owned by the Allen Entities on the IPO Date and (II) the number of shares of Class B Common Stock for which outstanding Membership Units directly or indirectly owned by the Allen Entities are exchangeable pursuant to agreements between the Allen Entities and the Corporation on the IPO Date and (2) less than five percent (5%) of the sum of the values of (I) the outstanding Common Stock and other equity interests in the Corporation on the measuring date and (II) the number of shares of Common Stock for which outstanding Membership Units are exchangeable on the measuring date pursuant to agreements between the Corporation and the holders of such Membership Units. The Board of Directors shall determine whether the state of facts described in Clauses (b)(viii)(C)(1) and (2) of this Article Fourth shall have occurred, and the automatic conversion provided for in the preceding sentence shall be deemed to have occurred on the date on which the Board of Directors makes such determination that such state of facts has occurred. For the purposes of this determination, each share of Class B Common Stock shall be valued at the same value as a share of Class A Common Stock on the relevant date. As promptly as practicable following such determination, the Corporation shall provide notice of the conversion of all outstanding shares of Class B Common Stock into Class A Common Stock to holders of record of Common Stock. Such notice shall be provided by mailing notice of such conversion, first class postage prepaid, to each holder of record of

Common Stock, at such holder's address as it appears on the stock transfer books of the Corporation; provided, however, that no failure to give such notice nor any defect therein shall affect the validity of the automatic conversion of shares of Class B Common Stock. Each such notice shall state, as appropriate, the following: (w) the conversion date; (x) that all outstanding shares of Class B Common Stock have been automatically converted into shares of Class A Common Stock; (y) the place or places where certificates formerly representing shares of Class B Common Stock are to be surrendered in exchange for certificates representing the shares of Class A Common Stock issued upon such conversion; and (z) that no dividends will be declared on the shares of Class B Common Stock converted after such conversion date. To the fullest extent permitted by law, any construction, calculation or interpretation made by the Board of Directors in determining the application of the provisions of this Clause (b)(viii)(C) of Article Fourth in good faith shall be conclusive and binding on the Corporation and its stockholders.

(D) As promptly as practicable following the surrender by a holder of a certificate representing shares of Class B Common Stock to be converted pursuant to Clause (b)(viii)(A) of this Article Fourth or a certificate formerly representing shares of Class B Common Stock that have been converted pursuant to Clause (b)(viii)(B) or (C) of this Article Fourth, and the payment in cash of any amount required by the provisions of Clause (b)(viii)(G) of this Article Fourth, the Corporation shall deliver or cause to be delivered at the office of the transfer agent a certificate or certificates representing the number of shares of Class A Common Stock issuable upon such conversion, issued in such name or names as such holder may direct. Such conversion shall be deemed to have been effected (1) immediately prior to the close of business of the Corporation on the date of the surrender of the certificate or certificates representing shares of Class B Common Stock in the case of a conversion under Clause (b)(viii)(A) of this Article Fourth, (2) immediately prior to the close of business of the Corporation on the date of Transfer in the case of an automatic conversion under Clause (b)(viii)(B) of this Article Fourth and (3) immediately prior to the close of business of the Corporation on the date of the determination by the Board of Directors in the case of an automatic conversion under Clause (b)(viii)(C) of this Article Fourth. At the close of business of the Corporation on the date any such conversion is made or deemed to be effected, all rights of the holder of such shares of Class B Common Stock as a holder thereof shall cease, and the person or persons in whose name or names the certificate or certificates representing the shares of Class A Common Stock are to be issued shall be treated for all purposes as having become the record holder or holders of such shares of Class A Common Stock as of such date; provided, however, that if any such conversion is made or deemed to be effected on any date when the stock transfer books of the Corporation shall be closed, the person or persons in whose name or names the certificate or certificates representing shares of Class A Common Stock are to be issued shall be deemed the record holder or holders thereof for all purposes upon the opening of business of the Corporation on the next succeeding day on which the stock transfer books are open.

(E) In the event of a reclassification as a result of which the shares of Class A Common Stock are converted into another security, then a holder of Class B Common Stock shall be entitled to receive upon conversion the amount of such security that such holder would have received if such conversion had occurred immediately prior to the record date of such reclassification. No adjustments in respect of dividends (other than dividends paid in stock or securities of the Corporation) shall be made upon the conversion of any shares of Class B Common Stock; provided, however, that if a share of Class B

Common Stock shall be converted subsequent to the record date for the payment of a dividend or other distribution on shares of Class B Common Stock but prior to such payment, then the registered holder of such share at the close of business on such record date shall be entitled to receive the dividend or other distribution payable on such shares on such date notwithstanding the conversion thereof or the default in payment of the dividend or distribution due on such date.

(F) The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of Class A Common Stock, solely for the purpose of issuance upon conversion of the outstanding shares of Class B Common Stock, such number of shares of Class A Common Stock that shall be issuable (1) upon the conversion of all such outstanding shares of Class B Common Stock and (2) upon conversion of Class B Common Stock that shall be issuable upon the exchange of Membership Units pursuant to agreements between the Corporation and holders of such Membership Units; provided, however, that nothing contained herein shall be construed to preclude the Corporation from satisfying its obligations in respect of the conversion of the outstanding shares of Class B Common Stock by delivery of shares of Class A Common Stock which are held in the treasury of the Corporation. All shares of Class A Common Stock issued upon conversion of shares of Class B Common Stock shall, upon issue, be validly issued, fully paid and non-assessable.

(G) The issuance of certificates for shares of Class A Common Stock upon conversion of Class B Common Stock shall be made without charge to the holders of such shares for any transfer or other similar tax in respect of such issuance; provided, however, that if any such certificate is to be issued in a name other than that of the holder of the share or shares of Class B Common Stock converted, then the person or persons requesting the issuance thereof shall pay to the Corporation the amount of any tax that may be payable in respect of any transfer involved in such issuance or shall establish to the satisfaction of the Corporation that such tax has been paid or is not payable.

(H) Shares of Class B Common Stock that are converted into shares of Class A Common Stock as provided herein shall be retired and restored to the status of authorized but unissued shares of Class B Common Stock and be available for reissue by the Corporation.

(c) PREFERRED STOCK. Subject to Clause (b)(i)(C) of this Article Fourth, the Board of Directors is hereby expressly granted authority from time to time to issue the Preferred Stock in one or more series and with respect to any such series to fix by resolution or resolutions the numbers of shares, designations, powers, preferences and relative, participating, optional or other special rights of such series and any qualifications, limitations or restrictions thereof, including but without limiting the generality of the foregoing, the following:

(i) entitling the holders thereof to cumulative, non-cumulative or partially cumulative dividends, or to no dividends;

(ii) entitling the holders thereof to receive dividends payable on a parity with, junior to, or in preference to, the dividends payable on any other class or series of capital stock of the Corporation;

(iii) entitling the holders thereof to rights upon the voluntary or involuntary liquidation, dissolution or winding up of, or upon any other distribution of the assets of, the Corporation, on a parity with, junior to or in preference to, the rights of any other class or series of capital stock of the Corporation;

(iv) providing for the conversion or exchange, at the option of the holder or of the Corporation or both, or upon the happening of a specified event, of the shares of Preferred Stock into shares of any other class or classes or series of capital stock of the Corporation or of any series of the same or any other class or classes, including provision for adjustment of the conversion or exchange rate in such events as the Board of Directors shall determine, or providing for no conversion;

(v) providing for the redemption, in whole or in part, of the shares of Preferred Stock at the option of the Corporation or the holder thereof, or upon the happening of a specified event, in cash, bonds or other property, at such price or prices (which amount may vary under different conditions and at different redemption dates), within such period or periods, and under such conditions as the Board of Directors shall so provide, including provisions for the creation of a sinking fund for the redemption thereof, or providing for no redemption;

(vi) lacking voting rights or, subject to Clause (b)(i)(C) of this Article Fourth, having limited voting rights or enjoying general, special or multiple voting rights; and

(vii) specifying the number of shares constituting that series and the distinctive designation of that series.

FIFTH: REMOVAL OF DIRECTORS.

(a) REMOVAL FOR CAUSE. Any director may be removed from office for cause by the affirmative vote of a majority of the voting power of the outstanding shares of Class A Common Stock and Class B Common Stock (and any series of Preferred Stock then entitled to vote at an election of directors), voting together as one class.

(b) CLASS B COMMON REMOVAL WITHOUT CAUSE. Any director elected by the vote of the holders of the Class B Common Stock voting separately as a class may be removed from office at any time, without cause, solely by the affirmative vote of a majority of the voting power of the outstanding shares of Class B Common Stock, voting as a separate class.

(c) COMMON STOCK REMOVAL WITHOUT CAUSE. Any director elected by the vote of the Class A Common Stock and Class B Common Stock (and any series of Preferred Stock then entitled to vote thereon) voting together as a class may be removed from office at any time, without cause, solely by the affirmative vote of a majority of the voting power of the outstanding shares of Class A Common Stock and Class B Common Stock (and any series of Preferred Stock then entitled to vote thereon), voting together as one class.

SIXTH: BYLAWS. The Board of Directors may from time to time adopt, make, amend, supplement or repeal the Bylaws, except as provided in this Certificate of Incorporation.

Unless and except to the extent that the Bylaws of the Corporation shall so require, the election of directors of the Corporation need not be by written ballot.

SEVENTH: DIRECTOR EXCULPATION. A director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability: (a) for any breach of the director's duty of loyalty to the Corporation or its stockholders; (b) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (c) under Section 174 of the GCL; or (d) for any transaction from which the director derived an improper personal benefit. If the GCL is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the GCL, as so amended. Any amendment or repeal of this provision by the stockholders of the Corporation shall be prospective only and shall not adversely affect any right or protection of a director of the Corporation existing with respect to any act or omission occurring prior to the time of such repeal or modification.

EIGHTH: SECTION 203. The Corporation shall not be governed by Section 203 of the GCL.

NINTH: AMENDMENT, ETC. Subject in each instance to Clauses (b)(i)(A)(2) and (b)(i)(C) of Article Fourth of this Certificate of Incorporation, the Corporation reserves the right at any time, and from time to time, to amend, alter, change or repeal any provision contained in this Certificate of Incorporation in the manner now or hereafter authorized by the laws of the State of Delaware. All rights, preferences and privileges herein conferred are granted subject to this reservation.

IN WITNESS WHEREOF, this Restated Certificate of Incorporation, which restates, integrates and further amends the provisions of the Certificate of Incorporation of the Corporation, and which was duly adopted in accordance with Sections 242 and 245 of the General Corporation Law of the State of Delaware and by written consent of the stockholders in accordance with Section 228 thereof , has been signed on _________, 1999

By:

Name:

Title:

Exhibit 3.2

Adopted as of __________, 1999

BYLAWS
OF
CHARTER COMMUNICATIONS, INC.

ARTICLE I.
OFFICES

SECTION 1.1 Delaware Office. The office of Charter Communications, Inc. (the "Corporation") within the State of Delaware shall be in the City of Dover, County of Kent.

SECTION 1.2 Other Offices. The Corporation may also have an office or offices and keep the books and records of the Corporation, except as otherwise may be required by law, in such other place or places, either within or without the State of Delaware, as the Board of Directors of the Corporation (the "Board") may from time to time determine or the business of the Corporation may require.

ARTICLE II.
MEETINGS OF STOCKHOLDERS

SECTION 2.1 Place of Meetings. All meetings of holders of shares of capital stock of the Corporation shall be held at the office of the Corporation in the State of Delaware or at such other place, within or without the State of Delaware, as may from time to time be fixed by the Board or specified or fixed in the respective notices or waivers of notice thereof.

SECTION 2.2 Annual Meetings. An annual meeting of stockholders of the Corporation for the election of directors and for the transaction of such other business as may properly come before the meeting (an "Annual Meeting") shall, if required by law, be held at such place, on such date, and at such time as the Board shall each year fix.

SECTION 2.3 Special Meetings. Except as required by law and subject to the rights of holders of any series of Preferred Stock (as defined below), special meetings of stockholders may be called at any time only by the Chairman of the Board, the Chief Executive Officer or by the Board pursuant to a resolution approved by a majority of the then authorized number of directors. Any such call must specify the matter or matters to be acted upon at such meeting and only such matter or matters shall be acted upon thereat.

SECTION 2.4 Notice of Meetings. Except as otherwise required by law, notice of each meeting of stockholders, whether an Annual Meeting or a special meeting, shall state the purpose or purposes of the meeting, the place, date and hour of the meeting and, unless it is an Annual Meeting, shall indicate that the notice is being issued by or at the direction of the person or persons calling the meeting and shall be given not less than ten (10) or more than sixty (60) days before the date of said meeting, to each stockholder entitled to vote at such meeting. If mailed, notice is given when deposited in the United States mail, postage prepaid, directed to each stockholder at such stockholder's address as it appears on the stock records of the Corporation. Notice of an adjourned meeting need not be given if the date, time and place to which the meeting is to be adjourned was announced at the meeting at which the adjournment was taken, unless (i) the adjournment is for more than thirty (30) days, or (ii) the Board shall fix a new record date for such adjourned meeting after the adjournment.

SECTION 2.5 Quorum. At each meeting of stockholders of the Corporation, the holders of shares having a majority of the voting power of the capital stock of the Corporation issued and outstanding and entitled to vote thereat shall be present or represented by proxy to constitute a quorum for the transaction of business, except as otherwise provided by law. Where a separate vote by a class or classes or series is required, a majority of the voting power of the shares of such class or classes or series in person or represented by proxy shall constitute a quorum entitled to take action with respect to that vote on that matter.

SECTION 2.6 Adjournments. In the absence of a quorum at any meeting of stockholders or any adjournment or adjournments thereof, the Chairman of the Board or holders of shares having a majority of the voting power of the capital stock present or represented by proxy at the meeting may adjourn the meeting from time to time until a quorum shall be present or represented by proxy. At any such adjourned meeting at which a quorum shall be present or represented by proxy, only business may be transacted which might have been transacted at the meeting as originally called if a quorum had been present or represented by proxy thereat. A meeting of stockholders at which a quorum is present may be adjourned from time to time as permitted by law.

SECTION 2.7 Notice of Stockholder Business and Director Nomination.

(a) Annual Meetings of Stockholders. (1) Nominations of persons for election to the Board of Directors of the Corporation and the proposal of business to be considered by the stockholders may be made at an Annual Meeting only (A) pursuant to the Corporation's notice of meeting (or any supplement thereto), (B) by or at the direction of the Board of Directors or (C) by any stockholder of the Corporation who was a stockholder of record of the Corporation at the time the notice provided for in this Section 2.7 is delivered to the Secretary of the Corporation, who is entitled to vote at the meeting and who complies with the notice and delivery procedures set forth in this Section 2.7.

(2) For nominations or other business to be properly brought before an Annual Meeting by a stockholder pursuant to clause (C) of paragraph (a)(1) of this Section 2.7, (A) the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation, (B) any such proposed business other than nominations of persons for election to the Board of Directors must constitute a proper matter for stockholder action, (C) if the stockholder, or beneficial owner on whose behalf any such proposal or nomination is made, has provided the Corporation with a Solicitation Notice, as that term is defined in subclause III of this paragraph (a)(2) of Section 2.7, such stockholder or beneficial owner must, in the case of a proposal, have delivered a proxy statement and form of proxy to the holders of at least the percentage of the Corporation's voting shares required under applicable law to carry such proposal, or, in the case of a nomination or nominations,

have delivered a proxy statement and form of proxy to holders of at least the percentage of the Corporation's voting shares reasonably believed by such stockholder or beneficial owner to be sufficient to elect the nominee or nominees proposed to be nominated by such stockholder and (D) if no Solicitation Notice relating thereto has been timely provided pursuant to this section, the stockholder or beneficial owner proposing such business or nomination must not have solicited a number of proxies sufficient to have required the delivery of a Solicitation Notice under this section. To be timely, a stockholder's notice shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the forty fifth (45th) day nor earlier than the close of business on the seventieth (70th)day prior to the first anniversary (the "Mailing Anniversary") of the date on which the Corporation first mailed proxy materials for the preceding year's Annual Meeting (provided, however, that in the event that the date of the Annual Meeting is more than thirty (30) days before or more than thirty (30) days after the anniversary date of the preceding year's Annual Meeting, notice by the stockholder must be so delivered not earlier than the close of business on the one hundred twentieth (120th) day prior to such Annual Meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such Annual Meeting or the tenth (10th) day following the day on which public announcement of the date of such meeting is first made by the Corporation). In no event shall the public announcement of an adjournment or postponement of an Annual Meeting commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above. Such stockholder's notice shall set forth: (I) as to each person whom the stockholder proposes to nominate for election as a director all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act") and Rule 14a-11 thereunder (and such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected); (II) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the text of the proposal or business (including the text of any resolutions proposed for consideration and in the event that such business includes a proposal to amend the Bylaws of the Corporation, the language of the proposed amendment), the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made; and (III) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (i) the name and address of such stockholder, as they appear on the Corporation's books, and of such beneficial owner, if any, (ii) the class and number of shares of capital stock of the Corporation which are owned beneficially and of record by such stockholder and such beneficial owner, (iii) a representation that the stockholder is a holder of record of stock of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to propose such business or nomination and (iv) a representation whether the stockholder or the beneficial owner, if any, intends or is part of a group which intends to deliver a proxy statement and/or form of proxy to holders of at least the percentage of the Corporation's outstanding capital stock required to approve or adopt the proposal or elect the nominee (an affirmative statement of such intent, a "Solicitation Notice"). The Corporation may require any proposed nominee to furnish such other information as it may reasonably require to determine the eligibility of such proposed nominee to serve as a director of the Corporation.

(3) Notwithstanding anything in the second sentence of paragraph (a)(2) of this Section 2.7 to the contrary, in the event that the number of directors to be elected to the Board of Directors of the Corporation at an Annual Meeting is increased and there is no public announcement by the Corporation naming the nominees for the additional directorships at least fifty-five (55) days prior to the Mailing Anniversary, a stockholder's notice required by this Section 2.7 shall also be considered timely, but only with respect to nominees for the additional directorships, if it shall be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business on the tenth day following the day on which such public announcement is first made by the Corporation.

(b) Special Meetings of Stockholders. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. Nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected pursuant to the Corporation's notice of meeting (1) by or at the direction of the Board of Directors or (2) provided that the Board of Directors has determined that directors shall be elected at such meeting, by any stockholder of the Corporation who is a stockholder of record at the time the notice provided for in this Section 2.7 is delivered to the Secretary of the Corporation, who is entitled to vote at the meeting upon such election and who complies with the notice and delivery procedures set forth in this Section 2.7. In the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board of Directors, any such stockholder entitled to vote in such election of directors may nominate a person or persons (as the case may be) for election to such position(s) as specified in the Corporation's notice of meeting, if the stockholder's notice required by paragraph (a)(2) of this Section 2.7 shall be delivered to the Secretary at the principal executive offices of the Corporation not earlier than the close of business on the one hundred twentieth (120th) day prior to such special meeting and not later than the close of business on the later of the ninetieth (90th) day prior to such special meeting or the tenth (10th) day following the day on which the public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting. In no event shall the public announcement of an adjournment or postponement of a special meeting commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above.

(c) General. (1) Only such persons who are nominated in accordance with the procedures set forth in this Section 2.7 shall be eligible to be elected at an Annual Meeting or special meeting of stockholders of the Corporation to serve as directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 2.7. Except as otherwise provided by law, the chairman of the meeting shall have the power and duty (A) to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in this Section 2.7 (including whether the stockholder or beneficial owner, if any, on whose behalf the nomination or proposal is made solicited (or is part of a group which solicited) or did not so solicit, as the case may be, proxies in support of such stockholder's nominee or proposal in compliance with such stockholder's representation as required by clause (a)(2)(III)(iv) of this Section 2.7) and (B) if any proposed nomination or business was not made or proposed in compliance with this Section 2.7, to declare that such nomination shall be disregarded or that such proposed business shall not be transacted.

(2) For purposes of this Section 2.7, "public announcement" shall include disclosure in a press release reported by the Dow Jones News Service, Associated Press or comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Sections 13, 14 or 15(d) of the Exchange Act.

(3) Notwithstanding the foregoing provisions of this Section 2.7, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 2.7. Nothing in this Section 2.7 shall be deemed to affect any rights (A) of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act or (B) of the holders of any series of Preferred Stock to elect directors pursuant to any applicable provisions of the Certificate of Incorporation of the Corporation (the "Certificate of Incorporation.")

SECTION 2.8 Proxies and Voting. At each meeting of stockholders, all matters (except in cases where a larger vote is required by law or by the Certificate of Incorporation or these Bylaws) shall be decided by a majority of the votes cast at such meeting by the holders of shares of capital stock present or represented by proxy and entitled to vote thereon, a quorum being present, provided, however, that directors shall be elected by a plurality of the votes cast. At any meeting of the stockholders, every stockholder entitled to vote may vote in person or by proxy authorized by an instrument in writing or by a transmission permitted by law filed in accordance with the procedure established for the meeting. Any copy, facsimile telecommunication or other reliable reproduction of the writing or transmission created pursuant to this Section 2.8 may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used, provided that such copy, facsimile telecommunication or other reproduction shall be a complete reproduction of the entire original writing or transmission.

SECTION 2.9 Inspectors. In advance of any meeting of stockholders, the Board may, and shall if required by law, appoint an inspector or inspectors. If, for any election of directors or the voting upon any other matter, any inspector appointed by the Board shall be unwilling or unable to serve, the chairman of the meeting shall appoint the necessary inspector or inspectors. The inspectors so appointed, before entering upon the discharge of their duties, shall be sworn faithfully to execute the duties of inspectors with strict impartiality, and according to the best of their ability, and the oath so taken shall be subscribed by them. Such inspectors shall determine the number of shares of capital stock of the Corporation outstanding and the voting power of each of the shares represented at the meeting, the existence of a quorum, and the validity and effect of proxies, and shall receive votes, ballots or consents, hear and determine all challenges and questions arising in connection with the right to vote, count and tabulate all votes, ballots or consents, determine the result, and do such acts as are proper to conduct the election or vote with fairness to all stockholders. The inspectors shall make a report in writing of any challenge, question or matter determined by them and shall execute a certificate of any fact found by them. No director or candidate for the office of director shall act as an inspector of election of directors. Inspectors need not be stockholders.

SECTION 2.10 Consent of Stockholders in Lieu of Meeting. Any action required to be taken at any Annual Meeting or special meeting of stockholders of the Corporation, or any action which may be taken at any Annual Meeting or special meeting of the stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and shall be delivered to the Corporation by delivery to its registered office in Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the books in which proceedings of meetings of stockholders are recorded. Delivery made to the Corporation's registered office shall be made by hand or by certified or registered mail, return receipt requested.

Every written consent shall bear the date of signature of each stockholder who signs the consent and no written consent shall be effective to take the corporate action referred to therein unless, within sixty (60) days of the earliest dated consent delivered to the Corporation in the manner prescribed in the first paragraph of this Section, a written consent or consents signed by a sufficient number of holders to take action are delivered to the Corporation in the manner prescribed in the first paragraph of this Section.

ARTICLE III.
DIRECTORS

SECTION 3.1 Powers. The business of the Corporation shall be managed by or under the direction of the Board. The Board may, except as otherwise required by law, exercise all such powers and do all such acts and things as may be exercised or done by the Corporation.

SECTION 3.2 Number; Terms and Vacancies. The number of directors which shall constitute the whole Board shall be fixed at three (3) persons, until changed from time to time by resolution of the Board or by the stockholders. Any vacancies on the Board resulting from death, resignation, disqualification, removal or other cause shall be filled in the manner provided in the Certificate of Incorporation.

SECTION 3.3 Place of Meetings. Meetings of the Board shall be held at the Corporation's office in the State of Delaware or at such other places, within or without such State, as the Board may from time to time determine or as shall be specified or fixed in the notice or waiver of notice of any such meeting.

SECTION 3.4 Regular Meetings. Regular meetings of the Board shall be held in accordance with a yearly meeting schedule as determined by the Board; or such meetings may be held on such other days and at such other times as the Board may from time to time determine. Regular meetings of the Board shall be held not less frequently than quarterly.

SECTION 3.5 Special Meetings. Special meetings of the Board may be called by a majority of the directors then in office (rounded up to the nearest whole number) or by the

Chairman of the Board and shall be held at such place, on such date, and at such time as they or he shall fix.

SECTION 3.6 Notice of Meetings. Notice of each special meeting of the Board stating the time, place and purposes thereof, shall be (i) mailed to each director not less than five (5) days prior to the meeting, addressed to such director at his or her residence or usual place of business, or (ii) shall be sent to him by facsimile or other means of electronic transmission, or shall be given personally or by telephone, on not less than twenty four (24) hours notice.

SECTION 3.7 Quorum and Manner of Acting. The presence of at least a majority of the authorized number of directors shall be necessary and sufficient to constitute a quorum for the transaction of business at any meeting of the Board. If a quorum shall not be present at any meeting of the Board, a majority of the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present. Except where a different vote is required or permitted by law, the Certificate of Incorporation or these Bylaws, the act of a majority of the directors present at any meeting at which a quorum shall be present shall be the act of the Board. Any action required or permitted to be taken by the Board may be taken without a meeting if all the directors consent in writing to the adoption of a resolution authorizing the action. The resolution and the written consents thereto by the directors shall be filed with the minutes of the proceedings of the Board. Any one or more directors may participate in any meeting of the Board by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time. Participation by such means shall be deemed to constitute presence in person at a meeting of the Board.

SECTION 3.8 Resignation. Any director may resign at any time by giving written notice to the Corporation; provided, however, that written notice to the Board, the Chairman of the Board, the Chief Executive Officer of the Corporation or the Secretary of the Corporation shall be deemed to constitute notice to the Corporation. Such resignation shall take effect upon receipt of such notice or at any later time specified therein and, unless otherwise specified therein, acceptance of such resignation shall not be necessary to make it effective.

SECTION 3.9 Removal of Directors. Directors may be removed as provided by law and in the Corporation's Certificate of Incorporation.

SECTION 3.10 Compensation of Directors. The Board may provide for the payment to any of the directors, other than officers or employees of the Corporation, of a specified amount for services as director or member of a committee of the Board, or of a specified amount for attendance at each regular or special Board meeting or committee meeting, or of both, and all directors shall be reimbursed for expenses of attendance at any such meeting; provided, however, that nothing herein contained shall be construed to preclude any director from serving the Corporation in any other capacity and receiving compensation therefor.

ARTICLE IV.
COMMITTEES OF THE BOARD

SECTION 4.1 Committees. The Board of Directors may designate one or more committees, each committee to consist of one or more of the directors of the Corporation. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the board of directors to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided herein or in the resolution of the Board of Directors designating such committee, shall have and may exercise all the powers and authority of the Board of Director in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to the following matters: (i) approving or adopting, or recommending to the stockholders, any action or matter expressly required by the Certificate of Incorporation or Delaware law to be submitted to stockholders for approval or (ii) adopting, amending or repealing any Bylaws of the Corporation.

SECTION 4.2 Audit Committee. Subject to Section 4.1, the Board may designate an Audit Committee of the Board, which shall consist of such number of members as the Board shall determine. The Audit Committee shall: (i) make recommendations to the Board as to the independent accountants to be appointed by the Board; (ii) review with the independent accountants the scope of their examinations; (iii) receive the reports of the independent accountants and meet with representatives of such accountants for the purpose of reviewing and considering questions relating to their examination and such reports; (iv) review, either directly or through the independent accountants, the internal accounting and auditing procedures of the Corporation; (v) review related party transactions; and (vi) perform such other functions as may be assigned to it from time to time by the Board. The Audit Committee may determine its manner of acting, and fix the time and place of its meetings, unless the Board shall otherwise provide.

SECTION 4.3 Compensation Committee. Subject to Section 4.1, the Board may designate members of the Board to constitute a Compensation Committee which shall consist of such number of directors as the Board may determine. The Compensation Committee may determine its manner of acting and fix the time and place of its meetings, unless the Board shall otherwise provide.

SECTION 4.4 Action by Consent; Participation by Telephone or Similar Equipment. Unless the Board shall otherwise provide, any action required or permitted to be taken by any committee may be taken without a meeting if all the members of the committee consent in writing to the adoption of a resolution authorizing the action. The resolution and the written consents thereto by the members of the committee shall be filed with the minutes of the proceedings of the committee. Unless the Board shall otherwise provide, any one or more members of any such committee may participate in any meeting of the committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other. Participation by such means shall constitute presence in person at a meeting of the committee.

SECTION 4.5 Resignations; Removals. Any member of any committee may resign at any time by giving notice to the Corporation; provided, however, that notice to the Board, the Chairman of the Board, the Chief Executive Officer of the Corporation, the chairman of such committee or the Secretary of the Corporation shall be deemed to constitute notice to the Corporation. Such resignation shall take effect upon receipt of such notice or at any later time specified therein; and, unless otherwise specified therein, acceptance of such resignation shall not be necessary to make it effective. Any member of any such committee may be removed at an time, either with or without cause, by the affirmative vote of a majority of the authorized number of directors at any meeting of the Board called for that purpose.

ARTICLE V.
OFFICERS

SECTION 5.1 Number, Titles and Qualification. The Corporation shall have such officers as may be necessary or desirable for the business of the Corporation. The officers of the Corporation may include a Chairman of the Board, a Chief Executive Officer, a President, one or more Vice Presidents, a Chief Financial Officer, a Secretary, one or more Assistant Secretaries, a Treasurer, and one or more Assistant Treasurers. The Chairman of the Board, Chief Executive Officer, President, Executive Vice Presidents, Senior Vice Presidents, and Chief Financial Officer shall be elected by the Board, which shall consider that subject at its first meeting after every Annual Meeting of stockholders. The Corporation shall have such other officers as may from time to time be appointed by the Board or the Chief Executive Officer. Each officer shall hold office until his or her successor is elected or appointed, as the case may be, and qualified or until his or her earlier resignation or removal. Any number of offices may be held by the same person.

SECTION 5.2 Chairman of the Board. The Chairman of the Board shall have general and active responsibility for the management of the business of the Corporation and shall be responsible for implementing all orders and resolutions of the Board. The Chairman of the Board shall be elected from among the directors, and the Chairman of the Board, or at the election of the Chairman of the Board, the Chief Executive Officer shall preside at all meetings of the stockholders and directors. The Chief Executive Officer shall report to the Chairman of the Board.

SECTION 5.3 Chief Executive Officer. The Chief Executive Officer shall supervise the daily operations of the business of the Corporation, and shall report to the Chairman of the Board. Subject to the provisions of these Bylaws and to the direction of the Chairman of the Board or the Board, he or she shall perform all duties which are commonly incident to the office of Chief Executive Officer or which are delegated to him or her by the Chairman of the Board or the Board. To the fullest extent permitted by law, he or she shall have power to sign all contracts and other instruments of the Corporation which are authorized and shall have general supervision and direction of all of the other officers, employees and agents of the Corporation. The Chief Executive Officer shall perform the duties and exercise the powers of the Chairman of the Board in the event of the Chairman of the Board's absence or disability.

SECTION 5.4 President. The President shall have such powers and duties as may be delegated to him or her by the Chairman of the Board, the Board, or the Chief Executive Officer. The President shall perform the duties and exercise the powers of the Chief Executive Officer in the event of the Chief Executive Officer's absence or disability.

SECTION 5.5 Vice President. Each Vice President shall have such powers and duties as may be delegated to him or her by the Board or the Chief Executive Officer.

SECTION 5.6 Chief Financial Officer. The Chief Financial Officer shall have responsibility for maintaining the financial records of the Corporation. He or she shall render from time to time an account of all such transactions and of the financial condition of the Corporation. The Chief Financial Officer shall also perform such other duties as the Board or the Chief Executive Officer may from time to time prescribe.

SECTION 5.7 Treasurer. The Treasurer shall have the responsibility for investments and disbursements of the funds of the Corporation as are authorized and shall render from time to time an account of all such transactions. The Treasurer shall also perform such other duties as the Board or the Chief Executive Officer may from time to time prescribe.

SECTION 5.8 Secretary. The Secretary shall issue all authorized notices for, and shall keep minutes of, all meetings of the stockholders and the Board. He or she shall have charge of the corporate books and shall perform such other duties as the Board or the Chief Executive Officer may from time to time prescribe.

SECTION 5.9 Delegation of Authority. The Chairman of the Board, the Board, or the Chief Executive Officer may from time to time delegate the powers or duties of any officer to any other officers or agents, notwithstanding any provision hereof.

SECTION 5.10 Removal. Any officer of the Corporation may be removed at any time, with or without cause, by the Chairman of the Board, by the Board, or, except as to the Chairman of the Board, President, Executive Vice Presidents, Senior Vice Presidents, and Chief Financial Officer, by the Chief Executive Officer.

SECTION 5.11 Resignations. Any officer may resign at any time by giving written notice to the Corporation; provided, however, that notice to the Chairman of the Board, the Chief Executive Officer or the Secretary shall be deemed to constitute notice to the Corporation. Such resignation shall take effect upon receipt of such notice or at any later time specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

SECTION 5.12 Vacancies. Any vacancy among the officers, whether caused by death, resignation, removal or any other cause, shall be filled in the manner prescribed for election or appointment to such office.

SECTION 5.13 Action with Respect to Securities of Other Corporations. Unless otherwise directed by the Board, the Chairman of the Board, the Chief Executive Officer or any other officer of the Corporation authorized by the Chairman of the Board or the Chief Executive Officer shall have power to vote and otherwise act on behalf of the Corporation, in person or by proxy, at any meeting of stockholders of or with respect to any action of stockholders of any other corporation in which this Corporation may hold securities and otherwise to exercise any and all rights and powers which this Corporation may possess by reason of its ownership of securities in such other corporation.

SECTION 5.14 Bonds of Officers. If required by the Chairman of the Board, the Board, or the Chief Executive Officer, any officer of the Corporation shall give a bond for the faithful discharge of his or her duties in such amount and with such surety or sureties as the Chairman of the Board, the Board or the Chief Executive Officer may require.

SECTION 5.15 Compensation. The salaries of the officers shall be fixed from time to time by the Board, unless and until the Board appoints a Compensation Committee.

SECTION 5.16 Officers of Operating Companies, Regions or Divisions. The Chief Executive Officer shall have the power to appoint, remove and prescribe the terms of office, responsibilities and duties of the officers of the operating companies, regions or divisions, other than those who are officers of the Corporation appointed by the Board.

ARTICLE VI.
CONTRACTS, CHECKS, LOANS, DEPOSITS, ETC.

SECTION 6.1 Contracts. The Board may authorize any officer or officers, agent or agents, in the name and on behalf of the Corporation, to enter into any contract or to execute and deliver any instrument, which authorization may be general or confined to specific instances; and, unless so authorized by the Board, no officer, agent or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable pecuniarily for any purpose or for any amount.

SECTION 6.2 Checks, etc. All checks, drafts, bills of exchange or other orders for the payment of money out of the funds of the Corporation, and all notes or other evidences of indebtedness of the Corporation, shall be signed in the name and on behalf of the Corporation in such manner as shall from time to time be authorized by the Board or the Chief Executive Officer, which authorization may be general or confined to specific instances.

SECTION 6.3 Loans. No loan shall be contracted on behalf of the Corporation, and no negotiable paper shall be issued in its name, unless authorized by the Board, which authorization may be general or confined to specific instances, and bonds, debentures, notes and other obligations or evidences of indebtedness of the Corporation issued for such loans shall be made, executed and delivered as the Board shall authorize.

SECTION 6.4 Deposits. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as may be selected by or in the manner designated by the Board, the Chief Executive Officer or the Chief Financial Officer. The Board or its designees may make such special rules and regulations with respect to such bank accounts, not inconsistent with the provisions of the Certificate of Incorporation or these Bylaws, as they may deem advisable.

ARTICLE VII.
CAPITAL STOCK

SECTION 7.1 Certificates of Stock. The shares of the capital stock of the Corporation shall be represented by certificates, provided that the Board by resolution or resolutions may provide that some or all of any or all classes or series of capital stock of the Corporation shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the Corporation. Notwithstanding the adoption of such a resolution by the Board, every holder of stock represented by certificates and upon request every holder of uncertificated shares shall be entitled to have a certificate signed by, or in the name of the Corporation by, the Chairman of the Board, President or a Vice President, and by the Secretary or an Assistant Secretary, or the Treasurer or an Assistant Treasurer, certifying the number of shares owned by him or her. Any or all of the signatures on the certificate may be by facsimile.

SECTION 7.2 Transfers of Stock. Transfers of stock shall be made only upon the transfer books of the Corporation kept at an office of the Corporation or by transfer agents designated to transfer shares of the stock of the Corporation. Except where a certificate is issued in accordance with Section 7.4 of these Bylaws, an outstanding certificate for the number of shares involved, if certificated, shall be surrendered for cancellation before a new certificate is issued therefor.

SECTION 7.3 Record Date. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders, or to receive payment of any dividend or other distribution or allotment of any rights or to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board may fix a record date, which record date shall not precede the date on which the resolution fixing the record date is adopted and which record date shall not be more than sixty (60) nor less than ten (10) days before the date of any meeting of stockholders, nor more than sixty (60) days prior to the time for such other action as hereinbefore described; provided, however, that if no record date is fixed by the Board, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held, and, for determining stockholders entitled to receive payment of any dividend or other distribution or allotment of rights or to exercise any rights of change, conversion or exchange of stock or for any other purpose, the record date shall be at the close of business on the day on which the Board adopts a resolution relating thereto.

A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board may fix a new record date for the adjourned meeting.

In order that the Corporation may determine the stockholders entitled to consent to corporate action in writing without a meeting, the Board may fix a record date, which shall not precede the date upon which the resolution fixing the record date is adopted by the Board, and which record date shall be not more than ten (10) days after the date upon which the resolution fixing the record date is adopted. Any stockholder of record seeking to have the stockholders authorize or take corporate action by written consent shall, by written notice to the Secretary of the Corporation, request the Board to fix a record date. The Board shall promptly, but in all events within ten (10) days after the date on which such a request is received, adopt a resolution fixing the record date. If no record date has been fixed by the Board and no prior action by the Board is required by the Delaware General Corporation Law, the record date shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation in the manner prescribed by Section 2.10 hereof. If no record date has been fixed by the Board and prior action by the Board is required by the Delaware General Corporation Law with respect to the proposed action by written consent of the stockholders, the record date for determining stockholders entitled to consent to corporate action in writing shall be at the close of business on the day on which the Board adopts the resolution taking such prior action.

SECTION 7.4 Lost, Stolen or Destroyed Certificates. In the event of the loss, theft or destruction of any certificate of stock, another may be issued in its place pursuant to such regulations as the Board may establish concerning proof of such loss, theft or destruction and concerning the giving of satisfactory bond or bonds of indemnity.

SECTION 7.5 Regulations. The issue, transfer, conversion and registration of certificates of stock shall be governed by such other regulations as the Board may establish.

ARTICLE VIII.
NOTICES

SECTION 8.1 Notices. Except as otherwise specifically provided herein or required by law, all notices required to be given to any stockholder, director, officer, employee or agent may in every instance be effectively given by hand delivery to the recipient thereof, by depositing such notice in the mails, postage-paid, or with a recognized overnight-delivery service or by sending such notice by facsimile or other means of electronic transmission, or such other means as is provided by law. Any such notice shall be addressed to such stockholder, director, officer, employee or agent at such person's last known address as the same appears on the books of the Corporation. The time when such notice is received, if hand delivered, or dispatched, if delivered through the mails or by overnight delivery service, or by telegram, mailgram or facsimile, shall be the time of the giving of the notice.

SECTION 8.2 Waivers. A written waiver of any notice, signed by a stockholder, director, officer, employee or agent, whether before or after the time of the event for which notice is to be given, shall be deemed equivalent to the notice required to be given to such stockholder, director, officer, employee, agent. Neither the business nor the purpose of any meeting need be specified in such a waiver.

ARTICLE IX.
MISCELLANEOUS

SECTION 9.1 Facsimile Signatures. In addition to the provisions for use of facsimile signatures elsewhere specifically authorized in these Bylaws, facsimile signatures of any officer or officers of the Corporation may be used whenever and as authorized by the Board or a committee thereof.

SECTION 9.2 Corporate Seal. The Board may provide a suitable seal, containing the name of the Corporation, which seal shall be in the charge of the Secretary of the Corporation. If and when so directed by the Board or a committee thereof, duplicates of the seal may be kept and used by the Corporation's Treasurer or by an Assistant Secretary or Assistant Treasurer.

SECTION 9.3 Reliance Upon Books, Reports and Records. Each director, each member of any committee designated by the Board, and each officer of the Corporation shall, in the performance of his or her duties, be fully protected in relying in good faith upon the books of account or other records of the Corporation and upon such information, opinions, reports or statements presented to the Corporation by any of its officers or employees, or committees of the Board so designated, or by any other person as to matters which such director or committee member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care or on behalf of the Corporation.

SECTION 9.4 Fiscal Year. The fiscal year of the Corporation shall be as fixed by the Board.

SECTION 9.5 Time Periods. In applying any provision of these Bylaws which requires that an act be done or not be done a specified number of days prior to an event or that an act be done during a period of a specified number of days prior to an event, calendar days shall be used, the day of the doing of the act shall be excluded, and the day of the event shall be included.

ARTICLE X.
INDEMNIFICATION OF DIRECTORS AND OFFICERS

SECTION 10.1 Right to Indemnification. Each person who was or is made a party or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter, a "proceeding"), by reason of the fact that he or she is or was a director or an officer of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (hereinafter, a "Covered Person"), whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, employee or agent, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended, against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such Covered Person in connection therewith; provided, however, that, except as provided in Section 10.3 hereof with respect to proceedings to enforce rights to indemnification, the Corporation shall indemnify any such Covered Person in connection with a proceeding (or part thereof) initiated by such Covered Person only if such proceeding (or part thereof) was authorized by the Board.

SECTION 10.2 Right to Advancement of Expenses. The Corporation shall pay the expenses (including attorneys' fees) incurred by a Covered Person in defending any such proceeding in advance of its final disposition (hereinafter, an "advancement of expenses"), provided, however, that, if the Delaware General Corporation Law so requires, an advancement of expenses incurred by a Covered Person in his or her capacity as such shall be made only upon delivery to the Corporation of an undertaking (hereinafter, an "undertaking"), by or on behalf of such Covered Person, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter, a "final adjudication") that such Covered Person is not entitled to be indemnified for such expenses under this Section 10.2 or otherwise. The rights to indemnification and to the advancement of expenses conferred in Sections 10.1 and 10.2 hereof shall be contract rights and such rights shall continue as to a Covered Person who has ceased to be such and shall inure to the benefit of the Covered Person's heirs, executors and administrators.

SECTION 10.3 Right of Covered Person to Bring Suit. If a claim under Section 10.1 or 10.2 hereof is not paid in full by the Corporation within sixty (60) days after a written claim therefor has been received by the Corporation, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be twenty (20) days, the Covered Person may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Covered Person shall be entitled to be paid also the expense of prosecuting or defending such suit. In (i) any suit brought by the Covered Person to enforce a right to indemnification hereunder (but not in a suit brought by the Covered Person to enforce a right to an advancement of expenses) it shall be a defense that, and (ii) any suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking the Corporation shall be entitled to recover such expenses upon a final adjudication that, the Covered Person has not met the applicable standard for indemnification set forth in the Delaware General Corporation Law. To the fullest extent permitted by law, neither the failure of the Corporation (including its disinterested directors, committee thereof, independent legal counsel or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the Covered Person is proper in the circumstances because the Covered Person has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the Corporation (including its disinterested directors, committee thereof, independent legal counsel or its stockholders) that the Covered Person has not met such applicable standard of conduct, shall create a presumption that the Covered Person has not met the applicable standard of conduct or, in the case of such a suit brought by the Covered Person, be a defense to such suit. In any suit brought by the Covered Person to enforce a right to indemnification or to an advancement of expenses hereunder, or brought by the

Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the Covered Person is not entitled to be indemnified, or to such advancement of expenses, under this Article X or otherwise shall, to the extent permitted by law, be on the Corporation.

SECTION 10.4 Non-Exclusivity of Rights. The rights to indemnification and to the advancement of expenses conferred in this Article X shall not be exclusive of any other right which any person may have or hereafter acquire by any statute, the Corporation's Certificate of Incorporation or Bylaws, agreement, vote of stockholders or disinterested directors or otherwise.

SECTION 10.5 Insurance. The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the Delaware General Corporation Law.

SECTION 10.6 Indemnification of Employees and Agents of the Corporation. The Corporation may, to the extent authorized from time to time by the Board, grant rights to indemnification and to the advancement of expenses to any employee or agent of the Corporation to the fullest extent of the provisions of this Article X with respect to the indemnification and advancement of expenses of directors and officers of the Corporation.

ARTICLE XI.
AMENDMENTS

The Board may from time to time adopt, make, amend, supplement or repeal these Bylaws by vote of a majority of the Board.

Exhibit 10.2(b)

SECOND AMENDED MANAGEMENT AGREEMENT

THIS SECOND AMENDED MANGEMENT AGREEMENT (this "Agreement") is made as of the ____day of ___________, 1999 by and among Charter Investment, Inc., a Delaware corporation (formerly known as Charter Communications, Inc.) ("Investment"), Charter Communications, Inc., a Delaware Corporation ("CCI"), and Charter Communications Operating, LLC, a Delaware limited liability company ("Charter Operating").

RECITALS

A. Investment and Charter Operating entered into an Amended and Restated Management Agreement dated as of March 17, 1999 (the "Management Agreement").

B. In connection with an initial public offering of CCI common stock, the parties wish to amend the Management Agreement and CCI wishes to acquire all of Investment's right, title and interest under the Management Agreement and to assume all of Investment's obligations and liabilities under the Management Agreement.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

1. Amendment. Upon the Effective Date (as defined below), the first paragraph of Section 3(a) of the Management Agreement shall be amended to read as follows:

> "All expenses, costs, losses, liabilities or damages incurred with respect to the ownership or operation of the Cable Systems, including, without limitation, wages, salaries and other labor costs incurred in the construction, maintenance, expansion or operation of the Cable Systems, or personnel working on special projects or services for the Company, will be paid by the Company and, to the extent that the Manager pays or incurs any obligation for any such expenses, costs, losses, liabilities or damages, the Company, subject to the limitations set forth in Section 5, will pay or reimburse the Manager therefor, as well as for any reasonable out-of-pocket expenses incurred by the Manager in the performance of its obligations under this Agreement. Subject to the payment priority provisions of this Section 3, the Company agrees to pay the Manager such costs and expenses, which shall include all the costs, expenses, liabilities and damages incurred by the Manager in performing its obligations hereunder and any payments that the Manager may become obligated to pay pursuant to the Mutual Services Agreement (the "Management Expenses") monthly in arrears. Accrual of such Management Expenses shall commence upon the Effective Date (as defined below) of this Agreement. The Management Expenses payable pursuant to this paragraph for any month shall be reduced by the amount of any management fees and expenses of a subsidiary of the Company and separately paid to the Manager for

such month pursuant to a separate management agreement between the Manager and a subsidiary of the Company."

2. Assignment and Assumption of Management Agreement.

(a) Upon the Effective Date, Investment hereby fully and completely assigns to CCI all of Investment's right, title and interest in and to, and its obligations under, the Management Agreement.

(b) Upon the Effective Date, CCI hereby fully and completely assumes all of Investment's right, title and interest in and to, and agrees to perform when due, all obligations of Investment under, the Management Agreement.

3. Mutual Services Agreement. Nothing contained herein shall affect Investment's obligations under the Mutual Services Agreement dated as of the date hereof.

4. Effective Date. This Agreement shall become effective only upon the closing (the "Effective Date") of the initial public offering of CCI as contemplated by its Registration Statement on Form S-1 filed with the Securities and Exchange Commission. If such closing does not occur for any reason, or has not occurred by January 1, 2000, this Agreement shall be of no force or effect and none of Investment, CCI or Charter Operating shall have any rights, obligations or liabilities under or arising out of this Agreement.

5. Amendments. This Agreement cannot be amended, waived, or terminated except by a writing signed by all parties.

6. Counterparts. This Agreement may be executed in two or more separately executed counterparts, which may include faxed signature pages, each of which counterparts shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Second Amended Management Agreement to be duly executed and delivered as of the date first above written and effective as of the Effective Date.

CHARTER INVESTMENT, INC.,
a Delaware corporation

By:
Name:
Title:

CHARTER COMMUNICATIONS, INC.,
a Delaware corporation

By:
Name:
Title:

CHARTER COMMUNICATIONS OPERATING, LLC,
a Delaware limited liability company

By:
Name:
Title:

EXHIBIT 10.2 (c)

MUTUAL SERVICES AGREEMENT

THIS MUTUAL SERVICES AGREEMENT (this "Agreement") is made as of the _____ day of ____________________, 1999 by and between Charter Communications, Inc., a Delaware corporation ("CCI"), and Charter Investment, Inc., a Delaware corporation ("CII").

RECITALS

A. CII has or will assign to CCI certain agreements relating to the operation of cable television systems owned by CCI and its subsidiaries (the "Cable Systems").

B. CCI has or will enter into Management Agreements pursuant to which it will manage the Cable Systems.

C. CCI has or will become the sole manager of Charter Communications Holding Company, LLC ("Charter Holdco").

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Officers. The officers of CII will also serve as officers of CCI. As of the Effective Date (as defined below), certain officers of CII to be designated will no longer be employees of CII and will become employees of CCI. Each party hereto agrees that the officers and employees of each shall be available to the other party to provide the services set forth in paragraph 2 hereof.

2. Services. Each of CCI and CII agree to provide such services to the other as may be reasonably requested in order to manage Charter Holdco and to manage and operate the Cable Systems, including but not limited to:

(a) assistance by management and employees of either party to the other party;

(b) use by CCI of such office space, administrative and support facilities and other services as CCI may reasonably request; and

(c) review, consultation and advice by either party to the other party with respect to the management and operations of the Cable Systems.

3. Term. The term of this Agreement shall be ten years, commencing on the Effective Date (as defined below). This Agreement may be terminated at any time by either party upon thirty days' written notice to the other. No such termination shall affect the rights and obligations of the parties under Sections 5 and 6 hereof that arise or are incurred prior to such termination.

4. Effective Date. This Agreement shall become effective only upon the closing (the

"Effective Date") of the initial public offering of CCI as contemplated by its Registration Statement on Form S-1 filed with the Securities and Exchange Commission. If such closing does not occur for any reason, or has not occurred by January 1, 2000, this Agreement shall be of no force or effect and neither CCI nor CII shall have any rights, obligations or liabilities under or arising out of this Agreement.

5. Payments. CCI shall reimburse CII, the directors of CII, and officers of CII for the actual and reasonable costs, fees, and expenses paid or incurred for goods, materials, services, and activities acquired or used by or for the benefit of CCI or Charter Holdco, or performed or undertaken for the benefit of CCI or Charter Holdco. Without limiting the generality of the foregoing, CCI shall reimburse CII for all costs, fees, and expenses paid or incurred by CII in connection with initial public offering of CCI, and its compliance with the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, the Investment Company Act of 1940, as amended, and any other applicable federal and state securities laws.

6. Indemnity. CCI shall bear any and all expenses, liabilities, losses or damages resulting from the operation of the Cable Systems, and CII, its shareholders, officers, directors and employees shall not, under any circumstances, be held liable therefor, except that CII shall be liable for any loss or damage which results from its own gross negligence or willful misconduct. Neither CII nor any of its shareholders, officers, directors and employees shall be held to have incurred any liability to CCI, the Cable Systems or any third party by virtue of any action not constituting gross negligence or willful misconduct taken in good faith by it in discharge of its duties hereunder, and CCI agrees to indemnify CII and its shareholders, directors, officers and employees harmless with respect to the foregoing, including, but not limited to, reasonably attorneys' fees.

7. Notices. All notices, demands, requests or other communications required or that may be given under this Agreement shall be in writing and shall be given to the other party by personal delivery, overnight air courier (with receipt signature) or facsimile transmissions (with confirmation of transmission) sent :

If to CII:
Charter Investment, Inc.
12444 Powerscourt Drive, Suite 400
St. Louis, Missouri 63131
Attention: Jerald L. Kent
Fax: 314-965-8793

If to CCI:
Charter Communications, Inc.
12444 Powerscourt Drive, Suite 400
St. Louis, Missouri 63131
Attention: Jerald L. Kent
Fax: 314-965-8793

8. Governing Law. This Agreement and the rights and obligations of the parties hereunder and the persons subject hereto shall be governed by, and construed and interpreted in accordance with, the laws of the State of New York, without giving effect to the choice of law principals thereof.

9. Further Assurances. Each of the parties to this Agreement agrees to execute and deliver such other documents and to take such other action as may be necessary or convenient to consummate the purposes and subject matter of this Agreement.

***

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first above written and effective as of the Effective Date.

CHARTER INVESTMENT, INC.,
a Delaware corporation

By:

Name:
Title:

CHARTER COMMUNICATIONS, INC.,
a Delaware corporation

By:

Name:
Title:

Exhibit 10.2(d)

MANAGEMENT AGREEMENT

THIS MANAGEMENT AGREEMENT (this "Agreement") is made as of the __ day of _____, 1999, by and between Charter Communications Holding Company, LLC, a Delaware limited liability company (the "Company"), and Charter Communications, Inc., a Delaware corporation (the "Manager").

A. The Company desires to retain the Manager to manage and operate the cable television systems owned by the Company and its subsidiaries and any cable television systems subsequently acquired by the Company and its subsidiaries (except those cable television systems managed under a separate management agreement between the Manager and Charter Communications Operating, LLC) (the "Cable Systems").

B. The Manager has agreed to manage and operate the Cable Systems, all upon the terms and conditions hereinafter set forth.

In consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

1. Retention of the Manager. The Company hereby appoints the Manager as a manager for the Cable Systems, and the Manager hereby agrees to serve the Company as a manager for the Cable Systems, pursuant to the terms and conditions hereinafter set forth.

2. Authority and Duties of the Manager.

(a) The Company agrees to seek the advice of the Manager regarding the business, properties and activities of the Cable Systems during the term hereof, and subject to the direction, control and general supervision of the Company, the Manager agrees to provide such advice. The Manager shall give such advice in a businesslike, efficient, lawful and professional manner in accordance with this Agreement.

(b) Without limiting the generality of the foregoing, the Manager shall provide all management services with respect to the operation of the Cable Systems, including, but not limited to the following:

(i) advice concerning the hiring, termination, performance and training of personnel;

(ii) review, consultation and advice concerning personnel, operations, engineering and other management and operating policies and procedures;

(iii) review, consultation and advice concerning maintenance standards for plant and equipment of the Cable Systems, advice as to the Cable Systems' normal repairs, replacements, maintenance and plant upgrades, and provide for periodic inspections;

(iv) recommendations on all necessary action to keep the operation of the Cable Systems in compliance, in all material respects, with the conditions of the Company's franchises and all applicable rules, regulations and orders of any federal, state, county or municipal authority having jurisdiction over the Cable Systems;

(v) assistance in the negotiation, on behalf of the Company, of operating agreements (including, but not limited to, pole attachment agreements, office and headend leases, easements and right-of-way agreements), contracts for the purchase, lease, license or use of properties, equipment and rights as may be necessary or desirable in connection with the operation or maintenance of the Cable Systems and such other agreements on behalf of the Company as are necessary or advisable for the furnishing of program services for the Cable Systems;

(vi) development of recommendations for, and negotiate the acquisition and maintenance of, such insurance coverage with respect to the Cable Systems as the Company may determine upon advice and consultation of the Manager;

(vii) guidance on all marketing, sales promotions and advertising for the Cable Systems;

(viii) assistance in the financial budgeting process and the implementation of appropriate accounting, financial, administrative and managerial controls for the Cable Systems;

(ix) preparation for use by the Company of financial reports and maintenance of books of accounts and other records reflecting the results of operation of each Cable System and/or subsidiary; and

(x) advice and consultation with the Company in connection with any and all aspects of the Cable Systems and the day to day operation thereof and consultation with the Company with respect to the selection of attorneys, consultants and accountants.

10. Management Expenses.

(a) All expenses, costs, losses, liabilities or damages incurred with respect to the ownership or operation of the Cable Systems, including, without limitation, wages, salaries and other labor costs incurred in the construction, maintenance, expansion or operation of the Cable Systems, or personnel working on special projects or services for the Company, will be paid by the Company and, to the extent that the Manager pays or incurs any obligation for any such expenses, costs, losses, liabilities or damages, the Company, subject to the limitations set forth in Section 5, will pay or reimburse the Manager therefor, as well as for any reasonable out-of-pocket expenses incurred by the Manager in the performance of its obligations under this Agreement. Subject to the payment priority provisions of this Section 3, the Company agrees to pay the Manager such costs and expenses, which shall include all the costs, expenses, liabilities and damages incurred by the Manager in performing its obligations hereunder and any payments that the Manager may become obligated to pay pursuant to the Mutual Services Agreement (the "Management Expenses") set forth above monthly in arrears. Accrual of such Management Expenses shall commence upon the Effective Date (as defined below) of this Agreement. The Management Expenses payable pursuant to this paragraph for any month shall be reduced by the amount of any management fees and expenses of a subsidiary of the Company and separately paid to the Manager for such month pursuant to a separate management agreement between the Manager and a subsidiary of the Company.

Notwithstanding the foregoing, the Management Expenses due and payable as provided in this Section 3 shall be subordinated and junior in right of payment to the prior payment in full in cash of all of the Senior Debt (as defined below) and shall not be paid except to the extent allowed under the Credit Agreement (as defined below). In the event of any bankruptcy or similar proceeding relative to the Company (a "Reorganization"), then all of the Senior Debt shall first be paid in full in cash before any payment of the Management Expenses is made, and in any Reorganization any amount payable in respect of the Management Expenses shall be paid directly to the Funding Agent referred to below, unless all the Senior Debt has been paid in full in cash. The Manager hereby irrevocably authorizes the Funding Agent, as attorney-in-fact for the Manager, to vote, file or prove any claim or proof of claim in any Reorganization in respect of the Management Expenses and to demand, sue for, collect and receive any such payment. The Manager shall take any actions requested by the Funding Agent in order to accomplish any of the foregoing. If the Manager receives any payment hereunder in violation of the terms hereof or in connection with any Reorganization (prior to the payment in full in cash of the Senior Debt), the Manager shall hold such payment in trust for the benefit of the holders of the Senior Debt and forthwith pay it over to the Funding Agent. Amounts payable to the Manager in accordance with this Section 3 which remain unpaid by reason of the foregoing shall be accrued as a liability of the Company and shall be payable as soon as the conditions to payment are fulfilled. The deferred portion of the Management Expenses will bear interest at the rate of ten percent (10%) per annum, compounded annually, from the date otherwise due and payable until the payment thereof.

As used herein, (i) "Credit Agreement" means the Credit Agreement, dated as of March 18, 1999, among Charter Communications Operating, LLC ("Charter Operating"), certain of its affiliates, the Lenders parties thereto and the Funding Agent, Documentation Agent, Syndication Agents and Administrative Agents named therein, as amended, restated, supplemented or otherwise modified from time to time, and (ii) "Senior Debt" means the principal amount of all loans and guarantee obligations from time to time outstanding or owing under the Credit Agreement and the other loan documents executed and delivered by Charter Operating pursuant thereto, together with interest thereon (including any interest subsequent to any filing for Reorganization, whether or not such interest would constitute an allowed claim, calculated at the rate set forth for overdue loans in the Credit Agreement) and all other obligations of Charter Operating under the Credit Agreement and such other loan documents.

(b) Notwithstanding any termination of this Agreement pursuant to Section 4, the Manager shall, subject to the limitations set forth above, remain entitled (i) to receive the Management Expenses set forth in Section 3(a) for any costs or expenses incurred prior to the date of termination which have not been paid to the Company; and (ii) to receive payment of the deferred Management Expenses at the time of such termination if, and to the extent that, payment thereof is otherwise permitted under Section 3(a).

4. Effective Date. This Agreement shall become effective only upon the closing (the "Effective Date") of the initial public offering of the Manager as contemplated by its Registration Statement on Form S-1 filed with the Securities and Exchange Commission. If such closing does not occur for any reason, or has not occurred by January 1, 2000, this Agreement shall be of no force or effect and neither the Company nor the Manager shall have any rights, obligations or liabilities under or arising out of this Agreement.

5. Term of Agreement. The term of this Agreement shall be ten years commencing on the Effective Date, unless sooner terminated pursuant to the terms of this Agreement. This Agreement may be terminated as follows: (a) by the Company immediately upon written notice to the manager for Cause (as defined below) or (b) automatically on the consummation of the sale of all or substantially all of the Company's assets. For purposes hereof, "Cause" shall exist if the Manager has engaged in gross negligence or willful misconduct in the performance of its duties hereunder which could have a material adverse effect on the Company.

6. Liability. The Company shall bear any and all expenses, liabilities, losses or damages resulting from the operation of the Cable Systems, and the Manager, its partners, officers, directors and employees shall not, under any circumstances, be held liable therefor,

except that the Manager shall be liable for any loss or damage which results from its own gross negligence or willful misconduct. Neither the Manager nor any of its partners, members, officers, directors and employees shall be held to have incurred any liability to the Company, the Cable Systems or any third party by virtue of any action not constituting gross negligence or willful misconduct taken in good faith by it in discharge of its duties hereunder, and the Company agrees to indemnify the manager and its shareholders, partners, directors, officers and employees and hold the Manager and its partners, directors, officers and employees harmless with respect of the foregoing, including, but not limited to, reasonable attorneys' fees.

7. Notices. All notices, demands, requests or other communications which may be or are required to be given, served or sent by a party pursuant to this Agreement shall be in writing and shall be deemed given upon receipt if personally delivered (including by messenger or recognized delivery or courier service) or on the date of receipt on the return receipt if mailed by registered or certified mail, return receipt requested, postage prepaid, delivered or addressed as set forth below. Rejection or other refusal to accept or the inability to deliver because of changed address of which no notice was given shall be deemed receipt of the notice:

(a) If to the Company:

Charter Communications Holding Company, LLC
12444 Powerscourt Drive, Suite 400
St. Louis, Missouri 63131
Attention: Jerald L. Kent

(b) If to the Manager:

Charter Communications, Inc.
12444 Powerscourt Drive, Suite 400
St. Louis, Missouri 63131
Attention: Jerald L. Kent

8. Governing Law. This Agreement and the rights and obligations of the parties hereunder and the persons subject hereto shall be governed by, and construed and interpreted in accordance with, the laws of the State of New York, without giving effect to the choice of law principles thereof.

9. Miscellaneous. This Agreement shall be binding upon and inure to the benefit of and be enforceable by and against the parties hereto and their respective successors and assigns. This Agreement embodies the entire agreement and understanding among the parties hereto with respect to the subject matter hereof and supercedes all prior agreements and understandings relating to the subject matter hereof. The headings in this

Agreement are for purposes of reference only and shall not limit or otherwise affect the meaning hereof. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument. This Agreement is not transferable or assignable by any of the parties hereto except as may be expressly provided herein. This Agreement may not be amended, supplemented or otherwise modified except in accordance with the Credit Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first above written and effective as of the Effective Date.

CHARTER COMMUNICATIONS HOLDING COMPANY, LLC
a Delaware limited liability company

By:____
Name: Curtis S. Shaw
Title: Senior Vice President

CHARTER COMMUNICATIONS, INC.,
a Delaware corporation

By:____
Name: Curtis S. Shaw
Title: Senior Vice President

Exhibit 10.11(b)

CONTRIBUTION AGREEMENT

THIS CONTRIBUTION AGREEMENT (this "Agreement") is made as of the _____ day of _________, 1999 by and among Charter Communications, Inc., a Delaware corporation (the "Member"), and Charter Communications Holding Company, LLC, a Delaware limited liability company (the "Company").

RECITALS

A. Immediately prior to the consummation of the transactions contemplated hereby, the Member will issue and sell through an underwritten public offering of up to 195.5 million shares of the Member's Class A common stock (the "IPO").

B. The Member wishes to contribute to the Company 100% of the net proceeds (in the form of cash or assets acquired utilizing such cash) of the IPO, after deducting underwriting discounts, to the Company, and in consideration of such contribution, the Company wishes to issue and sell to the Member Class B common membership units of the Company ("Common Units").

C. The Member and the Company have entered into that certain Assignment and Contribution Agreement, dated as of October 11, 1999, pursuant to which (i) the Company assigned its rights to purchase certain assets (the "Assets") to the Member and (ii) the Member agreed to (a) retain $365,000,000 of the net proceeds of the IPO to acquire the Assets and (b) to contribute the Assets to the Company along with any remaining portion of such $365,000,000 in IPO proceeds (the "Remaining Proceeds").

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

1. Initial Contribution. Subject to the terms and conditions of this Agreement, the Member hereby contributes to the Company $ and reiterates its prior commitment to contribute to the Company the Assets and the Remaining Proceeds in consideration of the Company's issuance and sale to the Member of 170 million Common Units (the "Initial Contribution").

2. Optional Contribution. Subject to the terms and conditions of this Agreement and only in the event that the underwriters of the IPO exercise, in whole or in part, their option to purchase up to an additional 25.5 million shares (the "Option

Shares") of the Member's Class A common stock, the Member hereby contributes to the Company 100% of the net proceeds (after deducting underwriting discounts and estimated offering expenses) of such purchase (the "Optional Contribution").

3. Issuance of Common Units. Subject to the terms and conditions of this Agreement, (a) the Company hereby issues and sells to the Member 170 million Common Units in consideration of the Member's Initial Contribution and (b) in the event the Member makes the Optional Contribution, the Company hereby issues and sells to the Member the number of Common Units equal to the number of Option Shares issued by the Member.

4. Effective Date. This Agreement shall become effective only upon the closing of the IPO as contemplated by the Member's Registration Statement on Form S-1 filed with the Securities and Exchange Commission. If such event does not occur for any reason, or has not occurred by January 1, 2000, this Agreement shall be of no force or effect and none of the parties hereto shall have any rights, obligations or liabilities under or arising out of this Agreement.

5. Amendments. This Agreement cannot be amended, waived, or terminated except by a writing signed by all parties.

6. Counterparts. This Agreement may be executed in two or more separately executed counterparts, which may include faxed signature pages, each of which counterparts shall be deemed an original, but all of which together shall constitute one and the same instrument.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have caused this Contribution Agreement to be duly executed and delivered as of the date first above written and effective as of the Effective Date.

CHARTER COMMUNICATIONS, INC.,
a Delaware corporation

By:

Name:
Title:

CHARTER COMMUNICATIONS HOLDING
COMPANY, LLC, a Delaware limited liability
company

By:

Name:
Title:

Exhibit 10.12(b)

AMENDED AND RESTATED

LIMITED LIABILITY COMPANY AGREEMENT

FOR

CHARTER COMMUNICATIONS HOLDING COMPANY, LLC
A DELAWARE LIMITED LIABILITY COMPANY

THE MEMBERSHIP INTERESTS REPRESENTED BY THIS AGREEMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, OR REGISTERED OR QUALIFIED UNDER ANY STATE SECURITIES LAWS. SUCH MEMBERSHIP INTERESTS MAY NOT BE OFFERED FOR SALE, SOLD, DELIVERED AFTER SALE, TRANSFERRED, PLEDGED, OR HYPOTHECATED UNLESS QUALIFIED AND REGISTERED UNDER APPLICABLE STATE AND FEDERAL SECURITIES LAWS OR UNLESS, IN THE OPINION OF COUNSEL SATISFACTORY TO THE COMPANY, SUCH QUALIFICATION AND REGISTRATION IS NOT REQUIRED. ANY TRANSFER OF THE MEMBERSHIP INTERESTS REPRESENTED BY THIS AGREEMENT IS FURTHER SUBJECT TO OTHER RESTRICTIONS, TERMS, AND CONDITIONS WHICH ARE SET FORTH HEREIN.

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AMENDED AND RESTATED
LIMITED LIABILITY COMPANY AGREEMENT
FOR
CHARTER COMMUNICATIONS HOLDING COMPANY, LLC
A DELAWARE LIMITED LIABILITY COMPANY

This Amended and Restated Limited Liability Company Agreement for Charter Communications Holding Company, LLC, a Delaware limited liability company ("COMPANY"), is made and entered into effective as of ______, 1999 ("EFFECTIVE TIME"), by and among the individuals and entities listed on Schedule A attached hereto, with reference to the following facts:

A. A Certificate of Formation of the Company was filed with the Delaware Secretary of State on May 25, 1999. The Company was formed and has been heretofore operated pursuant to the Limited Liability Company Agreement entered into and made effective as of May 25, 1999 by Charter Investment, Inc. (formerly known as Charter Communications, Inc.), a Delaware corporation ("CII"), as amended and restated by (i) that certain Amended and Restated Limited Liability Company Agreement entered into and made effective as of August 10, 1999, by and between CII and Vulcan Cable III Inc., a Delaware corporation ("VULCAN CABLE") and (ii) that certain Amended and Restated Limited Liability Company Agreement entered into and made effective as of September 14, 1999, by and among CII, Vulcan Cable, and certain other investors (the "EXISTING LLC AGREEMENT").

B. CII has previously contributed its entire one hundred percent (100%) limited liability company interest in Charter Communications Holdings, LLC, a Delaware limited liability company, to the Company. Vulcan Cable has contributed cash and assets valued in the aggregate, at the time of the contribution, at One Billion Three Hundred Twenty-Five Million Dollars ($1,325,000,000).

C. Pursuant to (i) that certain Purchase and Sale Agreement dated as of April 26, 1999 by and among the sellers listed on the signature pages thereto, Rifkin Acquisition Partners, L.L.L.P., and CII, (ii) that certain Purchase and Sale Agreement dated as of April 26, 1999 by and among the sellers listed on the signature pages thereto, InterLink Communications Partners, LLLP, and CII (the agreements described in clauses (i) and (ii) are collectively referred to herein as the "RIFKIN PURCHASE Agreement," and all signatories to the Rifkin Purchase Agreement other than CII, Rifkin Acquisition Partners, L.L.L.P., and InterLink Communications Partners, LLLP are collectively referred to herein as the "RIFKIN SELLERS"), and (iii) that certain Contribution Agreement dated as of September 14, 1999, by and among Charter Communications Operating, LLC, the Company, and the persons listed on the signature pages thereto (the "RIFKIN CONTRIBUTION AGREEMENT"), some of the Rifkin Sellers have contributed certain assets to the Company.

D. Charter Communications, Inc., a newly formed Delaware corporation ("PUBLICCO"), is effecting an initial public offering of its stock (the "IPO") and contributing to the Company (i) certain assets acquired utilizing certain proceeds of the IPO and (ii) the remaining net proceeds of the IPO, in order to acquire an interest in the Company and become a Member of the Company. In connection therewith, Vulcan Cable is contributing at the time of the IPO an additional Seven Hundred Fifty Million Dollars ($750,000,000) in cash to the Company.

E. It is contemplated that pursuant to that certain Purchase and Contribution Agreement dated as of May 26, 1999, by and among CII, Falcon Communications, L.P., Falcon Holding Group, L.P. ("FHGLP"), TCI Falcon Holdings, LLC, Falcon Cable Trust, Falcon Holding Group, Inc., and DHN Inc., as amended (the "FALCON PURCHASE AGREEMENT") (all such signatories to the Falcon Purchase Agreement other than CII and Falcon Communications, L.P. are collectively referred to herein as the "FALCON SELLERS"), FHGLP will contribute certain assets to the Company and become a Member of the Company.

F. It is contemplated that pursuant to that certain Purchase and Contribution Agreement dated as of June 29, 1999, by and among BCI (USA), LLC, William J. Bresnan, Blackstone BC Capital Partners, L.P., Blackstone BC Offshore Capital Partners, L.P., Blackstone Family Investment Partnership III L.P., TCI Bresnan LLC, TCID of Michigan, Inc., and the Company (the "BRESNAN PURCHASE AGREEMENT") (all such signatories to the Bresnan Purchase Agreement other than the Company are collectively referred to herein as the "BRESNAN SELLERS"), all or some of the Bresnan Sellers will contribute certain assets to the Company and become Members of the Company.

G. The parties desire to adopt and approve this Agreement, as the limited liability company agreement for the Company, to establish their rights and responsibilities and to govern their relationships.

NOW, THEREFORE, the Members hereby agree to amend and restate the Existing LLC Agreement in its entirety as follows:

ARTICLE I

DEFINITIONS

When used in this Agreement, unless the context otherwise requires, the following terms shall have the meanings set forth below (all terms used in this Agreement that are not defined in this Article I shall have the meanings set forth elsewhere in this Agreement):

1.1 "Act" means the Delaware Limited Liability Company Act, 6 Del. C. Section 18-101 et seq., as the same may be amended from time to time.

1.2 "Adjusted Capital Account Deficit" means, with respect to any Member, the deficit balance, if any, in such Member's Capital Account as of the end of the relevant Allocation Period, after giving effect to the following adjustments:

1.2.1 Credit to such Capital Account any amounts that such Member is obligated to restore pursuant to any provision of this Agreement or is deemed to be obligated to restore pursuant to the penultimate sentences of Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5);

1.2.2 Credit to such Capital Account the amount of the deductions and losses referable to any outstanding recourse liabilities of the Company owed to or guaranteed by such Member (or a related person within the meaning of Regulations Section 1.752-4(b)) to the extent that no other Member bears any economic risk of loss and the amount of the deductions and losses referable to such Member's share (determined in accordance with the Member's Percentage Interest) of outstanding recourse liabilities owed by the Company to non-Members to the extent that no Member bears any economic risk of loss; and

1.2.3 Debit to such Capital Account the items described in Regulations Sections 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5), and 1.704-1(b)(2)(ii)(d)(6).

The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Regulations Section 1.704-1(b)(2)(ii)(d) and shall be interpreted consistently therewith.

1.3 "Affiliate" of any Person shall mean any other Person that, directly or indirectly, controls, is under common control with or is controlled by that Person. For purposes of this definition, "control" (including, with its correlative meanings, the terms "controlled by" and "under common control with"), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities or by contract or otherwise.

1.4 "Agreement" means this Amended and Restated Limited Liability Company Agreement, as originally executed and as amended and/or restated from time to time.

1.5 "Allocated Tax Deductions" has the meaning set forth in Section 6.5.2(c).

1.6 "Allocation Period" means the Company's fiscal year, which shall be the calendar year, or any portion of such period for which the Company is required to allocate Net Profits, Net Losses, or other items of Company income, gain, loss, or deduction pursuant hereto.

1.7 "Approval of the Class A Common Members" means the affirmative vote, approval or consent of Members holding more than fifty percent (50%) of the Class A Common Units.

1.8 "Approval of the Members" means (i) prior to the Effective Time, the affirmative vote, approval or consent of Members holding more than fifty percent (50%) of the Class A Common Units, and (ii) upon and after the Effective Time, the affirmative vote, approval or consent of Members holding more than fifty percent (50%) of the Class B Common Units, provided that if at any time a court of competent jurisdiction shall hold that the Class B Common Stock of PublicCo is not entitled to vote, or shall enjoin the holders of the Class B Common Stock of PublicCo from exercising voting rights, (a) to elect solely all but one of the directors of PublicCo (except for any director(s) elected separately by the holders of one or more series of preferred stock of PublicCo), (b) on any other matter subject to a PublicCo shareholder vote, on the basis of (x) ten (10) votes for each share of Class B Common Stock of PublicCo held by the holders of Class B Common Stock, and for each share of Class B Common Stock for which any Units held directly or indirectly by such Persons are exchangeable, divided by (y) the number of shares of Class B Common Stock owned by such Persons, or (c) as a separate class, as to certain specified matters in the PublicCo's certificate of incorporation, as amended from time to time, that adversely affect the Class B Common Stock relating to issuance of Class B Common Stock and other equity securities other than Class A Common Stock or affecting the voting power of the Class B Common Stock, "Approval of the Members" means the affirmative vote, approval or consent of Members holding more than fifty percent (50%) of the Common Units.

1.9 "Bankruptcy" means, with respect to any Person: (a) the filing of an application by such Person for, or such Person's consent to, the appointment of a trustee, receiver, or custodian of its assets; (b) the entry of an order for relief with respect to such Person in proceedings under the United States Bankruptcy Code, as amended or superseded from time to time; (c) the making by such Person of a general assignment for the benefit of creditors; (d) the entry of an order, judgment, or decree by any court of competent jurisdiction appointing a trustee, receiver, or custodian of the assets of such Person unless the proceedings and the trustee, receiver, or custodian appointed are dismissed within one hundred twenty (120) days; or (e) the failure by such Person generally to pay such Person's debts as the debts become due within the meaning of Section 303(h)(1) of the United States Bankruptcy Code, as determined by the Bankruptcy Court, or the admission in writing of such Person's inability to pay its debts as they become due.

1.10 "Baseline Tax Deductions" has the meaning set forth in Section 6.5.2(c).

1.11 "Basis" means the adjusted basis of an asset for federal income tax purposes.

1.12 "Board" has the meaning set forth in Section 5.2.1 of this Agreement.

1.13 "Bresnan Contributed Interest" has the meaning ascribed to the term "Contributed Interest" in Section 2.1(b) of the Bresnan Purchase Agreement.

1.14 "Bresnan Exchange Agreement" means the Exchange Agreement entered into as of the Class C Common Measuring Date by and among PublicCo and Bresnan Holders.

1.15 "Bresnan Holder" means each of the Bresnan Sellers who elects to receive Class C Common Units pursuant to the Bresnan Purchase Agreement.

1.16 "Bresnan Keepwell Agreement" means the letter agreement dated February 2, 1999 addressed to Bresnan Communications Company Limited Partnership and entered into among it and TCI Bresnan LLC, Beatrice Cable TV Company, TCI of Illinois, Inc., Heritage Cablevision of South East Massachusetts, Inc., TCI of Southern Minnesota, Inc., TCI Cablevision of Nebraska, Inc., WestMarc Development, Inc. and TCID of Michigan, Inc.

1.17 "Bresnan Permitted Transferee" means (i) with respect to TCI Bresnan LLC and TCID of Michigan, Inc., any entity controlled by AT&T Corp., and (ii) with respect to BCI (USA), LLC and William J. Bresnan, (x) any affiliate of William J. Bresnan that is, directly or indirectly, at least eighty percent (80%) owned or controlled by William J. Bresnan, (y) William J. Bresnan's spouse and descendants (including spouses of his descendants), any trust established solely for the benefit of any of the foregoing individuals, or any partnership or other entity at least eighty percent (80%) owned or controlled directly or indirectly by any of the foregoing persons, or (z) William J. Bresnan.

1.18 "Bresnan Purchase Agreement" has the meaning set forth in the recitals to this Agreement.

1.19 "Bresnan Put Agreement" means the Put Agreement entered into as of the Class C Common Measuring Date by and among Bresnan Holders and Paul G. Allen.

1.20 "Bresnan Sellers" has the meaning set forth in the recitals to this Agreement.

1.21 "Bresnan Tag-Along Agreement" means the Tag-Along Agreement dated as of the Class C Common Measuring Date by and among BCI (USA), LLC, William J. Bresnan, Blackstone BC Capital Partners L.P., Blackstone BC Offshore Capital Partners L.P., Blackstone Family Investment Partnership III L.P., TCID of Michigan, Inc., TCI Bresnan LLC, Paul G. Allen, and CII.

1.22 "Bresnan-TCI Put Agreement" means the TCI Put Agreement entered into as of the Class C Common Measuring Date by and among the Company, TCI Bresnan LLC, and TCID of Michigan, Inc..

1.23 "Cable Transmission Business" has the meaning set forth in Section 2.5 of this Agreement.

1.24 "Capital Account" means with respect to any Member the capital account that the Company establishes and maintains for such Member pursuant to Section 3.3 herein.

1.25 "Capital Contribution" means, with respect to any Member, the amount of money and the initial Gross Asset Value of any property (other than money) contributed to the Company with respect to the interest in the Company held by such Person. The principal amount of a promissory note which is not readily traded on an established securities market and which is contributed to the Company by the maker of the note (or a Person related to the maker of the note within the meaning of Regulations Section 1.704-1(b)(2)(ii)(c)) shall not be included in the Capital Account of any Person until the Company makes a taxable disposition of the note or until (and to the extent) principal payments are made on the note, all in accordance with Regulations Section 1.704-1(b)(2)(iv)(d)(2).

1.26 "Certificate" means the Certificate of Formation of the Company originally filed with the Delaware Secretary of State, as amended and/or restated from time to time.

1.27 "Charter Value" equals the sum of (i) Eleven Billion Two Hundred Seventy-Two Million Seven Hundred Thousand Dollars ($11,272,700,000) less liabilities of the Company and its Subsidiaries (determined on a consolidated basis in accordance with generally accepted accounting principles) on the Class D Common Measuring Date, (ii) with respect to assets that are acquired by the Company or its Subsidiaries on or after May 26, 1999 and on or before the Class D Common Measuring Date (other than assets described in clauses (iii) and (iv)), the product of 17 and the projected operating cash flow of such assets for the calendar year ended December 31, 2000, determined in a manner consistent with information provided to Falcon on May 24, 1999 (the "Cash Flow Projections"), (iii) the purchase price (including liabilities assumed) of assets that are acquired by the Company from parties related to CII (other than assets acquired by CII or any of its Affiliates from unrelated third parties and contributed to the Company on or after May 26, 1999 and on or before the Class D Common Measuring Date) for a purchase price less than Ten Million Dollars ($10,000,000) in the aggregate, (iv) the value of assets that are acquired by the Company from parties related to CII (other than assets acquired by CII or any of its Affiliates from unrelated third parties and contributed to the Company on or before the Class D Common Measuring Date and other than assets described in clause (iii)) which value shall be determined by the Board and Jerald Kent in good faith, and (v) with respect to assets that are subject to definitive agreements prior to the Class D Common Measuring Date, but which have not been acquired by the Company or its Subsidiaries on or before the Class D Common Measuring Date, the product of 17 and the projected operating cash flow of such assets for the calendar year ended December 31, 2000, determined in a manner consistent with the Cash Flow Projections.

1.28 "CII" has the meaning set forth in the recitals to this Agreement.

1.29 "CII Exchange Agreement" means the Exchange Agreement dated as of the Class B Common Measuring Date by and among PublicCo, CII, Vulcan Cable, and Paul G. Allen, including, to the extent provided thereunder, the Tax Agreement attached as Exhibit A thereto.

1.30 "Class A Common Contributed Property" means each property (other than cash) contributed by the Class A Common Members, in exchange for Class A Common Units.

1.31 "Class A Common Member" means any Member holding and to the extent it holds Class A Common Units.

1.32 "Class A Common Stock" means any common stock of PublicCo denominated "Class A Common."

1.33 "Class A Common Units" means any Unit denominated "Class A Common."

1.34 "Class A Preferred Contributed Amount" means, with respect to each Class A Preferred Member, the sum of the net values of all of the Class A Preferred Contributed Properties contributed by such Class A Preferred Member on the Class A Preferred Measuring Date, as set forth on Schedule A.

1.35 "Class A Preferred Contributed Property" means each property (other than cash) contributed to the Company by Class A Preferred Members, in exchange for Class A Preferred Units.

1.36 "Class A Preferred Measuring Date" means September 14, 1999.

1.37 "Class A Preferred Member" means any Member holding and to the extent it holds Class A Preferred Units.

1.38 "Class A Preferred Return Amount" means with respect to any Class A Preferred Unit the amount determined by applying an eight percent (8%) per annum simple rate to the Class A Preferred Contributed Amount represented by such Class A Preferred Unit set forth on Schedule A for the period beginning on the Class A Preferred Measuring Date and ending on the date (i) on which any such Unit is redeemed by the Company, (ii) on which any such Unit is Transferred to PublicCo or another Person pursuant to the Rifkin Contribution Agreement, the Rifkin Put Agreement, or this Agreement, or (iii) on which liquidating distributions are made with respect to such Unit pursuant to Article IX; provided, however, that the Class A Preferred Return Amount shall not accrue for any days for which an interest payment accrues under the Rifkin Put Agreement.

1.39 "Class A Preferred Units" means any Unit denominated "Class A Preferred."

1.40 "Class B Common Change Date" means January 1, 2004.

1.41 "Class B Common Contributed Property" means each property (other than cash) contributed by the Class B Common Members, in exchange for Class B Common Units.

1.42 "Class B Common Measuring Date" means the date on which PublicCo contributes the net proceeds of the IPO (less certain amounts retained to acquire certain assets pursuant to PublicCo's existing obligations as of such date) to the Company and Class B Common Units are issued by the Company to PublicCo.

1.43 "Class B Common Member" means any Member holding and to the extent it holds Class B Common Units.

1.44 "Class B Common Stock" means any common stock of PublicCo denominated "Class B Common."

1.45 "Class B Common Units" means any Unit denominated "Class B Common."

1.46 "Class C Common Change Date" means January 1, 2005.

1.47 "Class C Common Contributed Property" means each property (other than cash) contributed by the Class C Common Members, in exchange for Class C Common Units.

1.48 "Class C Common Measuring Date" means the date on which the Class C Contributed Property and cash, if any, are contributed to the Company and Class C Common Units are issued by the Company to the Bresnan Holders pursuant to the Bresnan Purchase Agreement.

1.49 "Class C Common Member" means any Member holding and to the extent it holds Class C Common Units.

1.50 "Class C Common Units" means any Unit denominated "Class C Common."

1.51 "Class D Common Measuring Date" means the date on which the Falcon Contributed Interest is contributed to the Company and Class D Common Units are issued by the Company to FHGLP pursuant to the Falcon Purchase Agreement.

1.52 "Class D Common Member" means any Member holding and to the extent it holds Class D Common Units.

1.53 "Class D Common Units" means any Unit denominated "Class D Common."

1.54 "Code" means the Internal Revenue Code of 1986, as amended from time to time, the provisions of succeeding law, and to the extent applicable, the Regulations.

1.55 "Combined Book Profits" and "Combined Book Losses" mean, for any Allocation Period, an amount equal to the Company's Net Profits or Net Losses for such Allocation Period, with the following adjustment: all items of Company deduction for Depreciation that are specially allocated pursuant to Section 6.3.7 hereof shall be taken into account in computing Combined Book Profits or Combined Book Losses.

1.56 "Common Members" means Members holding and to the extent they hold Common Units.

1.57 "Common Units" means any Unit denominated "Common," including Class A Common Units, Class B Common Units, Class C Common Units, Class D Common Units, and any Units so designated that may be hereafter issued by the Company.

1.58 "Company" has the meaning set forth in the preamble to this Agreement.

1.59 "Company Minimum Gain" has the meaning ascribed to the term "Partnership Minimum Gain" in Regulations Section 1.704-2(d).

1.60 "Company Notice" has the meaning set forth in Section 7.3.2 of this Agreement.

1.61 "Depreciation" means, for each Allocation Period, an amount equal to the Code Section 704(b) book depreciation, amortization, or other cost recovery deduction with respect to an asset for such Allocation Period, determined under the rules of Regulations Section 1.704-1(b)(2)(iv)(g)(3) or, if applicable, in the manner described in Regulations Section 1.704-3(d)(2).

1.62 "Depreciation Allocations" has the meaning set forth in Section 6.5.1 of this Agreement.

1.63 "Effective Time" has the meaning set forth in the preamble to this Agreement.

1.64 "Election Notice" has the meaning set forth in Section 7.3.3 of this Agreement.

1.65 "Exercising Member" has the meaning set forth in Section 7.3.4 of this Agreement.

1.66 "Existing LLC Agreement" has the meaning set forth in the recitals to this Agreement.

1.67 "Fair Market Value" has the meaning set forth in Section 7.3.1 of this Agreement.

1.68 "Falcon" means Falcon Communications, L.P., a California limited partnership.

1.69 "Falcon Cash Consideration" has the meaning ascribed to the term "Cash Consideration" in Section 2.3 of the Falcon Purchase Agreement.

1.70 "Falcon Companies" has the meaning set forth in Section 1.1 of the Falcon Purchase Agreement.

1.71 "Falcon Contributed Interest" has the meaning ascribed to the term "Contributed Interest" in Section 2.1(b) of the Falcon Purchase Agreement.

1.72 "Falcon Equity Value" has the meaning ascribed to the term "Equity Value" in Section 2.3(b) of the Falcon Purchase Agreement.

1.73 "Falcon Exchange Agreement" means the Exchange Agreement dated as of the Class D Common Measuring Date by and among PublicCo, FHGLP, and certain partners of FHGLP.

1.74 "Falcon Purchase Agreement" has the meaning set forth in the recitals to this Agreement.

1.75 "Falcon Purchased Interests" has the meaning ascribed to the term "Purchased Interests" in Section 2.1 of the Falcon Purchase Agreement.

1.76 "Falcon Put Agreement" means the Put Agreement dated as of the Class D Common Measuring Date by and between Paul G. Allen and FHGLP.

1.77 "Falcon Registration Rights Agreement" means the Registration Rights Agreement dated as of the Class D Common Measuring Date by and among PublicCo, FHGLP, and certain partners of FHGLP.

1.78 "Falcon Sellers" has the meaning set forth in the recitals to this Agreement.

1.79 "Falcon Tag-Along Agreement" means the Tag-Along Agreement dated as of the Class D Common Measuring Date by and among Paul G. Allen, CII, FHGLP, and certain partners of FHGLP.

1.80 "FHGLP" means Falcon Holding Group, L.P., a Delaware limited partnership.

1.81 "Gross Asset Value" means, with respect to any asset, the asset's Basis, except as follows:

1.81.1 Except as otherwise provided in the Rifkin Contribution Agreement, the Falcon Purchase Agreement, and the Bresnan Purchase Agreement or as otherwise provided on Schedule 6.7.1, the initial Gross Asset Value of any asset contributed by a Member to the Company shall be the gross fair market value of such asset, as determined by the contributing Member and the Manager;

1.81.2 The Gross Asset Values of all Company assets shall be adjusted to equal their respective gross fair market values, as determined by the Manager, as of the following times: (a) the acquisition of an additional interest in the Company by any new or existing Member in exchange for more than a de minimis Capital Contribution; (b) the distribution by the Company to a Member of more than a de minimis amount of Property as consideration for an interest in the Company; and (c) the liquidation of the Company within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g); provided, however, that adjustments pursuant to clauses (a) and (b) above shall be made only if the Manager reasonably determines that such adjustments are necessary or appropriate to reflect the relative economic interests of the Members in the Company;

1.81.3 The Gross Asset Value of any Company asset distributed to any Member shall be adjusted to equal the gross fair market value of such asset on the date of distribution as determined by the distributee and the Manager; and

1.81.4 The Gross Asset Values of Company assets shall be increased (or decreased) to reflect any adjustments to the Basis of such assets pursuant to Code Section 734(b) or Code Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Regulation Section 1.704-1(b)(2)(iv)(m) and Section 1.95.6 hereof; provided, however, that Gross Asset Values shall not be adjusted pursuant to this Section 1.81.4 to the extent the Manager determines that an adjustment pursuant to Section 1.81.2 hereof is necessary or appropriate in connection with a transaction that would otherwise result in an adjustment pursuant to this Section 1.81.4.

If the Gross Asset Value of an asset has been determined or adjusted pursuant to Section 1.81.1, Section 1.81.2, or Section 1.81.4 hereof, such Gross Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such asset for purposes of computing Net Profits and Net Losses.

1.82 "Higher Initial Appraisal" has the meaning set forth in Section 7.3.1(b) of this Agreement.

1.83 "Incidental Business" has the meaning set forth in Section 2.5 of this Agreement.

1.84 "IPO" has the meaning set forth in the recitals to this Agreement.

1.85 "Lower Initial Appraisal" has the meaning set forth in Section 7.3.1(b) of this Agreement.

1.86 "Manager" has the meaning set forth in Section 5.1.1 of this Agreement.

1.87 "Member" means each Person who is listed on Schedule A as a Member and any additional or substitute Member admitted to the Company as a member of the Company in accordance with the terms of this Agreement (so long as such Person holds a Membership Interest in the Company).

1.88 "Member Nonrecourse Debt" has the meaning ascribed to the term "Partner Nonrecourse Debt" in Regulations Section 1.704-2(b)(4).

1.89 "Member Nonrecourse Debt Minimum Gain" means an amount, with respect to each Member Nonrecourse Debt, equal to the Company Minimum Gain that would result if such Member Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with Regulations Section 1.704-2(i)(3).

1.90 "Member Nonrecourse Deductions" means items of Company loss, deduction, or Code Section 705(a)(2)(B) expenditures that are attributable to Member Nonrecourse Debt or to other liabilities of the Company owed to or guaranteed by a Member (or a related person within the meaning of Regulations Section 1.752-4(b)) to the extent that no other Member bears the economic risk of loss.

1.91 "Membership Interest" means a Member's entire limited liability company interest in the Company including the Member's right to share in income, gains, losses, deductions, credits, or similar items of, and to receive distributions from, the Company pursuant to this Agreement and the Act.

1.92 "Minimum Falcon Contributed Interest" has the meaning set forth in Section 2.1(b) of the Falcon Purchase Agreement.

1.93 "Net Cash From Operations" means the gross cash proceeds from Company operations (including sales and dispositions of Property in the ordinary course of business) less the portion thereof used to pay or establish reasonable reserves for all Company expenses, debt payments, capital improvements, replacements, and contingencies, all as determined by the Manager. "Net Cash From Operations" shall not be reduced by depreciation, amortization, cost recovery deductions, or similar allowances, but shall be increased by any reductions of reserves previously established pursuant to the first sentence of this Section 1.93 and Section 1.94 hereof.

1.94 "Net Cash From Sales or Refinancings" means the net cash proceeds from all sales and other dispositions (other than in the ordinary course of business) and all refinancings of Property, less any portion thereof used to establish reasonable reserves, all as determined by the Manager. "Net Cash From Sales or Refinancings" shall include all principal and interest payments with respect to any note or other obligation received by the Company in connection with sales and other dispositions (other than in the ordinary course of business) of Property.

1.95 "Net Profits" and "Net Losses" mean, for each Allocation Period, an amount equal to the Company's taxable income or loss for such Allocation Period, determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss, or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments:

1.95.1 Any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Net Profits or Net Losses pursuant to this definition shall be added to such taxable income or loss;

1.95.2 Any expenditures of the Company described in Code Section 705(a)(2)(B) or treated as Code Section 705(a)(2)(B) expenditures pursuant to Regulations Section 1.704-1(b)(2)(iv)(i), and not otherwise taken into account in computing Net Profits or Net Losses pursuant to this definition shall be subtracted from such taxable income or loss;

1.95.3 In the event the Gross Asset Value of any Company asset is adjusted as a result of the application of Regulations Section 1.704-1(b)(2)(iv)(e) or Regulations Section 1.704-1(b)(2)(iv)(f), the amount of such adjustment shall be taken into account as gain or loss from the disposition of such asset for purposes of computing Net Profits or Net Losses;

1.95.4 Gain or loss resulting from any disposition of Property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Gross Asset Value of the property disposed of, notwithstanding that the Basis of such Property differs from its Gross Asset Value;

1.95.5 In lieu of the depreciation, amortization, and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation in accordance with Section 1.61 hereof;

1.95.6 To the extent an adjustment to the Basis of any Company asset pursuant to Code Section 734(b) or Code Section 743(b) is required pursuant to Regulations Section 1.704-1(b)(2)(iv)(m)(4) to be taken into account in determining Capital Accounts, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the Basis of the asset) or loss (if the adjustment decreases the Basis of the asset) from the disposition of the asset and shall be taken into account for purposes of computing Net Profits or Net Losses; and

1.95.7 Notwithstanding any other provision of this definition, any items that are specially allocated pursuant to Section 6.3 or 6.5 hereof shall not be taken into account in computing Net Profits or Net Losses (the amounts of the items of Company income, gain, loss, or deduction available to be specially allocated pursuant to any provision of this Agreement shall be determined by applying rules analogous to those set forth in Sections 1.95.1 through 1.95.6 above).

The foregoing definition of Net Profits and Net Losses is intended to comply with the provisions of Regulations Section 1.704-1(b) and shall be interpreted consistently therewith. In the event the Manager determines that it is prudent to modify the manner in which Net Profits and Net Losses are computed in order to comply with such Regulations, the Manager may make such modification.

1.96 "Nonrecourse Deductions" has the meaning set forth in Regulations Section 1.704-2(b)(1).

1.97 "Nonrecourse Liability" has the meaning set forth in Regulations Section 1.704-2(b)(3).

1.98 "Non-Recognition Transaction" means an exchange to which Code Section 351 applies or a transaction which qualifies as a "reorganization" under Code Section 368(a), as described in Sections 2.1(a) and 2.1(b) of the CII Exchange Agreement.

1.99 "Notice" has the meaning set forth in Section 7.3.1 of this Agreement.

1.100 "Offered Interest" has the meaning set forth in Section 7.3.1 of this Agreement.

1.101 "Percentage Interest" means, with respect to each Common Member as of any date, the percentage equal to the number of Common Units then held by such Common Member divided by the total number of Common Units then held by all Common Members.

1.102 "Person" means any individual, general partnership, limited partnership, limited liability company, limited liability partnership, corporation, trust, estate, real estate investment trust, association, or other entity.

1.103 "Properly Allocated" has the meaning set forth in Section 7.3.4 of this Agreement.

1.104 "Property" means all real and personal property acquired by the Company and any improvements thereto, and shall include both tangible and intangible property.

1.105 "Proposed Transferee" has the meaning set forth in Section 7.3.1 of this Agreement.

1.106 "PublicCo" has the meaning set forth in the recitals to this Agreement.

1.107 "Regulations" means the regulations currently in force from time to time as final or temporary that have been issued by the U.S. Department of the Treasury pursuant to its authority under the Code. If a word or phrase is defined in this Agreement by cross-referencing the Regulations, then to the extent the context of this Agreement and the Regulations require, the term "Member" shall be substituted in the Regulations for the term "partner", the term "Company" shall be substituted in the Regulations for the term "partnership", and other similar conforming changes shall be deemed to have been made for purposes of applying the Regulations.

1.108 "Regulatory Allocations" has the meaning set forth in Section 6.5.1.

1.109 "Remedial Method" means the "remedial allocation method" described in Regulations Section 1.704-3(d).

1.110 "Rifkin Contributed Interest" has the meaning ascribed to the term "Contributed Interest" in the recitals to the Rifkin Contribution Agreement.

1.111 "Rifkin Contribution Agreement" has the meaning set forth in the recitals to this Agreement.

1.112 "Rifkin Holder" means each Rifkin Seller who elected to receive Class A Preferred Units pursuant to the Rifkin Contribution Agreement.

1.113 "Rifkin Purchase Agreement" has the meaning set forth in the recitals to this Agreement.

1.114 "Rifkin Put Agreement" means the Redemption and Put Agreement dated as of September 14, 1999 by and among the Company, Paul G. Allen, and each Rifkin Holder.

1.115 "Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations of the U.S. Securities and Exchange Commission or any successor agency thereto promulgated thereunder, as in effect from time to time.

1.116 "Special Allocation Amount" means an amount equal to (i) the aggregate amount of the items previously allocated to the Class A Common Members pursuant to Sections 6.3.7(a)(y) and 6.3.7(c)(y), plus (ii) the aggregate amount of Net Losses previously allocated to the Class A Common Members pursuant to Section 6.2.1(b), minus (iii) the aggregate amount of Net Profits previously allocated to the Class A Common Members pursuant to Sections 6.1.1(b) and 6.1.3(b).

1.117 "Special Allocation Amount Ratio" means, for any Allocation Period, an amount equal to (i) the Special Allocation Amount as of the beginning of such Allocation Period, divided by (ii) Combined Book Profits for such Allocation Period times the Class B Common Members' aggregate Percentage Interests; provided, however, that if the Special Allocation Amount Ratio is greater than one (1), then it shall be deemed to be one (1) for purposes of this Agreement.

1.118 "Special Loss Allocations" has the meaning set forth in Section 6.4.1.

1.119 "Special Profit Allocations" has the meaning set forth in Section 6.4.1.

1.120 "Subsidiary" means, with respect to any Person, any corporation, limited liability company, partnership, association, joint venture or other business entity of which (i) if a corporation, (x) ten percent (10%) or more of the total voting power of shares of stock entitled to vote in the election of directors thereof or (y) ten percent (10%) or more of the value of the equity interests is at the time owned or controlled, directly or indirectly, by the Person or one or more of its Subsidiaries, or (ii) if a limited liability company, partnership, association or other business entity, ten percent (10%) or more of the partnership or other similar ownership interests thereof is at the time owned or controlled, directly or indirectly, by the Person or one or more of its subsidiaries. The Person shall be deemed to have a ten percent (10%) or greater ownership interest in a limited liability company, partnership, association or other business entity if the Person is allocated ten percent (10%) or more of the limited liability company, partnership, association or other business entity gains or losses or shall be or control the Person managing such limited liability company, partnership, association or other business entity.

1.121 "Target Capital Account" has the meaning set forth in Section 6.5.1.

1.122 "Tentative Taxable Income" and "Tentative Tax Loss" have the meanings set forth in Section 6.3.7(e) of this Agreement.

1.123 "Traditional Method" means the "traditional method" of making Code Section 704(c) allocations described in Regulations Section 1.704-3(b).

1.124 "Transaction Documents" has the meaning set forth in Section 10.1 of this Agreement.

1.125 "Transfer" means any direct or indirect sale, transfer, assignment, hypothecation, encumbrance or other disposition, whether voluntary or involuntary, whether by gift, bequest or otherwise. In the case of a hypothecation, the Transfer shall be deemed to occur both at the time of the initial pledge and at any pledgee's sale or a sale by any secured creditor.

1.126 "Transferring Member" means, with regard to any transaction, any Member who attempts to Transfer any of its Membership Interest or with regard to whose Membership Interest an option is exercised pursuant to this Agreement.

1.127 "Units" means the units of Membership Interest issued by the Company to its Members, which entitle the Members to certain rights as set forth in this Agreement.

1.128 "VCOC" means "Venture Capital Operating Company" as defined in Section 2501.3-101(d) of the regulations promulgated by the United States Department of Labor under the Employee Retirement Income Security Act of 1974, as amended.

1.129 "VCOC Exception" means the exception for which an entity qualifies under Section 2510.3-101(a)(2)(i) of the regulations promulgated by the United States Department of Labor under the Employee Retirement Income Security Act of 1974, as amended, by reason of being a VCOC so that the underlying assets of that entity do not constitute "plan assets" within the meaning of Section 2510.3-101(a) of such regulations.

1.130 "Vulcan Cable" has the meaning set forth in the recitals to this Agreement.

ARTICLE II

ORGANIZATIONAL MATTERS

2.1 Formation. Pursuant to the Act, the Company has been formed as a Delaware limited liability company under the laws of the State of Delaware. The rights and liabilities of the Members shall be determined pursuant to the Act and this Agreement. To the extent that the rights or obligations of any Member are different by reason of any provision of this Agreement than they would be in the absence of such provision, this Agreement shall, to the extent permitted by the Act, control.

2.2 Name. The name of the Company shall be "Charter Communications Holding Company, LLC." The business and affairs of the Company may be conducted under that name or, upon compliance with applicable laws, any other name that the Manager may deem appropriate or advisable. The Manager shall file any fictitious name certificates and similar filings, and any amendments thereto, that may be appropriate or advisable.

2.3 Term. The term of the Company shall commence on the date of the filing of the Certificate with the Delaware Secretary of State and shall continue until the Company is dissolved in accordance with the provisions of this Agreement.

2.4 Principal Office; Registered Agent. The principal office of the Company shall be as determined by the Manager. The Company shall continuously maintain a registered agent and office in the State of Delaware as required by the Act. The registered agent and office shall be as stated in the Certificate or as otherwise determined by the Manager.

2.5 Purpose of Company. The Company may carry on any lawful business, purpose, or activity that may be carried on by a limited liability company under applicable law; (i) provided, however, that without the Approval of the Class A Common Members, the Company shall not engage directly or indirectly, including without limitation through any Subsidiary, in any business other than the Cable Transmission Business (as defined below) and as a member of, and subscriber to, the portal joint venture with Broadband Partners; (ii) provided further, that to the extent that, as of the Class B Common Measuring Date, the Company was directly or indirectly engaged in, or had agreed to acquire directly or indirectly, any business other than the Cable Transmission Business or as a member of, and subscriber to, the portal joint venture with Broadband Partners (any such other business, an "INCIDENTAL BUSINESS," and collectively, "INCIDENTAL BUSINESSES"), so long as (a) such Incidental Businesses so engaged in by the Company on the Class B Common Measuring Date in the aggregate on such date accounted for less than ten percent (10%) of the consolidated revenues of the total business engaged in by the Company or (b) such Incidental Businesses which on the Class B Common Measuring Date the Company had agreed to acquire in the aggregate on such date accounted for less than ten percent (10%) of the consolidated revenues of the total businesses to be acquired, as applicable, the Company may, directly or indirectly, including through any Subsidiary, continue to conduct any such Incidental Business and the foregoing limitation on the business and purpose of the Company shall not require that any such Incidental Business be divested by the Company, but the Company shall not, directly or indirectly, expand any such Incidental Business by means of any acquisition or any commitment of the Company or its Subsidiary's resources or financial support. "CABLE TRANSMISSION BUSINESS" means the transmission of video, audio (including telephony) and data over cable television systems owned, operated or managed by the Company or its Subsidiary; provided, that the businesses of RCN Corporation and its subsidiaries shall not be deemed to be a cable transmission business.

2.6 Future Transactions. It is contemplated that the Bresnan Holders, FHGLP, and certain partners in FHGLP, if applicable, will be admitted as Members, and the Agreement contemplates certain rights and obligations of such Persons upon their admission as Members. Notwithstanding the foregoing, nothing in this Agreement confers any rights or imposes any obligations on such Persons prior to the adoption of the amendment to this

Agreement admitting such Persons as Members and agreeing to the rights and obligations that shall apply with respect thereto.

ARTICLE III

CAPITAL CONTRIBUTIONS AND UNITS

3.1 Capital Contributions

3.1.1 CII or an Affiliate of CII.

(a) CII has previously contributed its entire one hundred percent (100%) limited liability company interest in Charter Communications Holdings, LLC, a Delaware limited liability company, to the Company.

(b) Vulcan Cable has previously contributed cash and assets valued in the aggregate (net of liabilities), at the time of the contribution, at One Billion Three Hundred Twenty-Five Million Dollars ($1,325,000,000).

(c) Vulcan Cable is contributing an additional Seven Hundred Fifty Million Dollars ($750,000,000) in cash to the Company in exchange for additional Class A Common Units.

(d) Upon a Rifkin Holder's exercise of its put right under the Rifkin Put Agreement pursuant to which the Company is required to redeem Class A Preferred Units from such Rifkin Holder, if requested by the Manager in a prompt written notice to CII, CII or, at CII's discretion, its Affiliate shall contribute to the Company, in exchange for additional Class A Common Units, an amount of cash equal to the amount that the Company is required to pay such Rifkin Holder for its Class A Preferred Units being redeemed and all Common Units will be diluted on a proportional basis. In return for CII or its Affiliate's Capital Contribution under this Section 3.1.1(d), the Company is authorized, without the need for additional act or consent of any Person, to issue additional Class A Common Units to CII or its Affiliate pursuant to Section 3.6.2(c).

3.1.2 Rifkin Holders. Pursuant to the Rifkin Contribution Agreement, Rifkin Holders have previously contributed the Rifkin Contributed Interest to the capital of the Company.

3.1.3 PublicCo.

(a) PublicCo is contributing the net proceeds of the IPO (less certain proceeds retained to acquire certain assets) and shall contribute the assets acquired with the retained proceeds to the Company in exchange for Class B Common Units. For purposes of this Section 3.1.3(a), "net proceeds of the IPO" does not include the proceeds from the underwriters' exercise of their over-allotment option in connection with the IPO to issue up to twenty-five million five hundred thousand (25,500,000) additional shares of PublicCo common stock after the Class B Common Measuring Date.

(b) Upon PublicCo's issuance of common stock other than in exchange for Units, PublicCo shall contribute the net cash proceeds and assets received in respect of such issuance to the Company in exchange for a number of Class B Common Units equal to the number of shares of common stock so issued by PublicCo.

(c) Upon PublicCo's issuance of capital stock, other than common stock, PublicCo shall contribute the net cash proceeds and assets received in respect of any such issuance in exchange for Units that mirror to the extent practicable the terms and conditions of such capital stock of PublicCo, as reasonably determined by the Manager.

3.1.4 Bresnan Holders. It is contemplated that pursuant to the Bresnan Purchase Agreement, Bresnan Holders will contribute the Bresnan Contributed Interest to the capital of the Company.

3.1.5 FHGLP. It is contemplated that pursuant to the Falcon Purchase Agreement, FHGLP will contribute the Falcon Contributed Interest to the capital of the Company.

3.2 Additional Capital Contributions. No Member shall be required to make any Capital Contributions other than the Capital Contributions required by Section 3.1. Subject to the approval of the Manager, the Members may be permitted from time to time to make additional Capital Contributions if it is determined that such additional Capital Contributions are necessary or appropriate for the conduct of the Company's business and affairs, including without limitation expansion or diversification. The Manager shall approve all aspects of any such additional Capital Contribution, such as the amount and nature of the consideration to be contributed to the Company, the resulting increase in interest to be received by the contributing Member, the resulting dilution of interest to be incurred by the other Members, and the extent to which Members will participate in the allocations and distributions of the Company as a result thereof.

3.3 Capital Accounts. The Company shall establish an individual Capital Account for each Member. The Company shall determine and maintain each Capital Account in accordance with Regulations Section 1.704-1(b)(2)(iv) and, in pursuance thereof, the following provisions shall apply:

3.3.1 To each Member's Capital Account there shall be credited such Member's Capital Contributions, such Member's allocated share of Net Profits and any items in the nature of income or gain that are specially allocated pursuant to Section 6.3, 6.4, or 6.5 hereof, and the amount of any Company liabilities assumed by such Member or which are secured by any property distributed to such Member;

3.3.2 To each Member's Capital Account there shall be debited the amount of cash and the Gross Asset Value of any property distributed to such Member pursuant to any provision of this Agreement, such Member's allocated share of Net Losses and any items in the nature of expenses or losses that are specially allocated pursuant to Section 6.3, 6.4, or 6.5 hereof, and the amount of any liabilities of such Member assumed by the Company or which are secured by any property contributed by such Member to the Company;

3.3.3 In the event all or a portion of a Membership Interest in the Company is transferred in accordance with the terms of this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the transferred Membership Interest; and

3.3.4 In determining the amount of any liability for purposes of Sections 3.3.1 and 3.3.2 hereof, there shall be taken into account Code Section 752(c) and any other applicable provisions of the Code and Regulations.

The foregoing provisions and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Regulations Section 1.704-1(b), and shall be interpreted and applied in a manner consistent with such Regulations. In the event the Manager determines that it is prudent to modify the manner in which the Capital Accounts, or any debits or credits thereto, are computed in order to comply with such Regulations, the Manager may make such modification.

As of the Class B Common Measuring Date, the initial Capital Account balance of each Class A Common Member and each Class B Common Member shall be equal to the amount set forth for such Member on Schedule 3.3.

3.4 No Interest. No Member shall be entitled to receive any interest on such Member's Capital Contributions.

3.5 Limited Withdrawal Rights of Members; Redemption Rights of the Company.

3.5.1 No Withdrawal in General. No Member shall have the right to withdraw such Member's Capital Contributions or to demand and receive property of the Company or any distribution in return for such Member's Capital Contributions, except as may be specifically provided in this Agreement or required by law.

3.5.2 Redemption of Class A Preferred Units.

(a) Upon a Rifkin Holder's exercise of its put right under the Rifkin Put Agreement pursuant to which the Company is required to redeem Class A Preferred Units, the Company shall redeem in cash from such Rifkin Holder the number of Class A Preferred Units specified in the notice of exercise. The redemption price for such Class A Preferred Units shall be the sum of (i) the Class A Preferred Contributed Amount in respect of such Class A Preferred Units and (ii) the Class A Preferred Return Amount in respect of such redeemed Class A Preferred Units. The redemption of Class A Preferred Units shall be effectuated as of the last day of the calendar quarter following the date of a Rifkin Holder's exercise of its put right. The Class A Preferred Units redeemed pursuant to this Section 3.5.2(a) shall be deemed cancelled.

(b) All Class A Preferred Units outstanding on the fifteenth (15th) anniversary of the Class A Preferred Measuring Date shall be redeemed by the Company on such date at a redemption price equal to the sum of (i) the Class A Preferred Contributed Amount in respect of such Class A Preferred Units and (ii) the Class A Preferred Return

Amount in respect of such redeemed Class A Preferred Units. The Class A Preferred Units redeemed pursuant to this Section 3.5.2(b) shall be deemed cancelled.

3.5.3 Right to Redeem Class A Preferred Units. At any time after the earlier to occur of (i) the third anniversary of the Class A Preferred Measuring Date or (ii) thirty (30) days after the Class B Common Measuring Date, the Company shall have the right to redeem the Class A Preferred Units at a redemption price equal to the sum of (i) the Class A Preferred Contributed Amount in respect of such redeemed Class A Preferred Units and (ii) the Class A Preferred Return Amount in respect of such redeemed Class A Preferred Units. The Class A Preferred Units redeemed pursuant to this Section 3.5.3 shall be deemed cancelled.

3.5.4 Redemption of Class B Common Units. Upon PublicCo's request, the Company is required and is hereby authorized to redeem Class B Common Units held by PublicCo to the extent reasonably practicable as determined by the Manager. The redemption price for such Class B Common Units shall be determined in good faith by the Manager and PublicCo. The Class B Common Units redeemed pursuant to this Section 3.5.4 shall be deemed cancelled.

3.5.5 Redemption of Certain Class D Common Units. Under certain circumstances described in Section 7.2.4(a), the Company is required and is hereby authorized to redeem certain Class D Common Units. The Class D Common Units redeemed pursuant to this Section 3.5.5 shall be deemed cancelled.

3.6 Units.

3.6.1 Classes and Number of Units. Units shall consist of the following: (i) Class A Preferred Units, (ii) Class A Common Units, (iii) Class B Common Units, (iv) Class C Common Units, (v) Class D Common Units, and (v) any other classes of common or preferred Units upon the Approval of the Members. Subject to the terms of this Agreement, the Company may issue as many as one hundred billion (100,000,000,000) units of each class of Units. Notwithstanding any provision of this Agreement to the contrary, upon PublicCo's request, the Company is required and is hereby authorized to subdivide (by any split, distribution, reclassification, recapitalization or otherwise) or combine (by reverse split, reclassification, recapitalization or otherwise) the outstanding Units so that the number of outstanding shares of PublicCo's common stock will equal on a one-for-one basis the number of Common Units owned by PublicCo. The Manager is authorized to take any action necessary, desirable, or convenient to effectuate the foregoing.

3.6.2 Class A Common Units.

(a) As of the Effective Time, the number of Class A Common Units issued to CII is 217,585,243, and the number of Class A Common Units issued to Vulcan Cable is 63,917,028. In connection with Vulcan Cable's Capital Contributions pursuant to Section 3.1.1(c), the Company will issue to Vulcan Cable a number of additional Class A Common Units equal to Seven Hundred Fifty Million Dollars ($750,000,000), divided by the net IPO price per share of Class A Common Stock.

(b) After the Effective Time, if CII or any Affiliate of CII (other than PublicCo) contributes any assets to the Company, the Members' Membership Interests will be adjusted, and additional Class A Common Units will be issued to CII or such Affiliate and Common Units will be diluted on a proportional basis with Class B Common Units.

(c) Notwithstanding any other provision of this Section 3.6, upon contribution of cash by CII or its Affiliate (other than PublicCo) to the Company pursuant to Section 3.1.1(d), the number of Class A Common Units to be issued to CII or such Affiliate will be (i) the amount of cash contributed by CII or such Affiliate, divided by (ii) the IPO price per share of Class A Common Stock.

(d) Upon the acquisition of Class A Preferred Units pursuant to the Rifkin Put Agreement by CII or its Affiliate (other than PublicCo), such Class A Preferred Units will be converted into Class A Common Units. CII or such Affiliate will be deemed to have made a Capital Contribution of cash to the Company in the amount paid to a Class A Preferred Member pursuant to the Rifkin Put Agreement, and the Company will be deemed to have issued Class A Common Units to CII or its Affiliate. The number of Class A Common Units acquired by CII or such Affiliate pursuant to this Section 3.6.2(d) will be (i) the net purchase price paid by CII or such Affiliate for the Class A Preferred Units, divided by (ii) the IPO price per share of Class A Common Stock.

(e) The Company may and is authorized to issue Class A Common Units to certain Persons pursuant to the terms of the Company's employee option/compensatory plans and agreements.

3.6.3 Class A Preferred Units. As of the Effective Time, the aggregate number of Class A Preferred Units issued to Rifkin Holders is 133,312,118.

3.6.4 Class B Common Units.

(a) On the Class B Common Measuring Date, in connection with PublicCo's Capital Contributions pursuant to Section 3.1.3(a), the Company will issue to PublicCo a number of Class B Common Units equal to the number of shares of common stock issued by PublicCo on such date in connection with the IPO.

(b) Upon PublicCo's acquisition of the Class A Preferred Units pursuant to the Rifkin Contribution Agreement at the time of the IPO, such Class A Preferred Units will be converted into Class B Common Units. PublicCo will be deemed to have made a Capital Contribution of cash to the Company in the amount equal to the redemption price of such Class A Preferred Units as determined under Section 3.5.2(a), and the Company will be deemed to have issued Class B Common Units to PublicCo. The number of Class B Common Units acquired by PublicCo pursuant to this Section 3.6.4(b) will be equal to the number of shares of Class A Common Stock issued by PublicCo to the Rifkin Holders pursuant to the Rifkin Contribution Agreement.

(c) Upon PublicCo's issuance of common stock in exchange for Class D Common Units, such Class D Common Units shall be deemed to have converted automatically into a like number of Class B Common Units.

(d) Upon PublicCo's contribution of cash and/or assets to the Company pursuant to Section 3.1.3(b), the Company will issue to PublicCo that number of additional Class B Common Units equal to the number of shares of common stock issued by PublicCo.

(e) Upon PublicCo's contribution of cash and/or assets to the Company pursuant to Sections 3.1.3(c), the Company will issue to PublicCo Units that mirror to the extent practicable the terms and conditions of the capital stock issued by PublicCo, as reasonably determined by the Manager.

3.6.5 Class C Common Units. On the Class C Common Measuring Date, the number of Class C Common Units issued to Bresnan Holders will be the number of Class C Common Units determined in accordance with the formula contained in Exhibit I of the Bresnan Purchase Agreement. In accordance with such formula, after the Class C Common Measuring Date, the Company may issue additional Class C Common Units to Bresnan Holders and their transferees, or Bresnan Holders and their transferees may surrender to the Company a certain number of Class C Common Units issued on the Class C Common Measuring Date. The Manager shall make such adjustments as it deems necessary or appropriate so that Bresnan Holders and their transferees are treated as having received the appropriate number of Class C Common Units on the Class C Common Measuring Date.

3.6.6 Class D Common Units. On the Class D Common Measuring Date, the number of Class D Common Units issued to FHGLP will be the number of Class D Common Units determined in accordance with the formula contained in Schedule 3.6.6. In accordance with such formula, after the Class D Common Measuring Date, the Company may issue additional Class D Common Units to FHGLP and its transferees, or FHGLP and its transferees may surrender to the Company a certain number of Class D Common Units issued on the Class D Common Measuring Date. The Manager shall make such adjustments as it deems necessary or appropriate so that FHGLP and its transferees are treated as having received the appropriate number of Class D Common Units on the Class D Common Measuring Date.

3.6.7 Dilution of Common Units. Upon the issuance of Common Units to an entity unrelated to CII (or any Affiliate of CII), and upon the issuance of Common Units to employees of the Company in their capacity as employees, all Common Units will be diluted on a proportional basis with the existing Class A Common Units.

3.7 Equal Treatment. In any transaction involving issuance, redemption, or Transfer of Units (except as set forth in Section 3.1.1(c), 3.1.1(d), 3.6.2(c), 3.6.3(d), 7.1, 7.2, or 7.3) between (i) the Company and (ii) the Members with respect to their Common Units, the Class A Common Members and the other Common Members will be treated in a nondiscriminatory manner. For instance, any proposed redemption from the Class A Common Members of Class A Common Units shall be offered to the other Common Members with respect to their Common Units on the same proportionate terms and conditions.

3.8 Limited Liability Company Certificates. The Class D Common Units shall be evidenced by certificates of limited liability company interest executed by the Manager or any officers of the Company in such form as the Manager may approve; provided, however, that any Class D Common Units converted into Class B Common Units at the time of the IPO shall not be evidenced by such certificates. The Manager may, in its sole discretion, provide that other Common Units are to be evidenced by certificates of limited liability company interest executed by the Manager or any officers of the Company in such form as the Manager may approve.

ARTICLE IV

MEMBERS

4.1 Limited Liability. Except as required under the Act or as expressly set forth in this Agreement, no Member shall be personally liable for any debt, obligation, or liability of the Company, whether that debt, obligation, or liability arises in contract, tort or otherwise.

4.2 Admission of Members. Without the need for any additional act or consent of any Person, (i) CII, Vulcan Cable, and the Rifkin Holders will continue to be members of the Company, and (ii) PublicCo will be, and without further action on the part of any Person, shall be deemed admitted as a member of the Company on the Class B Common Measuring Date. As a condition to its admission as a member of the Company, PublicCo agrees that it will enter into the Falcon Exchange Agreement and the Bresnan Exchange Agreement, as contemplated by Section 6.6(f) of the Falcon Purchase Agreement and Section 5.16(a) of the Bresnan Purchase Agreement, respectively. Except as set forth in Article VII, no Person shall be admitted as an additional Member unless approved by the Manager and the Approval of the Members. No Person shall be admitted as an additional Member until such additional Member has made any required Capital Contribution and has become a party to this Agreement. Substitute Members may be admitted only in accordance with Article VII. The Members acknowledge that the admission of such new Members or the issuance of additional Membership Interests to pre-existing Members may dilute the Percentage Interests of the Members.

4.3 Meetings of Members.

4.3.1 No annual or regular meetings of the Members as such shall be required; if convened, however, meetings of the Members may be held at such date, time, and place as the Manager or as the Member or Members who properly noticed such meeting, as the case may be, may fix from time to time. At any meeting of the Members, the Chairman of the Board (or, if there is no Chairman or the Chairman so elects, a person appointed by the Manager) shall preside at the meeting and shall appoint another person to act as secretary of the meeting. The secretary of the meeting shall prepare written minutes of the meeting, which shall be maintained in the books and records of the Company.

4.3.2 A meeting of the Members for the purpose of addressing any matter on which the vote, consent, or approval of the Members is required or permitted under this Agreement may be called at any time by the Manager, or by any Member or Members holding more than twenty percent (20%) of all issued and outstanding Units entitled to vote on, consent to or approve such matter.

4.3.3 Notice of any meeting of the Members shall be sent or otherwise given by the Manager to the Members in accordance with this Agreement not less than ten (10) nor more than sixty (60) days before the date of the meeting. The notice shall specify the place, date, and hour of the meeting and the general nature of the business to be transacted. Except as the Members may otherwise agree, no business other than that described in the notice may be transacted at the meeting.

4.3.4 Attendance in person of a Member at a meeting shall constitute a waiver of notice of that meeting, except when the Member objects, at the beginning of the meeting, to the transaction of any business because the meeting is not duly called or convened, and except that attendance at a meeting is not a waiver of any right to object to the consideration of matters not included in the notice of the meeting if that objection is expressly made at the meeting. Neither the business to be transacted nor the purpose of any meeting of Members need be specified in any written waiver of notice. The Members may participate in any meeting of the Members by means of conference telephone or similar means as long as all Members can hear one another. A Member so participating shall be deemed to be present in person at the meeting.

4.3.5 Any action that can be taken at a meeting of the Members may be taken without a meeting and without prior notice if a consent in writing setting forth the action so taken is signed and delivered to the Company by Members representing not less than the minimum number of Units necessary under this Agreement or the Act to approve the action. The Manager shall notify Members holding Units entitled to vote on, consent to or approve such actions of all actions taken by such consents, and all such consents shall be maintained in the books and records of the Company.

4.4 Voting by Members. The Members, acting solely in their capacities as Members, shall have the right to vote on, consent to, or otherwise approve only those matters as to which this Agreement or the Act specifically requires such approval. A Member may vote in person or by proxy executed in writing by the Member or by a duly authorized attorney-in-fact. Except as otherwise specifically provided in this Agreement, the Approval of the Members shall be all that is required as to all matters, including merger, consolidation, and conversion, as to which the vote, consent, or approval of the Members is required or permitted under this Agreement or the Act.

4.5 Members Are Not Agents. No Member acting solely in the capacity of a Member is an agent of the Company, nor can any Member acting solely in the capacity of a Member bind the Company or execute any instrument on behalf of the Company.

4.6 No Withdrawal. Except as provided in Articles III, VII and IX hereof, no Member may withdraw, retire, or resign from the Company without the prior Approval of the Members.

ARTICLE V

MANAGEMENT AND CONTROL OF THE COMPANY

5.1 Management of the Company by Manager.

5.1.1 The Members hereby unanimously elect as the manager of the Company (the "MANAGER"): (i) CII, or its successor-in-interest, for the period prior to the Effective Time, and (ii) PublicCo, or its successor-in-interest, for the period on and after the Effective Time. No additional Person may be elected as Manager in place of CII or PublicCo, in addition to, or in substitution of CII or PublicCo without the Approval of the Members. At such time as the Approval of the Members means the affirmative vote, approval or consent of Members holding more than fifty percent (50%) of the Common Units, CII, or its successor-in-interest, shall be the Manager in place of PublicCo without further action of the Members and each of the Members hereby consents to such election of CII. Except as otherwise required by applicable law and as provided in Section 5.2 with respect to the Board, the powers of the Company shall at all times be exercised by or under the authority of, and the business, property and affairs of the Company shall be managed by, or under the direction of, the Manager.

5.1.2 The Manager shall be authorized to elect, remove or replace directors and officers of the Company, who, subject to the direction of the Manager, shall have such authority with respect to the management of the business and affairs of the Company as set forth herein or as otherwise specified by the Manager in a resolution or resolutions of the Manager.

5.1.3 Except as otherwise required by applicable law, the Manager shall be authorized to execute or endorse any check, draft, evidence of indebtedness, instrument, obligation, note, mortgage, contract, agreement, certificate or other document on behalf of the Company. The Manager may delegate its authority under this Section 5.1.3 to the officers of the Company.

5.1.4 No annual or regular meetings of the Manager are required. The Manager may, by written consent and without prior notice, take any action which it is otherwise required or permitted to take at a meeting.

5.1.5 Except as provided in this Agreement, the Manager's duty of care in the discharge of its duties to the Company and the Members is limited to discharging its duties pursuant to this Agreement in good faith, with the care a corporate director of like position would exercise under similar circumstances, in the manner it reasonably believes to be in the best interests of the Company. In discharging its duties, the Manager shall not be liable to the Company or to any Member for any act or omission performed or omitted by such Person in good faith on behalf of, or in connection with the business and affairs of, the Company and in a manner reasonably believed to be within the scope of authority conferred on such Person by this Agreement, except that such Person shall be liable in respect of any loss, damage, or claim incurred by such Person by reason of such Person's fraud, deceit, reckless or intentional misconduct, gross negligence, or a knowing violation of law with respect to such acts or omissions.

5.1.6 Notwithstanding the other provisions of this Section 5.1, the Manager (i) shall provide the Bresnan Holders that are Affiliates of Blackstone Group L.P. consultative rights reasonably acceptable to the Manager so that such Bresnan Holders may maintain their VCOC status as long as they hold Class C Common Units and qualify under the VCOC Exception, and (ii) shall attempt, in good faith, to keep in place the notes and credit facilities and the terms and conditions relating to their security and collateral (other than the Bresnan Keepwell Agreement which may be amended as set forth in the Bresnan Purchase Agreement) of Bresnan Communications Company Limited Partnership, a Michigan limited partnership, and its Subsidiaries as long as the Bresnan Holders hold Class C Common Units (provided that this will not limit or otherwise affect the Agreement Regarding Consent Rights, dated as of June 29, 1999, by and among CII, TCI Bresnan LLC, and TCID of Michigan, Inc.).

5.1.7 Notwithstanding the other provisions of this Section 5.1, in connection with PublicCo's contribution to the Company of the net cash proceeds and assets received in respect of (i) the issuance of securities or incurrence of indebtedness for borrowed money or for acquisition of assets by PublicCo or (ii) the incurrence of any obligation by PublicCo under a capital lease, the Manager shall issue securities or indebtedness of the Company to PublicCo that mirrors to the extent practicable the terms and conditions of such securities, indebtedness or capital lease obligation of PublicCo, as reasonably determined by the Manager.

5.2 Board of Directors.

5.2.1 Notwithstanding Section 5.1, the Manager may delegate its power to manage the business of the Company to a Board of Directors (the "BOARD") which, subject to the resolutions adopted by the Manager from time to time, shall have the authority to exercise all such powers of the Company and do all such lawful acts and things as may be done by the Manager and as are not by statute or by this Agreement required to be exercised or done only by the Manager. The rights and duties of the members of the Board may not be assigned or delegated to any Person; provided that the officers specified in Section 5.4 shall act in accordance with the directions and authorizations of the Board; provided further that the Board may create committees, having such powers and performing such duties as may be assigned to it by the Board, to assist the Board and the officers in the governance of areas of importance to the Company.

5.2.2 Except as otherwise provided herein and to the extent that there has been a delegation of authority under Section 5.1.2, members of the Board shall possess and may exercise all the powers and privileges and shall have all of the obligations and duties to the Company and the Members granted to or imposed on directors of a corporation organized under the laws of the State of Delaware.

5.2.3 The number of directors shall initially be three (3), which number may be changed from time to time by the Manager. Each director shall be appointed by the Manager and shall serve in such capacity until the earlier of his or her resignation or removal (with or without cause) or replacement by the Manager.

5.2.4 In the event that any action of the Manager conflicts with any action of the Board or any other Person, the action of the Manager shall control.

5.3 Board of Director Meetings.

5.3.1 Regular Meetings. Regular meetings of the Board may be held without notice at such time and at such place as shall from time to time be determined by the Board, but not less often than annually.

5.3.2 Special Meetings. Special meetings of the Board may be called by the Chief Executive Officer or any member of the Board on twenty-four (24) hours' notice to each director. Notice of a special meeting may be given by facsimile.

5.3.3 Telephonic Meetings. Members of the Board may participate in any regular or special meetings of the Board, by means of conference telephone or similar communications equipment, by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this Section 5.3.3 will constitute presence in person at such meeting.

5.3.4 Quorum. At all meetings of the Board, a majority of the directors shall constitute a quorum for the transaction of business, and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board, except as may be otherwise specifically provided by statute or this Agreement. If a quorum is not present at any meeting of the Board, the directors present thereat may adjourn the meeting from time to time until a quorum shall be present. Notice of such adjournment shall be given to any director not present at such meeting.

5.3.5 Action Without Meeting. Unless otherwise restricted by this Agreement, any action required or permitted to be taken at any meeting of the Board may be taken without a meeting and without prior notice if all members of the Board consent thereto in writing and such written consent is filed with the minutes of proceedings of the Board.

5.3.6 Board's Duty of Care. Except as provided in this Agreement, the director's duty of care in the discharge of his duties to the Company and the Members is limited to discharging his duties pursuant to this Agreement in good faith, with the care a corporate director of like position would exercise under similar circumstances, in the manner he reasonably believes to be in the best interests of the Company. In discharging his duties, the director shall not be liable to the Company or to any Member for any act or omission performed or omitted by such director in good faith on behalf of, or in connection with the business and affairs of, the Company and in a manner reasonably believed to be within the scope of authority conferred on such director by this Agreement, except that such director shall be liable in respect of any loss, damage, or claim incurred by such director by reason of such Person's fraud, deceit, reckless or intentional misconduct, gross negligence, or a knowing violation of law with respect to such acts or omissions.

5.4 Officers.

5.4.1 Number, Titles, and Qualification. The Company shall have such officers as may be necessary or desirable for the business of the Company. The officers of the Company may include a Chairman of the Board, a Chief Executive Officer, a President, one or more Vice Presidents, a Chief Financial Officer, a Secretary, one or more Assistant Secretaries, a Treasurer, and one or more Assistant Treasurers. The Chairman of the Board, Chief Executive Officer, President, Executive Vice Presidents, Senior Vice Presidents, and Chief Financial Officer shall be elected by the Manager or the Board. The Company shall have such other officers as may from time to time be appointed by the Manager, the Board, or the Chief Executive Officer. Each officer shall hold office until his or her successor is elected or appointed, as the case may be, and qualified or until his or her resignation or removal. Any number of offices may be held by the same person.

5.4.2 Removal. Any officer of the Company may be removed at any time, with or without cause, by the Manager, by the Chairman of the Board, by the Board, or, except as to the Chairman of the Board, President, Executive Vice Presidents, Senior Vice Presidents, and Chief Financial Officer, by the Chief Executive Officer.

5.4.3 Resignations. Any officer may resign at any time by giving written notice to the Company; provided, however, that notice to the Chairman of the Board, the Chief Executive Officer or the Secretary shall be deemed to constitute notice to the Company. Such resignation shall take effect upon receipt of such notice or at any later time specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

5.4.4 Vacancies. Any vacancy among the officers, whether caused by death, resignation, removal or any other cause, shall be filled in the manner prescribed for election or appointment to such office.

5.4.5 Action with Respect to Securities of Other Entities. Unless otherwise directed by the Manager, the Board, the Chairman of the Board, the Chief Executive Officer or any other officer of the Company authorized by the Manager, the Chairman of the Board, or the Chief Executive Officer shall have power to vote and otherwise act on behalf of the Company, in person or by proxy, at any meeting of stockholders or equity holders of or with respect to any action of stockholders or equity holders of any Person in which the Company may hold securities and otherwise to exercise any and all rights and powers which this Company may possess by reason of its ownership of securities in such Person.

5.4.6 Bonds of Officers. If required by the Manager, the Chairman of the Board, the Board, or the Chief Executive Officer, any officer of the Company shall give a bond for the faithful discharge of his or her duties in such amount and with such surety or sureties as the Manager, the Chairman of the Board, the Board, or the Chief Executive Officer may require.

5.4.7 Compensation. The salaries of the officers shall be fixed from time to time by the Board, unless and until the Board appoints a Compensation Committee.

5.4.8 Officers of Operating Companies, Regions or Divisions. The Chief Executive Officer shall have the power to appoint, remove and prescribe the terms of office, responsibilities and duties of the officers of the operating companies, regions or divisions of the Company, other than those who are officers of the Company appointed by the Manager or the Board.

5.4.9 Duties and Authority of Officers.

(a) Chairman of the Board. The Chairman of the Board shall have general and active responsibility for the management of the business of the Company and shall be responsible for implementing all orders and resolutions of the Manager or the Board. The Chairman of the Board shall be elected from among the directors, and the Chairman of the Board or, at the election of the Chairman of the Board, the Chief Executive Officer shall preside at all meetings of the Members and directors. The Chief Executive Officer shall report to the Chairman of the Board.

(b) Chief Executive Officer. The Chief Executive Officer shall supervise the daily operations of the business of the Company, and shall report to the Chairman of the Board. Subject to the provisions of this Agreement and to the direction of the Manager, the Chairman of the Board, or the Board, he or she shall perform all duties which are commonly incident to the office of chief executive officer of a corporation organized under the laws of the State of Delaware or which are delegated to him or her by the Manager, the Chairman of the Board, or the Board. To the fullest extent permitted by law, he or she shall have power to sign all contracts and other instruments of the Company which are authorized and shall have general supervision and direction of all of the other officers, employees and agents of the Company. The Chief Executive Officer shall perform the duties and exercise the powers of the Chairman of the Board in the event of the Chairman of the Board's absence or disability.

(c) President. The President shall have such powers and duties as may be delegated to him or her by the Manager, the Chairman of the Board, the Board, or the Chief Executive Officer. The President shall perform the duties and exercise the powers of the Chief Executive Officer in the event of the Chief Executive Officer's absence or disability.

(d) Vice President. Each Vice President shall have such powers and duties as may be delegated to him or her by the Manager, the Chairman of the Board, the Board, or the Chief Executive Officer.

(e) Chief Financial Officer. The Chief Financial Officer shall have responsibility for maintaining the financial records of the Company. He or she shall render from time to time an account of all such transactions and of the financial condition of the Company. The Chief Financial Officer shall also perform such other duties as the Manager, the Board, or the Chief Executive Officer may from time to time prescribe.

(f) Treasurer. The Treasurer shall have the responsibility for investments and disbursements of the funds of the Company as are authorized and shall render from time to time an account of all such transactions. The Treasurer shall also perform such other duties as the Manager, the Board, or the Chief Executive Officer may from time to time prescribe.

(g) The Secretary. The Secretary shall issue all authorized notices for, and shall keep minutes of, all meetings of the Members and the Board. He or she shall have charge of the corporate books and shall perform such other duties as the Manager, the Board, or the Chief Executive Officer may from time to time prescribe.

(h) Delegation of Authority. The Manager, the Chairman of the Board, the Board, or the Chief Executive Officer may from time to time delegate the powers or duties of any officer to any other officers or agents, notwithstanding any provision hereof.

5.5 Indemnification.

5.5.1 Indemnification. To the extent permitted by applicable law, a Member (and its respective officers, directors, agents, shareholders, members, partners, and Affiliates), Manager (and its respective officers, directors, agents, shareholders, members, partners, and Affiliates), director of the Company, or officer of the Company shall be entitled to indemnification from the Company for any loss, damage, or claim incurred by such Person by reason of any act or omission performed or omitted by such Person in good faith on behalf of, or in connection with the business and affairs of, the Company and in a manner reasonably believed to be within the scope of authority conferred on such Person by this Agreement and, if applicable, the Approval of the Members or authorizations of the Manager or the Board, except that no such Person shall be entitled to be indemnified in respect of any loss, damage, or claim incurred by such Person by reason of such Person's fraud, deceit, reckless or intentional misconduct, gross negligence, or a knowing violation of law with respect to such acts or omissions; provided, however, that any indemnity under this Section 5.5.1 shall be provided out of and to the extent of Company assets only, no debt shall be incurred by the Members in order to provide a source of funds for any indemnity, and no Member shall have any personal liability (or any liability to make any additional Capital Contributions) on account thereof.

5.5.2 Expenses. To the extent permitted by applicable law, expenses (including reasonable legal fees) incurred by a Member (and its respective officers, directors, agents, shareholders, members, partners or Affiliates), Manager (and its respective officers, directors, agents, shareholders, members, partners or Affiliates), director of the Company, or officer of the Company in such Person's capacity as such in defending any claim, demand, action, suit, or proceeding shall, from time to time, be advanced by the Company prior to the final disposition of such claim, demand, action, suit, or proceeding upon receipt by the Company of an undertaking by or on behalf of the Member (or its respective officers, directors, agents, shareholders, members, partners or Affiliates, as applicable), Manager (or its respective officers, directors, agents, shareholders, members, partners or Affiliates, as applicable), director or officer to repay such amount if it shall be determined that such Person is not entitled to be indemnified as authorized in Section 5.5.1 hereof.

5.6 Devotion of Time. Except as required by any individual contract and notwithstanding any provision to the contrary in this Agreement, no Manager, director of the Company, or officer of the Company is obligated to devote all of such Person's time or business efforts to the affairs of the Company, but shall devote such time, effort, and skill as such Person deems appropriate for the operation of the Company.

5.7 Competing Activities. Except as provided by any individual contract: (i) any Manager or Member (and their respective officers, directors, agents, shareholders, members, partners or Affiliates) may engage or invest in, independently or with others, any business activity of any type or description, including without limitation those that might be the same as or similar to the Company's business or the business of any Subsidiary and that might be in direct or indirect competition with the Company or any Subsidiary; (ii) neither the Company or any Subsidiary nor any Member shall have any right in or to such other ventures or activities or to the income or proceeds derived therefrom; (iii) no Manager or Member (and their respective officers, directors, agents, shareholders, members, partners or Affiliates) shall be obligated to present any investment opportunity or prospective economic advantage to the Company or any Subsidiary, even if the opportunity is of the character that, if presented to the Company or any Subsidiary, could be taken by the Company or any Subsidiary; and (iv) any Manager or Member (and their respective officers, directors, agents, shareholders, members, partners or Affiliates) shall have the right to hold any investment opportunity or prospective economic advantage for such Manager's or Member's (and their respective officers', directors', agents', shareholders', members', partners' or Affiliates') own account or to recommend such opportunity to Persons other than the Company or any Subsidiary; (i) provided that as a condition to election as Manager and receiving a Membership Interest in the Company upon consummation of the IPO, PublicCo agrees that until all outstanding shares of Class B Common Stock have been converted into shares of Class A Common Stock in accordance with Clause (b)(viii) of Article Fourth of PublicCo's certificate of incorporation, as amended from time to time, it shall not engage directly or indirectly, including without limitation through any Subsidiary, in any business other than the Cable Transmission Business and as a member of, and subscriber to, the portal joint venture with Broadband Partners; (ii) provided further, that to the extent that, as of the Class B Common Measuring Date, PublicCo was directly or indirectly engaged in, or had agreed to acquire directly or indirectly, an Incidental Business, so long as (a) such Incidental Businesses so engaged in by PublicCo on the Class B Common Measuring Date in the aggregate on such date accounted for less than ten percent (10%) of the consolidated revenues of the total business engaged in by PublicCo, or (b) such Incidental Businesses which on the Class B Common Measuring Date PublicCo had agreed to acquire in the aggregate on such date accounted for less than ten percent (10%) of the consolidated revenues of the total businesses to be acquired, as applicable, PublicCo may, directly or indirectly, including through any Subsidiary, continue to conduct any such Incidental Business and the foregoing limitation on the business and purpose of PublicCo shall not require that any such Incidental Business be divested by PublicCo, but PublicCo shall not, directly or indirectly, expand any such Incidental Business by means of any acquisition or any commitment of the Company or its Subsidiary's resources or financial support. PublicCo also agrees that it shall not (i) hold any assets, other than (a) working capital cash and cash equivalents held for the payment of current obligations and receivables from the Company; (b) Common Units; (c) back-to-back obligations and mirror equity interests of the Company, consisting of obligations and equity securities (other than Common Units, but including convertible securities), which are substantially equivalent to liabilities or obligations or securities of PublicCo to third parties; (d) assets subject to an existing obligation to contribute such assets (or successor assets) to the Company in exchange for Units; (e) assets acquired as a result of the issuance of (x) common stock of PublicCo and/or preferred stock of PublicCo and/or (y) liabilities or obligations of PublicCo, subject to an existing obligation to contribute such assets (or successor assets) to the Company in exchange for Common Units (in respect of the common stock of PublicCo issued) and/or for mirror equity securities (other than Common Units, but including convertible securities, in respect of the mirror equity securities issued) of the Company and/or liabilities or obligations of the Company (in respect of the liabilities or obligations incurred), which are substantially equivalent to the equity securities and/or liabilities and obligations of PublicCo issued to acquire such assets; or (f) goodwill or deferred tax assets, or (ii) incur any liability or obligation for borrowed money for acquisition of assets or under any capital lease, other than (a) in connection with back-to-back obligations of the Company consisting of liabilities or obligations of the Company which are substantially equivalent to liabilities or obligations of PublicCo to a third party; (b) to acquire Units in exchange for common stock of PublicCo; or (c) as contemplated by Clauses (i)(d) and (e) immediately above. PublicCo further agrees (x) that it shall not issue, transfer from treasury stock or repurchase shares of its common stock unless in connection with any such issuance, transfer, or repurchase PublicCo takes all requisite action such that, after giving effect to all such issuances, transfers or repurchases, the number of outstanding shares of common stock will equal on a one-for-one basis the number of Common Units owned by PublicCo; (y) that it shall not issue, transfer from treasury stock or repurchase shares of preferred stock of PublicCo unless in connection with any such issuance, transfer or repurchase PublicCo takes all requisite action such that, after giving effect to all such issuances, transfers or repurchases, PublicCo holds mirror equity interests of the Company which are in the aggregate substantially equivalent to the outstanding preferred stock of PublicCo; and (z) upon any reclassification of the Common Units, whether by combination, division or otherwise, it shall take all requisite action so that the number of outstanding shares of common stock will equal on a one-for-one basis the number of Common Units owned by PublicCo.

The Company agrees that, without the Approval of the Class A Common Members, (i) the Company shall not engage directly or indirectly, including without limitation through any Subsidiary, in any business other than the Cable Transmission Business and as a member of and subscriber to, the portal joint venture with Broadband Partners; and (ii) to the extent that as of the Class B Common Measuring Date, the Company was directly or indirectly engaged in, or had agreed to acquire directly or indirectly, an Incidental Business, so long as (a) such Incidental Businesses so engaged in by the Company on the Class B Common Measuring Date in the aggregate on such date accounted for less than ten percent (10%) of the consolidated revenues of the total business engaged in by the Company or (b) such Incidental Businesses which on the Class B Common Measuring Date the Company had agreed to acquire in the aggregate on such date accounted for less than ten percent (10%) of the consolidated revenues of the total businesses to be acquired, as applicable, the Company may, directly or indirectly, including through any Subsidiary, continue to conduct any such Incidental Business and the foregoing limitation on the business and purpose of the Company shall not require that any such Incidental Business be divested by the Company, but the Company shall not, directly or indirectly, expand any such Incidental Business by means of any acquisition or any commitment of the Company or its Subsidiary's resources or financial support.

The Company and each Member acknowledge that the other Members, the Manager (and their respective officers, directors, agents, shareholders, members, partners or Affiliates) and the officers or directors of the Company (to the extent expressly permitted in their employment agreement) might own or manage other businesses, including businesses that may compete with the Company or any Subsidiary for the time of the Member or Manager. Without limiting the generality of the foregoing, the Company and each Member acknowledge that Vulcan Ventures Inc., an Affiliate of CII and Vulcan Cable, has entered into an agreement to purchase convertible preferred stock of RCN Corporation, which may be deemed to be engaged in the Cable Transmission Business. The Company and each Member acknowledge that none of them shall have any interest in the securities of RCN Corporation to be acquired by Vulcan Ventures Inc. or any RCN Corporation common stock into which such securities are convertible, and that Vulcan Ventures Inc. shall not have any obligation to them on account thereof. To the extent that, at law or at equity, any Member or Manager (and their respective officers, directors, agents, shareholders, members, partners or Affiliates) or officers or directors of the Company have duties (including fiduciary duties) and liabilities relating to the Company and the other Members, such Person shall not be liable to the Company or the other Members for its good faith reliance on the provisions of this Agreement including this Section 5.7. The Company and each Member hereby waive any and all rights and claims that the Company or such Member may otherwise have against the other Members and the Manager (and their respective officers, directors, agents, shareholders, members, partners or Affiliates) or officers or directors of the Company as a result of any such permitted activities. The provisions of this Agreement, and any agreement between the Company and any Member entered into in reliance on this Section 5.7, to the extent that they restrict the duties and liabilities of a Manager or Member (and their respective officers, directors, agents, shareholders, members, partners or Affiliates) or officers or directors of the Company otherwise existing at law or in equity, are agreed by the Company and the Members to replace such other duties and liabilities of such Person.

5.8 Remuneration for Management or Other Services. The Manager, directors, and officers of the Company shall be entitled to reasonable remuneration for providing management or other services to the Company, all as determined by the Manager.

5.9 Reimbursement of Expenses. The Company shall reimburse the Manager, directors of the Company, and officers of the Company for the actual and reasonable costs, fees, and expenses paid or incurred by any Person for goods, materials, services, and activities acquired or used by or for the benefit of the Company, or performed or undertaken for the benefit of the Company. Without limiting the generality of the foregoing, the Company shall reimburse PublicCo, for all costs, fees, and expenses paid or incurred by PublicCo in connection with the IPO, and its compliance with the Securities Act, the Securities Exchange Act of 1934, as amended, the Investment Company Act of 1940, as amended, and any other applicable federal and state securities laws.

ARTICLE VI

ALLOCATIONS OF NET PROFITS AND NET LOSSES AND DISTRIBUTIONS

6.1 Allocations of Net Profits. After giving effect to the special allocations set forth in Sections 6.3 and 6.5 herein, Net Profits for any Allocation Period shall be allocated to the Members as follows:

6.1.1 For any Allocation Period ending prior to the Class B Common Change Date, if the Company has Combined Book Losses for such Allocation Period, then:

(a) to each of the Common Members (including the Class A Common Members) other than the Class B Common Members, in an amount equal to (i) the amount of Net Profits, multiplied by (ii) such Common Member's Percentage Interest; and

(b) in addition to the amount allocated to the Class A Common Members pursuant to Section 6.1.1(a), to the Class A Common Members, to be allocated among them in proportion to their Percentage Interests, in an amount equal to (i) the amount of Net Profits, multiplied by (ii) the Class B Common Members' aggregate Percentage Interests.

6.1.2 For any Allocation Period ending after the Class B Common Change Date, if the Company has Combined Book Losses for such Allocation Period, then to each of the Common Members in accordance with such Common Member's Percentage Interest.

6.1.3 For any Allocation Period ending after the Class B Common Measuring Date, if the Company has Combined Book Profits for such Allocation Period and if there is any Special Allocation Amount as of the beginning of such Allocation Period, then:

(a) to each of the Common Members (including the Class A Common Members) other than the Class B Common Members, in an amount equal to (i) the amount of Net Profits, multiplied by (ii) such Common Member's Percentage Interest;

(b) in addition to the amount allocated to the Class A Common Members pursuant to Section 6.1.3(a), to the Class A Common Members, to be allocated among them in proportion to their Percentage Interests, in an amount equal to (i) the amount of Net Profits, multiplied by (ii) the product of the Class B Common Members' aggregate Percentage Interests and the Special Allocation Amount Ratio; provided, however, that the allocation of Net Profits pursuant to this Section 6.1.3(b) shall be subject to Section 6.4; and

(c) to the Class B Common Members, to be allocated among them in proportion to their Percentage Interests, in an amount equal to (i) the amount of Net Profits multiplied by the Class B Common Members' aggregate Percentage Interests, minus (ii) the amount of Net Profits allocated to the Class A Common Members pursuant to Section 6.1.3(b) for such Allocation Period.

6.1.4 For any Allocation Period ending after the Class B Common Measuring Date, if the Company has Combined Book Profits for such Allocation Period and if there is no Special Allocation Amount as of the beginning of such Allocation Period, then to each of the Common Members in accordance with such Common Member's Percentage Interest.

6.2 Allocations of Net Losses. After giving effect to the special allocations set forth in Sections 6.3 and 6.5 herein, Net Losses for any Allocation Period shall be allocated to the Members as follows:

6.2.1 For any Allocation Period ending prior to the Class B Common Change Date:

(a) to each of the Common Members (including the Class A Common Members) other than the Class B Common Members, in an amount equal to (i) the amount of Net Losses, multiplied by (ii) such Common Member's Percentage Interest; and

(b) in addition to the amount allocated to the Class A Common Members pursuant to Section 6.2.1(a), to the Class A Common Members, to be allocated among them in proportion to their Percentage Interests, in an amount equal to (i) the amount of Net Losses, multiplied by (ii) the Class B Common Members' aggregate Percentage Interests.

6.2.2 For any Allocation Period ending after the Class B Common Change Date, to each of the Common Members in accordance with such Common Member's Percentage Interest.

6.2.3 Notwithstanding Sections 6.2.1 and 6.2.2, an allocation of Net Losses under Section 6.2.1 or 6.2.2 hereof shall not be made to the extent it would create or increase an Adjusted Capital Account Deficit for a Member or Members at the end of any Allocation Period. Any Net Losses not allocated because of the preceding sentence shall be allocated to the other Member or Members in proportion to such Member's or Members' respective Percentage Interests; provided, however, that to the extent such allocation would create or increase an Adjusted Capital Account Deficit for another Member or Members at the end of any Allocation Period, such allocation shall be made to the remaining Member or Members in proportion to the respective Percentage Interests of such Member or Members.

6.3 Special Allocations. The following special allocations shall be made in the following order:

6.3.1 Minimum Gain Chargeback. Except as otherwise provided in Regulations Section 1.704-2(f), notwithstanding any other provision of this Article VI, if there is a net decrease in Company Minimum Gain during any Allocation Period, each Member shall be specially allocated items of Company income and gain for such Allocation Period (and, if necessary, subsequent Allocation Periods) in an amount equal to the portion of such Member's share of the net decrease in Company Minimum Gain which share of such net decrease shall be determined in accordance with Regulations Section 1.704-2(g)(2). Allocations pursuant to the previous sentence shall be made in proportion to the respective amounts required to be allocated to each Member pursuant thereto. The items to be so allocated shall be determined in accordance with Regulations Section 1.704-2(f)(6) and 1.704-2(j)(2). This Section 6.3.1 is intended to comply with the minimum gain chargeback requirement contained in Regulations Section 1.704-2(f) and shall be interpreted consistently therewith.

6.3.2 Member Minimum Gain Chargeback. Except as otherwise provided in Regulation Section 1.704-2(i)(4), notwithstanding any other provision of this Article VI, if there is a net decrease in Member Nonrecourse Debt Minimum Gain attributable to a Member Nonrecourse Debt during any Allocation Period, each Member who has a share of the Member Nonrecourse Debt Minimum Gain attributable to such Member Nonrecourse Debt (which share shall be determined in accordance with Regulations Section 1.704-2(i)(5)) shall be specially allocated items of Company income and gain for such Allocation Period (and, if necessary, subsequent Allocation Periods) in an amount equal to that portion of such Member's share of the net decrease in Member Nonrecourse Debt Minimum Gain attributable to such Member Nonrecourse Debt, determined in accordance with Regulations Section 1.704-2(i)(4). Allocations pursuant to the previous sentence shall be made in proportion to the amounts required to be allocated to each Member pursuant thereto. The items to be so allocated shall be determined in accordance with Regulations Section 1.704-2(i)(4) and 1.704-2(j)(2). This Section 6.3.2 is intended to comply with the minimum gain chargeback requirement contained in Regulations Section 1.704-2(i)(4) and shall be interpreted consistently therewith.

6.3.3 Qualified Income Offset. In the event any Member unexpectedly receives any adjustments, allocations, or distributions described in Regulations Section 1.704-1(b)(2)(ii)(d)(4), (5), or (6) or any other event creates an Adjusted Capital Account Deficit, items of Company income and gain shall be specially allocated to each such Member in an amount and manner sufficient to eliminate the Adjusted Capital Account Deficit of such Member as quickly as possible, provided that an allocation pursuant to this Section 6.3.3 shall be made only if and to the extent that such Member would have an Adjusted Capital Account Deficit after all other allocations provided for in this Article VI have been tentatively made as if this Section 6.3.3 were not in the Agreement.

6.3.4 Nonrecourse Deductions Referable to Liabilities Owed to Non-Members. Any Nonrecourse Deductions for any Allocation Period and any other deductions or losses for any Allocation Period referable to a liability owed by the Company to a Person other than a Member to the extent that no Member bears the economic risk of loss shall be specially allocated to the Members in accordance with their Percentage Interests.

6.3.5 Member Nonrecourse Deductions. Any Member Nonrecourse Deductions for any Allocation Period shall be specially allocated to the Member who bears the economic risk of loss with respect to the Member Nonrecourse Debt or other liability to which such Member Nonrecourse Deductions are attributable in accordance with Regulations Section 1.704-2(i) and Regulations Section 1.704-1(b).

6.3.6 Section 754 Adjustments. To the extent an adjustment to the Basis of any Company asset pursuant to Code Section 734(b) or Code Section 743(b) is required, pursuant to Regulations Section 1.704-1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the amount of such adjustment to Capital Accounts shall be treated as an item of gain (if the adjustment increases the Basis of the asset) or loss (if the adjustment decreases such Basis) and such gain or loss shall be specially allocated to the Members in accordance with Regulations Section 1.704-1(b)(2)(iv)(m).

6.3.7 Depreciation and Amortization. All of the remaining items of Company deduction for Depreciation for any Allocation Period shall be specially allocated to the Members as follows:

(a) For any Allocation Period ending prior to the Class B Common Change Date, if the Company has Combined Book Losses for such Allocation Period, then: (x) to each of the Common Members other than the Class A Common Members, the Class B Common Members, and the Class C Common Members in an amount equal to (i) the amount of the item to be allocated, multiplied by (ii) such Member's Percentage Interest; and (y) to the Class A Common Members, to be allocated among them in proportion to their Percentage Interests, in an amount equal to (i) the amount of the item to be allocated, multiplied by (ii) the Class B Common Members' aggregate Percentage Interests.

(b) For any Allocation Period ending after the Class B Common Change Date, if the Company has Combined Book Losses for such Allocation Period, then to each of the Common Members other than the Class A Common Members and the Class C Common Members in an amount equal to (i) the amount of the item to be allocated, multiplied by (ii) such Member's Percentage Interest.

(c) For any Allocation Period ending after the Class B Common Measuring Date, if the Company has Combined Book Profits for such Allocation Period and if there is any Special Allocation Amount as of the beginning of such Allocation Period, then: (x) to each of the Common Members other than the Class A Common Members, the Class B Common Members, and the Class C Common Members in an amount equal to (i) the amount of the item to be allocated, multiplied by (ii) such Member's Percentage Interest; (y) to the Class A Common Members, to be allocated among them in proportion to their Percentage Interests, in an amount equal to (i) the amount of the item to be allocated, multiplied by (ii) the product of the Class B Common Members' aggregate Percentage Interests and the Special Allocation Amount Ratio; provided, however, that the allocation of items pursuant to this Section 6.3.7(c)(y) shall be subject to Section 6.4; and (z) to the Class B Common Members, to be allocated among them in proportion to their Percentage Interests, in an amount equal to (i) the amount of the item to be allocated multiplied by the Class B Common Members' aggregate Percentage Interests, minus (ii) the amount of such item allocated to the Class A Common Members pursuant to Section 6.3.7(c)(y) for such Allocation Period.

(d) For any Allocation Period ending after the Class B Common Measuring Date, if the Company has Combined Book Profits for such Allocation Period and if there is no Special Allocation Amount as of the beginning of such Allocation Period, then to each of the Common Members other than the Class A Common Members and the Class C Common Members in an amount equal to (i) the amount of the item to be allocated, multiplied by (ii) such Member's Percentage Interest.

(e) For any Allocation Period ending prior to the Class C Common Change Date, if the Company has a tax loss for such Allocation Period, then to each of the Class C Common Members in an amount determined as follows: The allocation provisions in this Article VI shall first be applied tentatively without taking into account any items of Depreciation, other than items of Depreciation allocated under Sections 6.3.4 and 6.3.5. Such tentative application of the allocation provisions shall result in a calculation of the amount of the taxable income or loss ("Tentative Taxable Income" or "Tentative Tax Loss," respectively) that would be allocated to each Class C Common Member by the

Company if such tentative application were final. Next, items of Depreciation under this Section 6.3.7(e) shall be allocated to each Class C Common Member with Tentative Taxable Income to the extent necessary to cause the amount of the taxable income, excluding any taxable income arising from a sale or other disposition (other than in the ordinary course of business) of the Company's Property, allocated to such Member by the Company to be equal, or as nearly equal as possible, to zero; provided, however, that such items of Depreciation shall be so allocated only to the extent that such allocation would not create or increase taxable income for any Class A Common Member for such Allocation Period if such taxable income were determined in accordance with the provisions of this Agreement, with the following adjustment: the Special Loss Allocations, the Special Profit Allocations, Sections 6.1.3(c) and 6.3.7(c)(z), and the exclusion of the Class B Common Members from Sections 6.1.1(a), 6.1.3(a), 6.2.1(a), 6.3.7(a)(x), and 6.3.7(c)(x) shall be treated as if they were not part of this Agreement. In allocating items of Depreciation to each Class C Common Member with Tentative Taxable Income pursuant to the preceding sentence, the Company shall, to the extent possible, allocate to such Member a uniform percentage of each item of Depreciation allocated under Section 6.3.7. If the allocation of items of Depreciation under this Section 6.3.7(e) is insufficient to reduce to zero such taxable income for each Class C Common Member, then such items shall be allocated to the Class C Common Members in proportion to their respective Tentative Taxable Incomes. No items of Deprecation under this Section 6.3.7(e) shall be allocated to any Class C Common Member with a Tentative Tax Loss. For purposes of this Section 6.3.7, the Company's taxable income or loss, as determined in accordance with Code Section 703(a), shall include all items of income, gain, loss, or deduction required to be stated separately pursuant to Code Section 703(a)(1).

(f) For any Allocation Period ending after the Class C Common Change Date, to each of the Class C Common Members in an amount determined as follows: The allocation provisions in this Article VI, excluding the provisions of Section 6.5 calling for offsetting special allocations to be made as a result of the operation of this Section 6.3.7(f), shall first be applied tentatively and with two hypothetical modifications. First, all items of Depreciation, other than items of Depreciation allocated under Section 6.3.5, shall be hypothetically allocated to the Members in accordance with their Percentage Interests. Second, tax allocations with respect to each Class C Common Contributed Property (to the extent that at the time of its contribution to the Company its Gross Asset Value differs from its Basis) shall be hypothetically made using the Remedial Method so as to eliminate distortions caused by the ceiling rule described in Regulations Section 1.704-3(b)(1), without changing the amount of the items of Depreciation (as determined under the rules of Regulations Section 1.704-1(b)(2)(iv)(g)(3)) that are hypothetically allocated pursuant to the preceding sentence and that are attributable to such Class C Common Contributed Property (to the extent that at the time of its contribution to the Company its Gross Asset Value differs from its Basis). Such tentative application of the allocation provisions shall result in a calculation of the amount of the Tentative Taxable Income or Tentative Tax Loss that would be allocated to each Class C Common Member by the Company if such tentative application, with the two hypothetical modifications described above, were final. Next, in lieu of the two hypothetical modifications described above, items of Depreciation under this Section 6.3.7(f) shall be allocated to each Class C Common Member so as to cause the amount of the taxable income or loss allocated to such Member by the Company (using the Traditional Method with respect to each Class C Common

Contributed Property to the extent that at the time of its contribution to the Company its Gross Asset Value differs from its Basis) to be equal, or as nearly equal as possible, to that Member's Tentative Taxable Income or Tentative Tax Loss, whichever is applicable.

(g) To the extent not allocated under (a), (b), (c), (d), (e) or (f) above, to the Class A Common Members, to be allocated among them in proportion to their Percentage Interests.

If the aggregate amount of the items of Depreciation available to be allocated under this Section 6.3.7 for any Allocation Period is less than the sum of the items of Depreciation provided for under Section 6.3.7(a), (b), (c), or (d), on the one hand, and the items of Depreciation provided for under Section 6.3.7(e) or (f), on the other, then the items of Depreciation available to be allocated under this Section 6.3.7 for such Allocation Period shall be divided between Section 6.3.7(a), (b), (c), or (d), on the one hand, and Section 6.3.7(e) or (f), on the other, in proportion to the respective amounts of the items of Depreciation provided for under such Sections.

6.3.8 Preferred Return Allocations. All or a portion of the remaining items of Company income and, to the extent income is insufficient, gain shall be specially allocated to each Class A Preferred Member in an amount equal to the cumulative Class A Preferred Return Amount (with respect to which there has been no allocation under this Section 6.3.8) for any Class A Preferred Units (i) redeemed from such Member during the Allocation Period pursuant to Section 3.5.2 or 3.5.3, (ii) Transferred by such Member to PublicCo or any other Person pursuant to the Rifkin Contribution Agreement, the Rifkin Put Agreement, or this Agreement, or (iii) with respect to which liquidating distributions are made pursuant to Article IX. If, in addition to items of income, items of gain are to be allocated pursuant to the foregoing sentence and the Company has items of both short-term capital gain and long-term capital gain, all of the Company's items of short-term capital gain shall be allocated before any items of long-term capital gain are allocated.

6.4 Certain Allocations to the Class A Common Members and the Class B Common Members. Notwithstanding any other provision of this Article VI (other than the Regulatory Allocations), the allocations to the Class A Common Members and the Class B Common Members shall be subject to the following provisions:

6.4.1 The allocations to the Class A Common Members of Net Profits pursuant to Section 6.1.3(b) and of items of Depreciation pursuant to Section 6.3.7(c)(y) (collectively, the "Special Profit Allocations") shall be limited in amount and made in a manner such that the total amount of the net taxable income allocated to the Class A Common Members in respect of the aggregate Special Profit Allocations is no greater than the total amount of the net tax loss allocated to the Class A Common Members in respect of the aggregate Net Profits, Net Losses, and items of Depreciation allocated to the Class A Common Members pursuant to Sections 6.1.1(b), 6.2.1(b), and 6.3.7(a)(y), respectively (collectively, the "Special Loss Allocations").

6.4.2 In the event of the dissolution of the Company or the occurrence of any other event with respect to which the distribution rights of the Class A Common Members or the Class B Common Members are determined in whole or in part by reference to their Capital Account balances, the Special Loss Allocations (to the extent that they have not previously been offset with Special Profit Allocations or special allocations of other items pursuant to this Section 6.4) shall be offset either with current Special Profit Allocations or, to the extent that such current Special Profit Allocations are insufficient, with special allocations between the Class A Common Members and the Class B Common Members, to the extent possible, of other items of Company income, gain, loss, or deduction. Capital Account adjustments shall be made to reflect such allocations before any distributions in connection with such events are made. The Manager shall make such offsetting special allocations of other items in whatever manner it determines appropriate so that, after such offsetting allocations are made: (i) the Capital Account balances of the Class A Common Members and the Class B Common Members are, to the extent possible, equal to the Capital Account balances such Members would have had if the Special Loss Allocations, the Special Profit Allocations, Sections 6.1.3(c) and 6.3.7(c)(z), and the exclusion of the Class B Common Members from Sections 6.1.1(a), 6.1.3(a), 6.2.1(a), 6.3.7(a)(x), and 6.3.7(c)(x) had not been part of this Agreement; and (ii) to the maximum extent consistent with attaining the Capital Account balances described in the preceding clause (i), the total amount of the net taxable income allocated to the Class A Common Members in respect of the aggregate Special Profit Allocations and special allocations of other items pursuant to this Section 6.4 is no greater than the total amount of the net tax loss allocated to the Class A Common Members in respect of the aggregate Special Loss Allocations.

6.4.3 In the event that Class A Common Units are transferred, directly or indirectly, to PublicCo as part of a Non-Recognition Transaction, if (i) the Special Loss Allocations have not been fully offset with prior or current Special Profit Allocations or special allocations of other items pursuant to this Section 6.4 and (ii) CII or Vulcan Cable so elects with respect to its Class A Common Units transferred as part of such Non-Recognition Transaction, then the Special Loss Allocations with respect to such Class A Common Units (to the extent that they have not been so offset) shall be offset with special allocations between the Class A Common Members and the Class B Common Members, to the extent possible, of other items of Company income, gain, loss, or deduction. The Manager shall make such offsetting special allocations of other items in whatever manner it determines appropriate so that, after such offsetting allocations are made: (i) the Capital Account balances of the Class A Common Members with respect to the Class A Common Units transferred as part of such Non-Recognition Transaction are, to the extent possible, equal to the Capital Account balances such Members would have had with respect to such Class A Common Units if the Special Loss Allocations, the Special Profit Allocations, Sections 6.1.3(c) and 6.3.7(c)(z), and the exclusion of the Class B Common Members from Sections 6.1.1(a), 6.1.3(a), 6.2.1(a), 6.3.7(a)(x), and 6.3.7(c)(x) had not been part of this Agreement; and (ii) to the maximum extent consistent with attaining the Capital Account balances described in the preceding clause (i), the total amount of the net taxable income allocated to the Class A Common Members with respect to such Class A Common Units in respect of the aggregate Special Profit Allocations and special allocations of items pursuant to this Section 6.4 is no greater than the total amount of the net tax loss allocated to the Class A Common Members with respect to such Class A Common Units in respect of the aggregate Special Loss Allocations.

6.4.4 For purposes of this Section 6.4, net taxable income allocated in respect of a Special Profit Allocation or a special allocation of another item pursuant to Section 6.4.2 or 6.4.3 refers to the net taxable income that is allocated in respect thereof for the same Allocation Period for which such Special Profit Allocation or other special allocation is made.

6.4.5 If any special allocations of other items are made pursuant to Section 6.4.2 or 6.4.3, the Manager shall thereafter make appropriate adjustments in the determination of the Special Allocation Amount and any subsequent Special Profit Allocations so as to reflect that such special allocations of other items have had the effect of offsetting certain Special Loss Allocations.

6.4.6 If any Class A Common Units are redeemed by the Company or any additional Class A Common Units are issued, the Manager shall thereafter make appropriate adjustments in the determination of the Special Allocation Amount, any subsequent Special Profit Allocations, and any special allocations of other items pursuant to Section 6.4.2 or 6.4.3 so that (i) the Special Allocation Amount excludes any amount with respect to redeemed Units, and (ii) the proportion in which the Special Profit Allocations are allocated among the Class A Common Members takes into account that, as a result of the issuance of additional Class A Common Units, the Percentage Interest of the Member to which such Units were issued may need to be reduced for purposes of determining such Member's proper share of the Special Profit Allocations.

6.5 Curative Allocations.

6.5.1 The allocations set forth in Sections 6.2.3, 6.3.1, 6.3.2, 6.3.3, 6.3.4, 6.3.5, and 6.3.6 (collectively, the "Regulatory Allocations") are intended to comply with certain requirements of the Regulations. The allocations set forth in Section 6.3.7 are intended to effectuate certain agreements of the Members (such allocations other than the allocations set forth in Sections 6.3.7(a)(y) and 6.3.7(c)(y) are collectively referred to for purposes of this Section 6.5.1 as the "Depreciation Allocations"). It is the intent of the Members that, to the extent possible, the Regulatory Allocations and the Depreciation Allocations shall be offset either with other Regulatory Allocations or with special allocations of other items of Company income, gain, loss, or deduction to the extent provided by this Section 6.5.1. Therefore, subject to Section 6.5.2 but notwithstanding any other provision of this Article VI (other than the Regulatory Allocations), the Manager shall make such offsetting special allocations of Company income, gain, loss, or deduction in whatever manner it determines appropriate so that, after such offsetting allocations are made, a Member's Capital Account balance is, to the extent possible, equal to the Capital Account balance such Member would have had (the "Target Capital Account") if the Regulatory Allocations and the Depreciation Allocations were not part of this Agreement and all Company items were allocated pursuant to Sections 6.1, 6.2.1, 6.2.2, 6.3.7(a)(y), 6.3.7(c)(y), 6.3.8, and 6.4. In exercising its discretion under this Section 6.5.1, the Manager shall take into account any future Regulatory Allocations under Sections 6.3.1 and 6.3.2 that, although not yet made, are likely to offset other Regulatory Allocations previously made under Sections 6.3.4 and 6.3.5.

6.5.2 The Manager shall implement the offsetting special allocations in Section 6.5.1 in such a manner that:

(a) For any Allocation Period covered by Section 6.3.7(e), no special allocations shall be made under Section 6.5.1 to either the Class A Common Members or the Class C Common Members to offset the allocations made as a result of the operation of Section 6.3.7(e), except in the event of the dissolution of the Company or the occurrence of any other event with respect to which the distribution rights of the Class A Common Members or the Class C Common Members are determined in whole or in part by reference to their Capital Account balances, in which case the special allocations to be made to the Class A Common Members, the Class C Common Members, or both, to offset the allocations arising as a result of the operation of Section 6.3.7(e) and the corresponding Capital Account adjustments shall be made before any distributions in connection with such events are made.

(b) For any Allocation Period covered by Section 6.3.7(f), the special allocations to be made under Section 6.5.1 to the Class A Common Members, the Class C Common Members, or both, to offset the allocations arising as a result of the operation of Section 6.3.7(f) shall be limited in amount and made in a manner such that the amount of the taxable income allocated to any Class C Common Member shall be no less than, and the amount of the tax loss allocated to any Class C Common Member shall be no greater than, that Member's Tentative Taxable Income or Tentative Tax Loss, respectively, for such Allocation Period; provided, however, that in the event of the dissolution of the Company or the occurrence of any other event with respect to which the distribution rights of the Class A Common Members or the Class C Common Members are determined in whole or in part by reference to their Capital Account balances, the foregoing limitations shall apply only to the extent consistent with attaining the Target Capital Accounts and such Capital Account adjustments shall be made before any distributions in connection with such events are made.

(c) In the case of the offsetting special allocations to be made to the Class A Common Members, the Class C Common Members, or both, arising as a result of the operation of Section 6.3.7(e), (i) the total amount of the increase in the taxable income allocated to the Class A Common Members as a result of such offsetting special allocations shall be no greater than the excess, if any, of the Allocated Tax Deductions over the Baseline Tax Deductions, and (ii) the total amount of the decrease in the taxable income allocated to the Class A Common Members as a result of such offsetting special allocations shall be no less than the excess, if any, of the Baseline Tax Deductions over the Allocated Tax Deductions; provided, however, that in the event of the dissolution of the Company or the occurrence of any other event with respect to which the distribution rights of the Class A Common Members or the Class C Common Members are determined in whole or in part by reference to their Capital Account balances, the foregoing limitations shall apply only to the extent consistent with attaining the Target Capital Accounts and such Capital Account adjustments shall be made before any distributions in connection with such events are made. For purposes of this Section 6.5.2(c), the "Allocated Tax Deductions" shall mean the total amount of the tax deductions allocated to the Class A Common Members in respect of the items of Depreciation allocated to the Class A Common Members pursuant to Section 6.3.7(g) for the Allocation Periods ending prior to the Class C Common Change Date, and the "Baseline Tax Deductions" shall mean the total amount of the tax deductions that would have been allocated to the Class A Common Members if items of Depreciation allocated under Section 6.3.7 had been allocated to the Class A Common Members in accordance with their Percentage Interests for the Allocation Periods ending prior to the Class C Common Change Date.

(d) For purposes of Sections 6.5.2(b) and 6.5.2(c), an increase or decrease in taxable income or tax loss allocated in respect of an offsetting special allocation refers to the increase or decrease in taxable income or tax loss that is allocated in respect thereof for the same Allocation Period for which such offsetting special allocation is made.

6.6 Other Allocation Rules.

6.6.1 Allocation of Items Included in Net Profits and Net Losses. Whenever a proportionate part of the Net Profits or Net Losses is allocated to a Member, every item of income, gain, loss, or deduction entering into the computation of such Net Profits or Net Losses shall be credited or charged, as the case may be, to such Member in the same proportion.

6.6.2 Allocations in Respect of a Transferred Membership Interest. If any Membership Interest is transferred, or is increased or decreased by reason of the admission of a new Member or otherwise, during any Allocation Period of the Company, each item of income, gain, loss, deduction, or credit of the Company for such Allocation Period shall be allocated among the Members, as determined by the Manager in accordance with any method permitted by Code Section 706(d) and the Regulations promulgated thereunder in order to take into account the Members' varying interests in the Company during such Allocation Period.

6.7 Tax Allocations.

6.7.1 Code Section 704(c). The allocations specified in this Agreement shall govern the allocation of items to the Members for Code Section 704(b) book purposes, and the allocation of items to the Members for tax purposes shall be in accordance with such book allocations, except that solely for tax purposes and notwithstanding any other provision of this Article VI:

(a) In accordance with Code Section 704(c) and the Regulations thereunder, income, gain, loss, and deduction with respect to any property contributed to the capital of the Company shall be allocated among the Members so as to take account of any variation between the Basis of such property to the Company and its initial Gross Asset Value.

(b) In the event the Gross Asset Value of any Company asset is adjusted pursuant to Subsection 2 of the definition of Gross Asset Value, subsequent allocations of income, gain, loss, and deduction with respect to such asset shall take account of any variation between the Basis of such asset and its Gross Asset Value in the same manner as under Code Section 704(c) and the Regulations thereunder.

(c) The allocations described in (a) and (b) above shall be made in accordance with Regulations Section 1.704-3 using the Traditional Method except as otherwise specified in Schedule 6.7.1.

6.7.2 Tax Credits. Tax credits, if any, shall be allocated among the Members in proportion to their Percentage Interests.

6.7.3 Excess Nonrecourse Liabilities. Solely for purposes of determining a Member's share of the "excess nonrecourse liabilities" of the Company within the meaning of Regulations Section 1.752-3(a)(3), the Members' interests in Company profits are in proportion to their Percentage Interests.

6.8 Obligations of Members to Report Consistently. The Members are aware of the income tax consequences of the allocations made by this Article VI and hereby agree to be bound by the provisions of this Article VI in reporting their shares of Company income and loss for income tax purposes.

6.9 Distributions by the Company to Members. Prior to the occurrence of any event specified in Section 9.1, and subject to availability of funds, applicable law, and any limitations contained elsewhere in this Agreement:

6.9.1 Mandatory Tax Distributions. Not later than ninety (90) days after the end of each calendar year, the Company shall declare and pay aggregate distributions during the period commencing on January 1 of such year (but excluding distributions mandated under this Section 6.9.1 with respect to prior years) to the Common Members, in accordance with their respective Percentage Interests, until each such Member, in the reasonable judgment of the Manager, has received an amount sufficient to enable such Member to fund such Member's federal, state, and local income tax liability (calculated using the highest nominal, marginal federal, state, and local income tax rates then imposed on ordinary income of individual taxpayers residing in New York City, with appropriate adjustments for the federal tax benefits from state and local taxes) attributable to such Member's respective share of the estimated taxable income of the Company for such period.

6.9.2 Net Cash From Operations and Net Cash From Sales or Refinancings. Net Cash From Operations and Net Cash From Sales or Refinancings may be distributed at such times and in such amounts as may be approved by the Manager, to Common Members in proportion to their respective Percentage Interests.

6.10 Advances or Drawings. Distributions of money and property shall be treated as advances or drawings of money or property against a Member's distributive share of income and as current distributions made on the last day of the Company's taxable year with respect to such Member.

6.11 Distributees; Liability for Distributions. All distributions made pursuant to Section 6.9 shall be made only to the Persons who, according to the books and records of the Company, hold the Membership Interests in respect of which such distributions are made on the actual date of distribution. Neither the Company nor any Member, Manager, or officer shall incur any liability for making distributions in accordance with Section 6.9.

6.12 Form of Distributions. A Member, regardless of the nature of the Member's Capital Contributions, has no right to demand and receive any distribution from the Company in any form other than money. No Member may be compelled to accept from the Company a distribution of any asset in kind in lieu of a proportionate distribution of money being made to other Members.

6.13 Return of Distributions. Except for distributions made in violation of the Act or this Agreement, or as otherwise required by law, no Member shall be obligated to return any distribution to the Company or pay the amount of any distribution for the account of the Company or to any creditor of the Company.

6.14 Limitation on Distributions. Notwithstanding any provision to the contrary in this Agreement, the Company shall not make a distribution to any Member on account of such Member's interest in the Company if such distribution would (i) violate Section 18-607 of the Act or other applicable law or (ii) breach, or with the passage of time or the giving of notice result in a breach of, any contractual covenants of the Company or its Subsidiaries (provided that the Company shall negotiate such covenants in good faith to permit distributions under Section 6.9.1).

6.15 Withholding. Any tax required to be withheld with respect to any Member under Section 1446 or other provisions of the Code, or under the law of any state or other jurisdiction, shall be treated for all purposes of this Agreement (i) as a distribution of cash to be charged against current or future distributions to which such Member would otherwise have been entitled, or (ii) if determined by the Manager in writing, as a demand loan to such Member bearing interest at a rate per annum equal to the rate of interest then announced by The Bank of New York as its prime commercial lending rate plus two hundred (200) basis points.

ARTICLE VII

TRANSFER OF INTERESTS

7.1 Transfer of Interests In General.

7.1.1 Conditions to Transfer. No Member shall be entitled to Transfer all or any part of such Member's Membership Interest unless all of the following conditions have been met: (a) the Company shall have received a written notice of the proposed Transfer, setting forth the circumstances and details thereof; (b) the Company shall (at its option) have received written opinion from counsel reasonably satisfactory to the Company, which in the case of a permitted Transfer contemplated by Section 7.2 shall be the Company's counsel, in form and substance reasonably satisfactory to the Company, specifying the nature and circumstances of the proposed Transfer, and based on such facts stating that the proposed Transfer will not be in violation of any of the registration provisions of the Securities Act, or any applicable state securities laws; (c) the Company shall have received from the transferee a written consent to be bound by all of the terms and conditions of this Agreement and, if such Transfer is to PublicCo and the Transferring Member receives common stock of PublicCo in the exchange, a written consent from such Member not to Transfer the common stock of PublicCo for one-hundred eighty (180) days after the Class B Common Measuring Date; (d) the Transfer will not result in the loss of any license or regulatory approval or exemption that has been obtained by the Company and is materially useful in the conduct of its business as then being conducted or proposed to be conducted; (e) the Transfer will not result in a material limitation or restriction on the Company's operations; (f) the Company is reimbursed upon request for its reasonable out-of-pocket expenses, except in the case of a permitted Transfer contemplated by Section 7.2, in connection with the Transfer; (g) if the Transfer to the proposed transferee is not otherwise specifically authorized by Section 7.2, the Transfer has been approved by the Manager, which consent may be given or withheld, conditioned or delayed as the Manager may determine in its sole discretion; (h) if the proposed transferee is not a Member or the Transfer to the proposed transferee is not otherwise specifically authorized by Section 7.2, the Transfer receives the Approval of the Members; (i) the Transfer will not cause the Company to be treated as a "publicly traded partnership" within the meaning of section 7704 of the Code, (j) the Transfer will not cause the Company to be treated as an "investment company" within the meaning of section 3 of the Investment Company Act of 1940, as amended, and (k) the Transfer has satisfied the requirements of Section 7.3.

7.1.2 Pledges. Notwithstanding anything to the contrary in Section 7.1, a Member may pledge, grant a security interest in or otherwise encumber all or a portion of its Membership Interest, without compliance with Sections 7.1.1(g) and (h) but subject to the other provisions of Section 7.1, if prior thereto, the pledgee or secured party delivers to the Company a written agreement acknowledging receipt of a copy of this Agreement and unconditionally agreeing that any foreclosure of the pledge or security interest shall be treated as a Transfer of such Membership Interest to which all provisions of this Article VII apply.

7.1.3 Invalid Transfers. To the fullest extent permitted by law, Transfers in violation of this Section 7.1 or in violation of any other provision of this Article VII or this Agreement shall be null and void ab initio and of no effect whatsoever.

7.2 Permitted Transfers. Subject to the provisions of Section 7.1, the Units may be Transferred under the following circumstances:

7.2.1 Class A Common Units. Class A Common Units may be Transferred to any Person, including without limitation, PublicCo or any Affiliate of CII or Vulcan Cable.

7.2.2 Class B Common Units. Class B Common Units may be Transferred to any Affiliate of PublicCo, CII, or Vulcan Cable.

7.2.3 Class C Common Units. Class C Common Units may be Transferred to the Bresnan Permitted Transferees, and Class C Common Units with respect to which any option pursuant to the Bresnan Put Agreement or the Bresnan-TCI Put Agreement has been exercised and Paul G. Allen or the Company has breached its purchase obligations under such put agreements may be Transferred to any transferee; provided, however, that (i) each such transferee must agree to be bound by the terms of this Agreement and other applicable equity documents (including the Bresnan Exchange Agreement), (ii) each such transferee must represent that it is an accredited investor and give such other investment representations and other undertakings as are customarily given by Persons acquiring securities in a private placement, and (iii) the Transfer to such transferee must be effected pursuant to an exemption from registration under applicable securities laws.

7.2.4 Class D Common Units

(a) Transfers to the Partners of FHGLP. Class D Common Units held by FHGLP may be Transferred to the partners of FHGLP on or after the Class D Common Measuring Date; provided, however, that (i) each such transferee agrees to be bound by the terms of this Agreement, and (ii) each such transferee represents that it is an accredited investor and gives such other investment representations and other undertakings as are customarily given by Persons acquiring securities in a private placement. If any such partner of FHGLP fails to make such agreements and representations or if the Company reasonably determines that the Transfer to such transferee would require registration under the Securities Act, then the Company shall purchase, within ninety (90) days after the Class D Common Measuring Date, the Class D Common Units proposed to be Transferred to such transferee for cash in an amount equal to the product of (i) the number of such Class D Common Units purchased by the Company, and (ii) the amount of Falcon Equity Value divided by the total number of Class D Common Units issued to FHGLP pursuant to Section 3.6.6; provided, however, that if and to the extent such purchases cause the Falcon Contributed Interest to be less than the Minimum Falcon Contributed Interest, FHGLP shall not be required to contribute the Minimum Falcon Contributed Interest as required by the Falcon Purchase Agreement. The Class D Common Units purchased by the Company pursuant to this Section 7.2.4(a) shall be deemed cancelled.

(b) Transfers Pursuant to Falcon Registration Rights Agreement. Class D Common Units may be Transferred to any Person to which a Class D Common Member is permitted to assign its rights under the Falcon Registration Rights Agreement in accordance with Section 8.6(a) thereof; provided, however, that (i) each such transferee agrees to be bound by the terms of the Agreement, (ii) each such transferee (x) represents that it is an accredited investor and gives such other investment representations and other undertakings as are customarily given by Persons acquiring securities in a private placement or (y) provides the Company with a written opinion of counsel reasonably satisfactory to the Company that such Transfer would not result in a violation of the registration requirements of the Securities Act, and (iii) any such Transfer will not result in violation of the registration requirements of the Securities Act.

7.2.5 Class A Preferred Units. Class A Preferred Units may be Transferred to any Person to which a Class A Preferred Member is permitted to assign its rights under the Rifkin Put Agreement in accordance with Section 10.9 thereof; provided, however, that (i) each such transferee agrees to be bound by the terms of the Agreement, (ii) each such transferee (x) represents that it is an accredited investor and gives such other investment representations and other undertakings as are customarily given by Persons acquiring securities in a private placement or (y) provides the Company with a written opinion of counsel reasonably satisfactory to the Company that such Transfer would not result in a violation of the registration requirements of the Securities Act, and (iii) any such Transfer will not result in violation of the registration requirements of the Securities Act.

7.2.6 Transfer to Paul G. Allen, the Company, and Certain Other Transferees. All Units shall be freely transferable without restriction to Paul G. Allen (or his Affiliates), the Company, or any other Person (i) to which Units may be put pursuant to the Rifkin Put Agreement, the Falcon Put Agreement, the Bresnan Put Agreement, or the Bresnan-TCI Put Agreement or (ii) to which Units may be Transferred pursuant to the Falcon Tag-Along Agreement or the Bresnan Tag-Along Agreement.

7.2.7 Transfers to PublicCo. Notwithstanding anything to the contrary in Section 7.1, from and after the Class B Common Measuring Date, certain Members may Transfer their Units to PublicCo in exchange for the Class A Common Stock or Class B Common Stock of PublicCo, pursuant to the terms of the Falcon Exchange Agreement, the Bresnan Exchange Agreement, the CII Exchange Agreement, and certain employee option/compensatory plans and agreements of the Company.

7.2.8 Admission of a Transferee as a Member. Each transferee (other than the Company) of a Transfer of a Membership Interest permitted by Section 7.2 shall be admitted to the Company as a Member of the Company upon completion of the Transfer in accordance with the conditions set forth in Sections 7.1 and 7.2.

7.3 Right of First Refusal.

7.3.1 Notice of Sale. Except with respect to Transfers permitted in Section 7.2, no Member other than a Class A Common Member shall Transfer all or a portion of such Member's Membership Interest unless (i) such Member complies with Section 7.1, and (ii) such Member shall have first given written notice to the Company and the Class A Common Members of its intent to do so and such Transfer is thereafter completed in accordance with Section 7.3.5 hereof. Said notice (the "NOTICE") shall name the proposed transferee (which shall have made a bona fide written offer on the terms set forth in the Notice) (the "PROPOSED TRANSFEREE"), specify the portion of such Member's Membership Interest to be Transferred (the "OFFERED INTEREST") and the price and terms of the bona fide offer, and be accompanied by a copy of the bona fide offer. If the consideration offered by the Proposed Transferee for the Offered Interest consists of property other than cash, then the Transferring Member and the Manager will attempt to agree on the fair market value ("FAIR MARKET VALUE") of such property. If they are unable to agree on Fair Market Value within ten (10) days following receipt of the Notice by the Company, Fair Market Value shall be determined as follows:

(a) The Transferring Member and the Manager will each select within two (2) business days after the end of such ten (10) day period a qualified appraiser, and such selected appraisers will, within twenty (20) days of their selection, render their respective determinations of Fair Market Value. Such determinations will be delivered concurrently, so that the Transferring Member and the Manager will each learn at the same time the determination of the other's appraiser.

(b) If the Fair Market Value reflected in the higher of the two appraisals (the "HIGHER INITIAL APPRAISAL") is not greater than one hundred five percent (105%) of the Fair Market Value reflected in the lower of the two appraisals (the "LOWER INITIAL APPRAISAL"), Fair Market Value will be the average of the two appraisals. If the two appraisals are not within this range, the two appraisers will within two (2) business days select a third qualified appraiser to determine Fair Market Value. The third appraiser will deliver to the Transferring Member and the Manager its determination of Fair Market Value within twenty (20) days of its selection.

(c) If the Higher Initial Appraisal is greater than one hundred five percent (105%) but not greater than one hundred twenty percent (120%) of the Lower Initial Appraisal, then Fair Market Value will be equal to the average of the two (2) of the three (3) appraisals that are closest to one another (or if the highest and lowest appraisal are equidistant from the middle, then Fair Market Value will be equal to the middle appraisal).

(d) If the Higher Initial Appraisal is greater than one hundred twenty percent (120%) of the Lower Initial Appraisal, then Fair Market Value will be equal to either the Higher Initial Appraisal or the Lower Initial Appraisal, whichever is closest to the third appraisal (or if the Higher Initial Appraisal and the Lower Initial Appraisal are equidistant from the third appraisal, then such Fair Market Value will be equal to the third appraisal).

(e) The Company will pay the cost of the appraisals and will promptly make available to the Transferring Member, the Manager, their respective representatives and the appraisers selected as provided above (subject to appropriate and customary confidentiality agreements) all information concerning the Company and its finances and operations as may be reasonably requested for purposes of determining Fair Market Value.

7.3.2 Company's Right of First Refusal. Within the later of (a) twenty (20) days following receipt of the Notice by the Company or (b) ten (10) days after the determination of Fair Market Value of the consideration offered by the Proposed Transferee in accordance with Section 7.3.1 above, if applicable, the Company shall send a written notice (the "COMPANY NOTICE") to the Class A Common Members, stating the portion of the Offered Interest that it wishes to purchase.

7.3.3 Second Refusal by Members. Unless the Company Notice specifies all of the Offered Interest, within ten (10) days after the mailing of the Company Notice, each Class A Common Member which desires to purchase a portion of the Offered Interest shall give a written notice (the "ELECTION NOTICE") to the Company specifying the maximum portion of the Offered Interest such Member wishes to purchase.

7.3.4 Exercise of Right of Refusal. If at the end of such 10-day period the aggregate Membership Interest specified in the Company Notice and the Election Notices is equal to or exceeds the Offered Interest, the Company shall be liable to purchase the portion of the Offered Interest specified in the Company Notice and each Class A Common Member which properly elects to purchase any of the Offered Interests (the "EXERCISING MEMBER") shall be jointly and severally liable to purchase the portion of the Offered Interest Properly Allocated (as defined below) to it, and the Transferring Member shall sell such Offered Interest on the terms set forth in the Notice, except if the consideration offered by the Proposed Transferee for the Offered Interest consists of property other than cash, then the Company and the Exercising Members shall pay for the Offered Interest in cash in an amount equal to the fair market value of such consideration determined in accordance with Section 7.3.1 above. The Offered Interests purchased by the Company pursuant to this Section 7.3 shall be deemed cancelled. For purposes of this Section 7.3.4, "PROPERLY ALLOCATED" means, with regard to allocation of Membership Interests among the Exercising Members, an allocation such that no Exercising Member's percentage of the Membership Interests being allocated, when divided by such Member's then Percentage Interest, shall be greater than a similar ratio for any other Exercising Member, except that of any Member which receives the maximum Membership Interest specified in its Election Notice.

7.3.5 Failure to Exercise Right of First Refusal. Upon the expiration of the periods for exercise of the respective rights of first and second refusal by the Company and the Class A Common Members, unless they have agreed to purchase all of the Offered Interest, all, but not a portion, of the Offered Interest may (subject to Section 7.1) be Transferred within ninety (90) days to the Proposed Transferee, at the price and on the terms specified in the Notice. No Transfer of the Membership Interest specified in the Notice shall be made after the expiration of said 90-day period, nor shall any change in the Proposed Transferee or the terms of Transfer be made, without a new Notice and compliance with the provisions of this Section 7.3.

7.4 Effective Date of Permitted Transfers. Any permitted Transfer of all or any portion of a Membership Interest shall be effective no earlier than the date following the date upon which the requirements of this Agreement have been met.

7.5 Effect of Permitted Transfers. After the effective date of any Transfer of any part of a Membership Interest in accordance with this Agreement, the Membership Interest so Transferred shall continue to be subject to the terms, provisions, and conditions of this Agreement and any further Transfers shall be required to comply with all of the terms, provisions, and conditions of this Agreement. Any transferee of all or any portion of a Membership Interest shall take subject to the restrictions on Transfer imposed by this Agreement. Notwithstanding anything to the contrary in this Section 7.5, any part of a Membership Interest Transferred to the Company shall be deemed cancelled.

7.6 Substitution of Members. Except as provided in Section 7.2, a transferee of a Membership Interest shall not have the right to become a substitute Member until each of the following is true: (i) the requirements of Section 7.1.1 are satisfied; (ii) such Person executes an instrument satisfactory to the Members approving the transfer and to the Manager accepting and adopting the terms, provisions, and conditions of this Agreement, including without limitation Section 10.15 herein, with respect to the acquired Membership Interest; and (iii) such Person pays any reasonable expenses in connection with such Person's admission as a new Member. The admission of a substitute Member shall not result in the release of the Member who assigned the Membership Interest from any liability that such Member may have to the Company.

ARTICLE VIII

BOOKS AND RECORDS; ACCOUNTING; TAX MATTERS

8.1 Books and Records. The Manager shall cause the books and records of the Company to be kept, and the financial position and the results of its operations to be recorded, in accordance with generally accepted accounting principles; provided, however, that the Manager may, to the extent appropriate under applicable tax and accounting principles, maintain separate and corresponding records for book and tax purposes. The books and records of the Company shall reflect all the Company transactions and shall be appropriate and adequate for the Company's business.

8.2 Delivery to Members and Inspection.

8.2.1 Upon the request of any Member for purposes reasonably related to the interest of that Person as a Member, the Manager shall make available to the requesting Member information required to be maintained by Section 8.1; provided, however, that the Manager shall have the right to keep confidential from the Members, for such period of time as the Manager deems reasonable, any information which the Manager reasonably believes to be in the nature of trade secrets or other information the disclosure of which the Manager in good faith believes is not in the best interest of the Company or could damage the Company or its business or which the Company is required by law or by agreement with a third party to keep confidential.

8.2.2 Any request, inspection, or copying of information by a Member under this Section 8.2 may be made by that Person or that Person's agent or attorney.

8.3 Financial Statements.

8.3.1 General. The Manager shall provide any Member with such quarterly unaudited financial statements of the Company as such Member may from time to time reasonably request.

8.3.2 Annual Report. The Manager shall cause annual audited financial statements to be sent to each Member holding more than one Unit not later than 120 days after the close of the calendar year. The report shall contain a balance sheet as of the end of the calendar year and an income statement and statement of changes in financial position for the calendar year. Such financial statements shall be prepared in accordance with generally accepted accounting principles consistently applied and be accompanied by the report thereon of the independent accountants engaged by the Company.

8.4 Tax Returns. The Manager shall cause to be prepared at least annually information necessary for the preparation of the Members' federal and state income tax and information returns. The Manager shall send or cause to be sent to each Member, or as soon as practicable following the end of each Allocation Period, but in no event later than July 15, (i) such information as is necessary to complete such Member's federal and state income tax or information returns, and (ii) a schedule setting forth each Member's Capital Account balance as of the end of the most recent Allocation Period. The Manager shall cause the income tax and information returns for the Company to be timely filed with the appropriate authorities. If a Member requests, the Company shall provide such Member with copies of the Company's federal, state, and local income tax or information returns for that year, tax-related schedules, work papers, appraisals, and other documents as reasonably required by such Member in preparing its tax returns.

8.5 Other Filings. The Manager also shall cause to be prepared and timely filed, with appropriate federal and state regulatory and administrative bodies, amendments to, or restatements of, the Certificate and all reports required to be filed by the Company with those entities under the Act or other then current applicable laws, rules, and regulations.

8.6 Bank Accounts. The Manager shall maintain the funds of the Company in one or more separate bank accounts in the name of the Company, and shall not permit the funds of the Company to be commingled in any fashion with the funds of any other Person.

8.7 Accounting Decisions and Reliance on Others. All decisions as to accounting matters, except as otherwise specifically set forth herein, shall be made by the Manager or the Board. The Manager or the Board may rely upon the advice of the Company's accountants as to whether such decisions are in accordance with accounting methods followed for federal income tax purposes or financial accounting purposes (as applicable).

8.8 Tax Matters.

8.8.1 Taxation as Partnership. The Company shall be treated as a partnership for tax purposes. The Company shall avail itself of any election or procedure under the Code or the Regulations and under state and local tax law, including any "check-the-box" election, for purposes of having an entity classified as a partnership for tax purposes, and the Members shall cooperate with the Company in connection therewith and hereby authorize the Manager, directors, and officers to take whatever actions and execute whatever documents are necessary or appropriate to effectuate the foregoing.

8.8.2 Elections; Tax Matters Partner. Subject to the provisions of this Agreement, the Manager shall from time to time cause the Company to make such tax elections as it deems to be necessary or appropriate. The Members hereby designate CII as the "tax matters partner" (within the meaning of Code Section 6231(a)(7)) to represent the Company in connection with all examinations of the Company's affairs by tax authorities, including without limitation resulting judicial and administrative proceedings, and shall expend Company funds for professional services and costs associated therewith.

8.8.3 Section 754 Election. The Company shall elect, pursuant to Section 754 of the Code and any like provision of applicable state law, to adjust the Basis of the Company's property with respect to its first taxable year; each Member agrees to provide the Company with all information necessary to give effect to such elections. The Company will not revoke any elections under Section 754 of the Code or any like provision of applicable state law in effect for itself or for any of the Falcon Companies and will administer the elections so as to reflect (i) gain recognized by the Falcon Sellers with respect to the sale of the Falcon Purchased Interests and the contribution of the Falcon Contributed Interest to the

Company and (ii) gain recognized by the Members with respect to their dispositions of the Units.

8.8.4 Falcon Allocation Agreements. The sum of (i) the Falcon Cash Consideration allocable (pursuant to Section 2.3(d) of the Falcon Purchase Agreement) to the membership interest in CC VII, LLC, a Delaware limited liability company, and to the partnership interests in Falcon other than the Falcon Contributed Interest, (ii) the Falcon Equity Value, and (iii) liabilities of the Falcon Companies allocable pursuant to Section 752 of the Code to the partnership interests in Falcon, shall be allocated among the assets of the Falcon Companies that are tax partnerships in accordance with the Falcon Allocation Agreement (as defined in Section 6.10(h) of the Falcon Purchase Agreement), and the aggregate gross value of all the membership interests in the Company (including liabilities of the Company and its Subsidiaries) shall be allocated among the assets of the Company and its Subsidiaries in accordance with the Charter Allocation Agreement (as defined in Section 6.10(h) of the Falcon Purchase Agreement). Unless otherwise required by applicable law, CII and Class D Common Members agree to act, and cause their respective Affiliates to act, in accordance with the allocations provided herein in any relevant tax returns or similar filings.

ARTICLE IX

DISSOLUTION AND WINDING UP

9.1 Dissolution. The Company shall be dissolved, its assets shall be disposed of, and its affairs shall be wound up on the first to occur of the following:

(a) The entry of a decree of judicial dissolution pursuant to Section 18-802 of the Act;

(b) The Approval of the Members; provided, however, that (i) prior to the beginning of the Put Period (as defined in the Bresnan Put Agreement), the Company will not be dissolved or liquidated without the consent of all Bresnan Holders, which consent shall not be unreasonably withheld, and (ii) the Company will not be dissolved or liquidated unless (x) such dissolution or liquidation can be accomplished in a manner that does not cause adverse tax or economic consequences to TCI Bresnan LLC and/or TCID of Michigan, Inc. (taking into account any compensation to be provided to such entities) in excess of One Million Dollars ($1,000,000) or (y) the Company receives the written consent of such adversely affected entity; or

(c) The last remaining Member's ceasing to be a Member of the Company unless the Company is continued without dissolution in accordance with the Act.

9.2 Winding Up. Upon the occurrence of any event specified in Section 9.1, the Company shall continue solely for the purpose of winding up its affairs in an orderly manner, liquidating its assets, and satisfying the claims of its creditors. The Manager shall be responsible for overseeing the winding up and liquidation of the Company, shall take full account of the assets and liabilities of the Company, shall either cause its assets to be sold to any Person or distributed to a Member, and if sold, as promptly as is consistent with obtaining the fair market value thereof, shall cause the proceeds therefrom, to the extent sufficient therefor, to be applied and distributed as provided in Section 9.5 herein. All actions and decisions required to be taken or made by such Person(s) under this Agreement shall be taken or made only with the consent of all such Person(s).

9.3 Distributions in Kind. Any non-cash asset distributed to one or more Members shall first be valued at its fair market value to determine the gain or loss that would have been included in the amounts allocated pursuant to Article VI if such asset were sold for such value. Such gain or loss shall then be allocated pursuant to Article VI, and the Members' Capital Accounts shall be adjusted to reflect such allocations. The amount distributed and charged to the Capital Account of each Member receiving an interest in such distributed asset shall be the fair market value of such interest (net of any liability secured by such asset that such Member assumes or takes subject to).

9.4 Determination of Fair Market Value. For purposes of Section 9.2 and 9.3, the fair market value of each asset of the Company shall be determined in good faith by the Manager, or if the Common Members holding more than one percent (1%) of all outstanding Common Units request, by an independent, third-party appraiser experienced in the valuation of the type of assets at issue, selected in good faith by the Manager and the Common Members requesting such appraisal. The Company shall bear the costs of the appraisal.

9.5 Order of Distributions Upon Liquidation. After satisfying (whether by payment or reasonable provision for payment) the debts and liabilities of the Company to the extent required by law, including without limitation debts and liabilities to Members who are creditors of the Company to the extent permitted by law, the remaining assets shall be distributed to the Members in the following order:

9.5.1 First, to the Class A Preferred Members as of the date of distribution, pro rata to such Members in accordance with the respective sums of (i) their Class A Preferred Contributed Amounts in respect of the Class A Preferred Units then held by them, and (ii) the Class A Preferred Return Amounts with respect to such Units, until each such Member shall have received an amount equal to such sum with respect to such Member as of the date of distribution; provided, however, that no distribution shall be made pursuant to this Section 9.5.1 that creates or increases a Capital Account deficit for any Member which exceeds such Member's obligation deemed and actual to restore such deficit, determined as follows: Distributions shall first be determined tentatively pursuant to this Section 9.5.1 without regard to the Members' Capital Accounts, and then the allocation provisions of Article VI shall be applied tentatively as if such tentative distributions had been made. If any Member shall thereby have a deficit Capital Account which exceeds such Member's obligation (deemed or actual) to restore such deficit, the actual distribution to such Member pursuant to this Section 9.5.1 shall be equal to the tentative distribution to such Member less the amount of the excess to such Member; and

9.5.2 Second, to the Common Members in accordance with their positive Capital Account balances, after taking into account income and loss allocations for the Company's taxable year during which liquidation occurs.

Such liquidating distributions shall be made by the end of the Company's taxable year in which the Company is liquidated, or, if later, within ninety (90) days after the date of such liquidation.

9.6 Limitations on Payments Made in Dissolution. Each Member shall be entitled to look solely to the assets of the Company for the return of such Member's positive Capital Account balance. Notwithstanding that the assets of the Company remaining after payment of or due provision for all debts, liabilities, and obligations of the Company may be insufficient to return the Capital Contributions or share of Net Profits reflected in such Member's positive Capital Account balance, a Member shall have no recourse against the Company or any other Member.

9.7 Certificate of Cancellation. Upon completion of the winding up of the affairs of the Company, the Manager, as an authorized person, shall cause to be filed in the office of the Delaware Secretary of State, an appropriate certificate of cancellation.

9.8 Termination. The Company shall terminate when all of the assets of the Company have been distributed in the manner provided for in this Article IX, and the certificate of cancellation is filed in accordance with Section 9.7.

9.9 No Action for Dissolution. Except as expressly permitted in this Agreement and to the fullest extent permitted by law, a Member shall not take any voluntary action that directly causes a dissolution of the Company.

9.10 Bankruptcy of a Member. The bankruptcy (as defined in the Act) of a Member shall not cause the Member to cease to be a Member of the Company, and upon such an event, the Company shall continue without dissolution.

ARTICLE X

MISCELLANEOUS

10.1 Complete Agreement. This Agreement (including any schedules or exhibits hereto), any documents referred to herein or therein (the "TRANSACTION DOCUMENTS"), and the Certificate contain the entire understanding of the parties with respect to the subject matter hereof. There are no restrictions, agreements, promises, representations, warranties, covenants or undertakings with respect to the subject matter hereof other than those expressly set forth or referred to herein. Except for the Transaction Documents, this Agreement supersedes all prior agreements and understandings between the parties with respect to its subject matter. The parties acknowledge that this Agreement contains provisions that are not yet effective because they relate to the transactions described in recitals E and F contemplated but not yet consummated. The relevant provisions shall be given effect only upon and to the extent of the consummation of each of such transactions on the Class C Common Measuring Date and the Class D Common Measuring Date.

10.2 Binding Effect. Subject to the provisions of this Agreement relating to transferability, this Agreement shall be binding upon and inure to the benefit of the Members, and their respective successors and assigns.

10.3 Parties in Interest. Except as expressly provided in the Act, nothing in this Agreement shall confer any rights or remedies under or by reason of this Agreement on any Persons other than the Members and their respective successors and assigns nor shall anything in this Agreement relieve or discharge the obligation or liability of any third person to any party to this Agreement, nor shall any provision give any third person any right of subrogation or action over or against any party to this Agreement.

10.4 Pronouns; Statutory References; Agreement References. All pronouns and all variations thereof shall be deemed to refer to the masculine, feminine, or neuter, singular or plural, as the context in which they are used may require. Any reference to the Code, the Regulations, the Act, or other statutes or laws shall include all amendments, modifications, or replacements of the specific sections and provisions concerned. Any reference to any agreement defined in Article I of this Agreement shall include all amendments, modifications, or replacements of the specific sections and provisions concerned.

10.5 Headings. All headings herein are inserted only for convenience and ease of reference and shall not be considered in the construction or interpretation of any provision of this Agreement.

10.6 References to this Agreement. Numbered or lettered articles, sections, and subsections herein contained refer to articles, sections, and subsections of this Agreement unless otherwise expressly stated.

10.7 Governing Law. This Agreement shall be enforced, governed by, and construed in accordance with the laws of the State of Delaware, regardless of the choice or conflict of laws provisions of Delaware or any other jurisdiction.

10.8 Severability. If any provision of this Agreement or the application of such provision to any Person or circumstance shall be held invalid, the remainder of this Agreement or the application of such provision to Persons or circumstances other than those to which it is held invalid shall not be affected thereby.

10.9 Additional Documents and Acts. Each Member agrees to execute and deliver, from time to time, such additional documents and instruments and to perform such additional acts as may be necessary or appropriate to effectuate, carry out, and perform all of the terms, provisions, and conditions of this Agreement and the transactions contemplated hereby.

10.10 Notices. Any notice to be given or to be served upon the Company or any party hereto in connection with this Agreement shall be in writing (which may include facsimile) and shall be deemed to have been given and received when delivered to the address specified by the party to receive the notice. The respective address of each Member shall be as set forth on Schedule A attached hereto. Any party may, at any time by giving five (5) days' prior written notice to the other parties, designate any other address in substitution of the foregoing address to which such notice shall be given.

10.11 Amendments. Any amendment to this Agreement shall be adopted and be effective as an amendment hereto only upon the Approval of the Members; provided, however, (i) that this Agreement may not be amended in a manner that is adverse to the

Class D Common Members and that treats the Class D Common Units in a discriminatory manner vis-a-vis the Class A Common Units, without the consent of Class D Common Members owning a majority of the Class D Common Units adversely affected, (ii) that this Agreement may not be amended in a manner that is adverse to the Class C Common Members, without the consent of Class C Common Members owning a majority of the Class C Common Units adversely affected, (iii) that this Agreement may not be amended in a manner that is adverse to the Class A Common Members, without the approval of the Class A Common Members owning a majority of the Class A Common Units adversely affected, and (iv) that this Agreement may not be amended (a) in a manner that is adverse to the Class A Preferred Members with respect to their redemption and preferred return rights under Section 3.5.2 or 3.5.3, transfer rights under Section 7.2.5, or liquidation rights under Section 9.5.1 or (b) in a manner that adversely alters any other expressly articulated rights of the Class A Preferred Members hereunder and that treats the Class A Preferred Members in a discriminatory manner vis-a-vis the Common Members, without the consent of Class A Preferred Members owning a majority of the Class A Preferred Units. Without limiting the generality of the foregoing, no consent of the Members, other than the Approval of the Members, shall be required to amend this Agreement (x) to issue additional Units or any other securities of the Company pursuant to the terms of this Agreement, (y) to admit additional Members in connection with any issuance of Units to such Persons pursuant to the terms of this Agreement, or (z) to subdivide or combine any outstanding Units pursuant to Section 3.6.1 of this Agreement. Each Member hereby irrevocably constitutes and appoints the Manager as its true and lawful attorney-in-fact, in its name, place, and stead, to make, execute, acknowledge, and file any duly adopted amendment to or restatement of this Agreement. It is expressly intended by each Member that the power of attorney granted by the preceding sentence is coupled with an interest, shall be irrevocable, and shall survive and not be affected by the subsequent disability or incapacity of such Member (or if such Member is a corporation, partnership, trust, association, limited liability company or other legal entity, by the dissolution or termination thereof).

10.12 No Interest in Company Property; Waiver of Action for Partition. No Member has any interest in specific property of the Company or any Subsidiary. Without limiting the foregoing, each Member irrevocably waives during the duration of the Company any right that such Member may have to maintain any action for partition with respect to the property of the Company.

10.13 Multiple Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

10.14 Remedies Cumulative. The remedies under this Agreement are cumulative and shall not exclude any other remedies to which any Person may be lawfully entitled.

10.15 Investment Representation. Each Member hereby represents to, and agrees with, the other Members and the Company that such Member is acquiring the Membership Interest for investment purposes for such Member's own account only and not with a view to or for sale in connection with any distribution of all or any part of the Membership Interest. No other Person will have any direct or indirect beneficial interest in or right to the Membership Interest.

10.16 Spousal Consent. Each Member who is a married individual shall, upon becoming a Member or, if later, upon becoming married, cause his spouse to execute a spousal consent in the form attached hereto as Schedule 10.16 and shall furnish such consent to the Company.

IN WITNESS WHEREOF, the Members have executed this Agreement, effective as of the date first written above.

Charter Investment, Inc.

By: ___________________________________
Name:
Title:

Vulcan Cable III Inc.

By: ___________________________________
Name:
Title:

Charter Communications, Inc.

By: ___________________________________
Name:
Title:

Rifkin Holders

____

Accepting its appointment as the Manager of the Company under and to the extent provided in Section 5.1.1 of this Agreement:

Charter Investment, Inc.

By: ______________________________
Name:
Title:

Charter Communications, Inc.

By: ______________________________
Name:
Title:

SCHEDULE A

MEMBERS; ADDRESS; NUMBER OF UNITS

	NUMBER OF UNITS			
MEMBER/ADDRESS	CLASS A COMMON	CLASS B COMMON	CLASS A PREFERRED	CLASS A PREFERRED CONTRIBUTED AMOUNT
Charter Investment, Inc. 12444 Powerscourt Drive, Suite 400 St. Louis, Missouri 63131 Attn: Jerald L. Kent	217,585,243			
Vulcan Cable III Inc. 110 110th Avenue, N.E., Suite 550 Bellevue, WA 98004	___________			
Charter Communications, Inc. 12444 Powerscourt Drive, Suite 400 St. Louis, Missouri 63131		___________		
Kevin B. Allen R&A Management, LLC 360 South Monroe Street, Suite 600 Denver, CO 80209			5,188,139	$5,188,139
Paul A. Bambei R&A Management, LLC 360 South Monroe Street, Suite 600 Denver, CO 80209			127,909	$127,909
Jeffrey D. Bennis R&A Management, LLC 360 South Monroe Street, Suite 600 Denver, CO 80209			2,794,309	$2,794,309
Stephen E. Hattrup R&A Management, LLC 360 South Monroe Street, Suite 600 Denver, CO 80209			340,591	$340,591

MEMBER/ADDRESS	NUMBER OF UNITS			
	CLASS A COMMON	CLASS B COMMON	CLASS A PREFERRED	CLASS A PREFERRED CONTRIBUTED AMOUNT
Morris Children's Trust c/o Charles R. Morris III 4875 South El Camino Drive Englewood, CO 80111			1,301,648	$1,301,648
CRM II Limited Partnership, LLLP c/o Charles R. Morris III 4875 South El Camino Drive Englewood, CO 80111			4,509,283	$4,509,283
Lucille Maun R&A Management, LLC 360 South Monroe Street, Suite 600 Denver, CO 80209			94,165	$94,165
Peter N. Smith R&A Management, LLC 360 South Monroe Street, Suite 600 Denver, CO 80209			333,896	$333,896
Dale D. Wagner R&A Management, LLC 360 South Monroe Street, Suite 600 Denver, CO 80209			591,092	$591,092
Interlink Investment Corp c/o Kevin B. Allen R&A Management, LLC 360 South Monroe Street, Suite 600 Denver, CO 80209			9,395,889	$9,395,889
Monroe M. Rifkin R&A Management, LLC 360 South Monroe Street, Suite 600 Denver, CO 80209			5,015,511	$5,015,511
Bruce A Rifkin R&A Management, LLC 360 South Monroe Street, Suite 600 Denver, CO 80209			1,253,657	$1,253,657

MEMBER/ADDRESS	NUMBER OF UNITS			
	CLASS A COMMON	CLASS B COMMON	CLASS A PREFERRED	CLASS A PREFERRED CONTRIBUTED AMOUNT
Stuart G. Rifkin Baker & Hostetler 303 E. 17th Avenue, Suite 1100 Denver, CO 80202			4,921,689	$4,921,689
Ruth Rifkin Bennis 5570 Preserve Drive Greenwood Village, CO 80121			3,573,973	$3,573,973
Rifkin Family Investment Company, LLLP c/o Monroe M. Rifkin, General Partner R&A Management, LLC 360 South Monroe Street, Suite 600 Denver, CO 80209			40,291,828	$40,291,828
Rifkin & Associates, Inc. c/o Monroe M. Rifkin R&A Management, LLC 360 South Monroe Street, Suite 600 Denver, CO 80209			30,636,166	$30,636,166
Indiana Cablevision Management Corp c/o Monroe M. Rifkin R&A Management, LLC 360 South Monroe Street, Suite 600 Denver, CO 80209			2,834,366	$2,834,366
Charles R. Morris, III 4875 South El Camino Drive Englewood, CO 80111			6,213,875	$6,231,875
360 Group c/o Monroe M. Rifkin R&A Management, LLC 360 South Monroe Street, Suite 600 Denver, CO 80209			2,761,721	$2,761,721

MEMBER/ADDRESS	NUMBER OF UNITS			
	CLASS A COMMON	CLASS B COMMON	CLASS A PREFERRED	CLASS A PREFERRED CONTRIBUTED AMOUNT
Rifkin Children's Trust c/o Monroe M. Rifkin, Co-Trustee R&A Management, LLC 360 South Monroe Street, Suite 600 Denver, CO 80209			3,042,190	$3,042,190
Rifkin Children's Trust-II c/o Monroe M. Rifkin, Co-Trustee R&A Management, LLC 360 South Monroe Street, Suite 600 Denver, CO 80209			1,628,551	$1,628,551
Rifkin Children's Trust-III c/o Monroe M. Rifkin, Co-Trustee R&A Management, LLC 360 South Monroe Street, Suite 600 Denver, CO 80209			6,461,670	$6,461,670

SCHEDULE 3.3

Taking into account the effect of conversion of any Units into Class A Common Units or Class B Common Units at the time of the IPO, for each Class A Common Member and Class B Common Member, the amount of such Member's initial Capital Account balance as of the Class B Common Measuring Date shall equal an amount such that the following ratio is the same for each such Member: the amount of such Member's Capital Account balance with respect to such Member's Common Units as of the Class B Common Measuring Date plus, for a Class B Common Member, the amount of any Capital Contributions to be made by such Member pursuant to Section 3.1.3(a) which have not yet been made as of the Class B Common Measuring Date, divided by the number of Common Units held by such Member as of the Class B Common Measuring Date. Such Capital Account balances shall be set forth on this Schedule 3.3, which shall be completed as soon as practicable following the Class B Common Measuring Date.

SCHEDULE 3.6.6

On the Class D Common Measuring Date, the number of Class D Common Units issued to FHGLP will be the product of (i) the total number of Common Units issued and outstanding immediately after the issuance of Class D Common Units pursuant to Section 3.6.6 and (ii) the ratio, the numerator of which will equal the Falcon Equity Value and the denominator of which will equal the sum of (x) the Charter Value and (y) the Falcon Equity Value; provided, however, that to the extent that the assets described in clause (v) of the definition of Charter Value have not been acquired by the Company or its Subsidiaries and the "definitive agreements" to which such assets are subject are terminated, then Class D Common Members shall be issued additional Class D Common Units in an amount sufficient to provide them with the same economic interests in the Company that they would have had if the Charter Value determined as of the Class D Common Measuring Date had been reduced by the value of such assets determined in clause (v) (taking into account distributions from the Company to its Members and other events occurring after the Class D Common Measuring Date but prior to the issuance of additional Class D Common Units to Class D Common Members); provided, further, that if prior to the Class D Common Measuring Date, CII or the Company has taken an action (other than dispositions of obsolete equipment or other equipment deemed to be unnecessary in the ordinary operations of the Company's business) that has resulted in a reduction in the assets of the Company, then an appropriate adjustment (as mutually agreed between FHGLP and CII) may be made to the number of Class D Common Units in the Company received by FHGLP to reflect such reduction.

Exhibit 10.13

EXCHANGE AGREEMENT

THIS EXCHANGE AGREEMENT (this "AGREEMENT") is made and entered into as of ___________ ___, 1999 by and between Charter Communications, Inc., a Delaware corporation incorporated on July 22, 1999, Charter Investment, Inc., a Delaware corporation formerly known as Charter Communications, Inc. ("CHARTER INVESTMENT"), Vulcan Cable III, Inc., a Washington corporation ("VULCAN III"), and Paul G. Allen ("ALLEN").

PRELIMINARY STATEMENT

A. Charter Investment caused the Company to be formed as a means of effecting a public offering of indirect equity interests in Charter Communications Holding Company, LLC ("CHARTER LLC"), for the benefit of Charter LLC.

B. The Company has undertaken a registered public offering on Form S-1 of shares of Class A Stock and upon the consummation thereof (the "IPO DATE") will contribute the net proceeds of this public offering (or, where applicable, shortly thereafter certain assets to be acquired utilizing a portion of such net proceeds) to Charter LLC in exchange for Class B Common Units in Charter LLC.

C. Pursuant to (i) that certain Membership Interest Purchase Agreement, dated as of July 22, 1999, by and between Charter LLC and Allen, as amended (the "PURCHASE AND CONTRIBUTION AGREEMENT") and in accordance with that certain Amended and Restated Limited Liability Company Agreement for Charter LLC, effective as of _______ __, 1999, by and between the members listed on Schedule A thereto (the "LLC AGREEMENT") and (ii) that letter agreement from Allen to the Company dated September 1, 1999 (the "LETTER AGREEMENT"), Charter Investment and Vulcan III will on the IPO Date hold Class A Common Units and Charter Investment and Vulcan III and their affiliates may in the future acquire additional Common Units from the holders thereof, from Charter LLC or through acquisition and conversion of any preferred membership units of Charter LLC (collectively, the "PAUL ALLEN UNITS").

D. As an inducement for Allen to enter into the Purchase and Contribution Agreement and the Letter Agreement, the Company has agreed to grant Allen, Charter Investment, Vulcan III and any other Allen Entities that acquire Paul Allen Units the rights provided for herein.

NOW, THEREFORE, in consideration of the respective covenants and agreements of the parties and for other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each party), the parties hereby agree as follows:

Section 1 Definitions.

1.1. Terms Defined in this Section. For purposes of this Agreement, the following terms shall have the following meanings:

"ALLEN ENTITY" means from time to time Allen; the estate of Allen, any trust created as a result of the death of Allen, or any organization qualified under Section 501(c)(3) of the Code that is the beneficiary of Allen upon his death; any entity of which Allen Entities own directly or indirectly at least 50% of the voting power and economic interest, including without limitation Charter Investment and Vulcan III; and any trust in which Allen is a trustee and owns more than 50% of the beneficial interest.

"AVERAGE TRADING PRICE" means, with respect to any publicly traded securities, as of any Closing Date, the average for the twenty full Trading Days preceding such date of:

(i) the last reported sale price, regular way, as reported on the principal national securities exchange registered under Section 7 of the Exchange Act (or any successor provision of law) on which such securities are listed or admitted for trading, or

(ii) if such securities are not listed or admitted for trading on any national securities exchange, the last reported sale price, regular way, as reported on the Nasdaq National Market (or any successor system) or, if such securities are not listed on the Nasdaq National Market, the average of the highest bid and lowest asked prices on each such Trading Day as reported on the Nasdaq Stock Market, or

(iii) if such securities are not listed or admitted for trading on any national securities exchange, the Nasdaq National Market or the Nasdaq Stock Market, the average of the highest bid and lowest asked prices on each such Trading Day in the domestic over-the-counter market as reported by the National Quotation Bureau, Incorporated, or any similar successor organization.

For purposes of determining the "Average Trading Price" of any securities,

(i) the applicable sale price or bid and asked prices of such securities on any day prior to any "ex-dividend" date or any similar date occurring prior to such Closing Date for any dividend or distribution (other than a dividend or distribution contemplated by clause (B) of paragraph (ii) below) paid or to be paid with respect to such securities shall be reduced by the fair value of the per share amount of such dividend or distribution, and

(ii) the applicable sale price or bid and asked prices of such securities on any day prior to (A) the effective date of any subdivision (by stock split or otherwise) or combination (by reverse stock split or otherwise) of such securities occurring prior to such Closing Date or (B) any "ex-dividend" date or any similar date occurring prior to such Closing Date for any dividend or distribution with respect to such securities to be made in such securities or securities that are convertible, exchangeable, or exercisable for such securities shall be appropriately adjusted, as determined by the Board of Directors of the Company, to reflect such subdivision, combination, dividend or distribution.

"BACK-TO-BACK OBLIGATION" means any liability or obligation of Charter LLC to the Company, the terms of which are substantially equivalent to a liability or obligation of the Company to any third party, as contemplated by Clause (b) of Article Third of the Certificate of Incorporation.

"BUSINESS DAY" means any day other than a Saturday, Sunday, or other day on which commercial banking institutions in New York, New York are required or authorized by law to remain closed.

"CERTIFICATE OF INCORPORATION" means the Restated Certificate of Incorporation of the Company as in effect on the IPO Date.

"CLASS A STOCK" means the Class A common stock of the Company as set forth in the Certificate of Incorporation.

"CLASS B STOCK" means the Class B common stock of the Company as set forth in the Certificate of Incorporation.

"CLOSING" means the consummation of any exchange of all or a portion of the Exchangeable Units directly, or indirectly as a result of a Non-Recognition Transaction, for shares of Class B Stock in accordance with this Agreement.

"CLOSING DATE" means, with respect to any Closing, the day on which such Closing occurs.

"CODE" means the Internal Revenue Code of 1986, as amended.

"COMMON UNITS" means any Unit denominated "Common", including without limitation Class A Common Units, Class B Common Units, Class C Common Units, and Class D Common Units, as set forth in the LLC Agreement, and any other securities into which such Common Units may thereafter be changed, converted, or exchanged (other than pursuant to an exercise of the Exchange Option).

"COMPANY" means Charter Communications, Inc., a Delaware corporation incorporated on July 22, 1999.

"COMPANY'S SEC REPORTS" means all forms, reports, and similar documents filed by the Company with the SEC.

"CONVERTIBLE SECURITIES" means (subject to Section 2.3(b)(7)) options, warrants, and other similar instruments issued by the Company that are exercisable or convertible for shares of common stock of the Company.

"EXCHANGE ACT" means the Securities Exchange Act of 1934, or any successor federal statute, and the rules and regulations of the SEC promulgated thereunder, in each case as amended from time to time.

"EXCHANGE OPTION" means the right and option of any Allen Entity to exchange directly or indirectly such Person's Common Units for Common Stock pursuant to Section 2.1.

"EXCHANGING HOLDER" means any holder of any Common Units exercising its Exchange Option with respect to such Common Units.

"GAAP" means generally accepted accounting principles in effect from time to time in the United States of America, applied in a manner consistent with that used in the preparation of the financial statements included in the Company's SEC Reports.

"GOVERNMENTAL AUTHORITY" means any federal, state, or local governmental authority, including any court or administrative or regulatory agency.

"INTEREST" means any Common Units and any other securities into which such Common Units may thereafter be changed, converted, or exchanged.

"INVESTMENT BANKER'S OPINION" means the reasonable opinion of an investment banking firm of nationally recognized standing that is not affiliated with the Company.

"LEGAL REQUIREMENTS" means applicable common law and any applicable statute, ordinance, code, or other law, rule, regulation, order, technical or other standard, requirement, or procedure enacted, adopted, promulgated, or applied by any Governmental Authority, including the terms of any license or permit and any applicable order, decree, or judgment that may have been handed down, adopted, or imposed by any Governmental Authority, in each case as in effect on the date of this Agreement.

"LLC ACT" means the Delaware Limited Liability Company Act, 6 Del. C. Section 18-101 et seq., as the same may be amended from time to time.

"MEMBER" means each Person who is listed on Schedule A to the LLC Agreement as a Member, and any additional or substitute Member admitted to Charter LLC in accordance with the terms of the LLC Agreement.

"MEMBERSHIP INTEREST" means a Member's entire limited liability company interest in Charter LLC including the Member's right to share in income, gains, losses, deductions, credits, or similar items of, and to receive distributions from, Charter LLC pursuant to the LLC Agreement and the LLC Act.

"MIRROR SECURITY" means any equity security issued by Charter LLC and held by the Company, the terms of which are substantially equivalent to a security of the Company issued to any third party, as contemplated by Clause (b) of Article Third of the Certificate of Incorporation.

"PERSON" means any individual, corporation, partnership, limited partnership, limited liability partnership, limited liability company, trust, association, organization, or other entity.

"PREFERRED UNITS" mean any Units denominated "Preferred" including the Class A Preferred Units, as set forth in the LLC Agreement.

"PUBLICLY TRADED STOCK" means the Class A Stock of the Company or any other series of common stock of the Company that is publicly traded on the Closing Date except that, if more than one class or series of shares of common stock of the Company is publicly traded on the Closing Date, "Publicly Traded Stock" means:

(i) if more than one class or series of shares of common stock of the Company is publicly traded on the Closing Date but only one class or series of shares of common stock of the Company is nationally traded on the Closing Date, then "Publicly Traded Stock" means shares of that class or series of common stock of the Company that is nationally traded on the Closing Date; and

(ii) if more than one class or series of shares of common stock of the Company is nationally traded on the Closing Date, then "Publicly Traded Stock" means shares of that class or series of common stock of the Company that is nationally traded on the Closing Date and has the highest price-adjusted trading volume as of the Closing Date.

For purposes of this definition of "Publicly Traded Stock":

(i) a class or series of common stock is "nationally traded" if it is (A) registered under Section 12 of the Exchange Act (or any successor provision of law), and (B) listed for trading on any national securities exchange registered under Section 7 of the Exchange Act (or any successor provision of law) or on the Nasdaq National Market (or any successor system); and

(ii) the "price-adjusted trading volume" of any class or series of common stock of the Company means the product of the Average Trading Price of a share of such class or series of common stock as of the Closing Date times the average daily trading volume in the market from which the Average Trading Price is determined of such class or series of common stock for the twenty full Trading Days preceding the Closing Date.

"REGISTRATION RIGHTS AGREEMENT" means the Registration Rights Agreement entered into on the date of this Agreement among the Company, Charter Investment, Vulcan III, Allen, Jerald L. Kent, Howard L. Wood and Barry L. Babcock.

"SEC" means the Securities and Exchange Commission, or any other federal agency at the time administering the Securities Act or the Exchange Act.

"SEC REPORTS" means any form, report or similar document filed by the Company with the SEC.

"SECURITIES ACT" means the Securities Act of 1933, or any successor federal statute, and the rules and regulations of the SEC promulgated thereunder, in each case as amended from time to time.

"TRADING DAY" means, with respect to any security, a day on which the principal national securities exchange on which such security is listed or admitted to trading, or the Nasdaq National Market or the Nasdaq Stock Market, as applicable, if such security is not listed or admitted to trading on any national securities exchange, is open for the transaction of business (unless such trading shall have been suspended for the entire day) or, if such security is not listed or admitted to trading on any national securities exchange, the Nasdaq National Market or the Nasdaq Stock Market, any Business Day.

"UNITS" means units of Membership Interest issued by Charter LLC to its Members which entitle the Members to the rights set forth in the LLC Agreement.

1.2. Terms Defined Elsewhere in this Agreement. For purposes of this Agreement, the following terms have the meanings set forth in the sections indicated:

Term	Section
B Reorganization	Section 2.1(b)
C Reorganization	Section 2.1(b)
Charter Investment	Introductory Paragraph
Charter LLC	Preliminary Statement
Exchange Option	Section 2.1(a)
Exchange Value	Section 2.2(b)
Financed Class B Stock	Section 5
IPO Date	Preliminary Statement
LLC Agreement	Preliminary Statement
Loans	Section 6
Merger	Section 2.1(b)
Non-Recognition Transactions	Section 2.1(b)
Paul Allen Units	Preliminary Statement
Permitted Transferee	Section 7.9(a)
Purchase and Contribution	

Agreement	Preliminary Statement
Tax Agreement	Section 2.1(a)
351 Exchange	Section 2.1(a)
Vulcan III	Introductory Paragraph

1.3. Terms Generally. The definitions in this Agreement shall apply equally to both the singular and plural forms of the terms defined. Whenever the context requires, any pronoun includes the corresponding masculine, feminine, and neuter forms. The words "include," "includes," and "including" are not limiting. Any reference in this Agreement to a "day" or number of "days" (without the explicit qualification of "Business") shall be interpreted as a reference to a calendar day or number of calendar days. If any action or notice is to be taken or given on or by a particular calendar day, and such calendar day is not a Business Day, then such action or notice shall be deferred until, or may be taken or given on, the next Business Day.

Section 2 Exchange.

2.1. Right to Exchange.

(a) The Company hereby grants to each Allen Entity the right and option, exercisable from time to time, on one or more occasions, to exchange all or any portion of the Common Units held by such Allen Entity, for shares of Class B Stock, provided that if the Exchanging Holder notifies the Company of its intent and belief that Section 351 of the Code will apply to the exchange of Common Units (the "351 EXCHANGE"), then the consummation of such exchange shall be conditioned upon the receipt from the exchanging Allen Entity of a Tax Agreement substantially in the form of Exhibit A (the "TAX AGREEMENT").

(b) In the event that any Allen Entity so elects, the Company shall cooperate with such Allen Entity in order to effect any exchange of Common Units contemplated by Section 2.1(a) by either (at the election of the Allen Entity):

(i) permitting such Allen Entity to merge with and into the Company (or such Allen Entity to merge with and into a directly wholly-owned subsidiary of the Company or to cause a directly wholly-owned subsidiary of the Company to merge with and into such Allen Entity, provided that in the case of a merger of such Allen Entity with a wholly-owned subsidiary of the Company, the surviving corporation is immediately thereafter liquidated by merger into the Company) in a transaction qualifying as a reorganization under Section 368(a) of the Code (the "MERGER"); provided, however, that any such Merger shall be conditioned upon the Company obtaining the requisite approval (if any) of its stockholders to such Merger;

(ii) permitting such Allen Entity to exchange all of the Common Units and, if any, common stock of the Company held by such Allen Entity for shares of Class B Stock in a transaction which qualifies as a reorganization under Section 368(a)(1)(C) of the Code (the "C REORGANIZATION"); or

(iii) permitting the shareholders of the Allen Entity to exchange equity in such Allen Entity constituting "control," as defined in Section 368(c) of the Code, of such Allen Entity solely for shares of Class B Stock in a transaction which qualifies as a reorganization under Section 368(a)(1)(B) of the Code (the "B REORGANIZATION").

The Merger, C Reorganization, B Reorganization and 351 Exchange are collectively referred to as the "NON-RECOGNITION TRANSACTIONS." Such cooperation by the Company shall include, without limitation, the taking of all action (and, if applicable, causing its wholly-owned subsidiary to take all action) necessary or advisable to effect the requested Non-Recognition Transaction (including without limitation execution of reasonable and customary agreements of merger, the voting of all shares in any subsidiary in favor of the Merger and (if required) the submission of Merger for approval of the Company's shareholders). The shareholders of the Allen Entity that is a party to a Merger, C Reorganization or B Reorganization shall be treated for purposes of this Agreement respecting receipt of consideration as the Exchanging Holders. The consideration to be issued by the Company to such Exchanging Holders in the Merger or B Reorganization or to the Allen Entity in the C Reorganization, as applicable, shall be a number of shares of Class B Stock (allocated to such Exchanging Holders in proportion to their respective holdings of the equity securities of such Allen Entity) equal to (x) the number of shares of Class B Stock determined by Section 2.2 or 2.3 (as applicable) based on the number of Common Units held by such Allen Entity that is a party to the reorganization plus (y) the number of shares of common stock of the Company of any class held by such Allen Entity that is a party to the Merger; provided that if the Allen Entity that is a party to the Non-Recognition Transaction owns any material assets other than Common Units, common stock of the Company, goodwill and deferred tax assets, or has any material liabilities required by GAAP to be reflected on a consolidated balance sheet of such Allen Entity as of the Closing Date (other than deferred taxes), the Non-Recognition Transaction shall not be consummated until (I) such Allen Entity no longer owns such assets and (II) such liabilities of such Allen Entity have been defeased or the satisfaction of such liabilities has been adequately provided for by another Allen Entity; and provided further that the consummation of the Non-Recognition Transaction shall be conditioned upon the receipt from the shareholders of the Allen Entity that is a party to the Non-Recognition Transaction who are Allen Entities of a Tax Agreement. The Company shall, and Allen shall cause such Allen Entity to, take all necessary action to effectuate the Non-Recognition Transaction.

(c) Any holder of Common Units shall exercise its Exchange Option by delivering written notice of exercise to the Company, specifying the portion of such holder's Common Units to be exchanged, or if a Non-Recognition Transaction is to be other than a 351 Exchange, is to be effected, written notice to that effect and the nature of the Non-Recognition Transaction.

(d) Upon its receipt of notice pursuant to Section 2.1(c), the Company shall be obligated to acquire the Common Units specified in such notice, or, if applicable, effectuate the Non-Recognition Transaction, and, subject to Section 2.6, the Exchanging Holder shall be obligated to assign and transfer to the Company the Common Units and/or common stock of the Company being exchanged pursuant to Section 2.1(a) or 2.1(b), as applicable, on the terms and conditions specified in this Agreement.

2.2. Exchange Ratio and Valuation under Certificate of Incorporation. The Exchanging Holder shall receive one share of Class B Stock for each Common Unit and one share of Class B Stock for each share of common stock of the Company being exchanged pursuant to Section 2.1(a) or 2.1(b) directly, or indirectly in the Non-Recognition Transaction, as applicable, so long as:

2.2.1. Clause (b) of Article Third and Clauses (a)(ii) and (b)(iii) of Article Fourth of the Company's Certificate of Incorporation as in effect on the IPO Date are not amended so as to substantively modify the provisions thereof, and the Company is in substantial compliance with those provisions; and

2.2.2. Sections 3.5.4, 3.6.1, 3.6.4(d), 3.6.4(e) and 5.1.7 of the LLC Agreement have not then been amended so as to substantively modify those provisions in manner which would alter the amount per Unit which any class of Common Units would be entitled to receive on liquidation of Charter LLC.

2.3. Exchange Ratio if Certificate of Incorporation is Amended in Certain Respects.

(a) If the conditions in Sections 2.2.1 and 2.2.2 are not satisfied, the number of shares of Class B Stock to be issued in exchange for any Common Units pursuant to this Agreement shall be that number of shares with an aggregate Exchange Value as of the Closing Date, determined in accordance with Section 2.3(b), equal to the fair market value of such Common Units as of the Closing Date, determined in accordance with Section 2.3(b). The "EXCHANGE VALUE" of each share of common stock of the Company issued at any Closing pursuant to this Agreement shall be with respect to the Class B Stock, the Average Trading Prices of the shares of Publicly Traded Stock into which such Class B Stock is convertible. Additionally, one share of Class B Stock of the Company shall be issued for each share of common stock of the Company directly or indirectly exchanged in any Non-Recognition Transaction.

(b) The fair market value of any Common Unit shall be the amount that would be distributed to the holder of such Unit upon the liquidation of Charter LLC if the amount that would be distributed to the Company upon such liquidation were equal to the fair market value of all Common Units held by the Company as of the Closing Date. For purposes of this Section 2.3(b):

(1) Subject to adjustment as provided below in this Section 2.3(b), the fair market value of the Company's Common Units as of the Closing Date shall be deemed to equal the aggregate value of all outstanding shares of Publicly Traded Stock, with each such share being valued at the Average Trading Price of a share of Publicly Traded Stock as of the Closing Date.

(2) If on the Closing Date there are outstanding any Convertible Securities, other than a Convertible Security for which the Company holds a Mirror Security, for which the exercise price per share of Publicly Traded Stock is less than the Average Trading Price of a share of Publicly Traded Stock as of such Closing Date, then the fair market value of the Company's Common Units as of the Closing Date shall be increased by the amount by which the aggregate exercise price of all such Convertible Securities is less than the aggregate value of all shares of Publicly Traded Stock issuable upon the exercise or conversion thereof, with each such issuable share being valued at the Average Trading Price of a share of Publicly Traded Stock as of the Closing Date.

(3) If on the Closing Date the Company has any indebtedness, liabilities, or obligations that would be required by GAAP to be reflected on a balance sheet of the Company as of the Closing Date (other than deferred taxes, obligations for which there exists a Back-to-Back Obligation or liabilities or obligations for which the Company is entitled to reimbursement from Charter LLC), that would be required by GAAP to be reflected on an unconsolidated balance sheet of the Company as of the Closing Date, the fair market value of the Company's Common Units as of the Closing Date shall be increased by the amount of such liability or obligation as of the Closing Date, determined in accordance with GAAP.

(4) If on the Closing Date the Company has outstanding any publicly traded equity securities, other than Publicly Traded Stock, Convertible Securities and publicly traded equity securities for which the Company holds a Mirror Security, required to be taken into account under Section 2.3(b)(2), the fair market value of the Company's Common Units as of the Closing Date shall be increased by the aggregate value of all such outstanding securities as of the Closing Date, with such securities being valued at the Average Trading Price of such securities as of the Closing Date.

(5) If on the Closing Date the Company has outstanding any equity securities (such as the Class B Stock) other than Publicly Traded Stock, other publicly traded equity securities, Convertible Securities required to be taken into account under Section 2.3(b)(2) and equity securities for which the Company holds a Mirror Security, the fair market value of the Company's Common Units as of the Closing Date shall be increased by the aggregate market value of all such outstanding securities as of the Closing Date. For purposes of this Section 2.3(b)(5):

(A) to the extent practicable, the market value of such securities shall be the amount that would be distributed with respect to such securities (or, if greater, any securities of the Company for which such securities may be converted or exchanged) upon the liquidation of the Company if the amount that would be distributed to the holders of the Publicly Traded Stock upon such liquidation were equal to the aggregate value of all outstanding shares of Publicly Traded Stock, with each such share being valued at the Average Trading Price of a share of Publicly Traded Stock as of the Closing Date (for example, a share of any class of common stock of the Company (such as the Class B Stock) that has the same rights to liquidating distributions as a share of Publicly Traded Stock shall be deemed to have a market value equal to the Average Trading Price of a share of such Publicly Traded Stock, and a share of non-convertible, non-participating preferred stock of the Company that is entitled to a preference over the common stock of the Company upon liquidation of the Company shall be deemed to have a market value equal to its liquidation preference);

(B) if the market value of such securities cannot practicably be determined under Section 2.3(b)(5)(A), the market value of such securities shall be determined in good faith by the Board of Directors of the Company; provided, however, that if the aggregate value of all such securities exceeds $100,000,000, then the Board's determination of the market value of such securities shall be made in reliance on, and shall be supported by, an Investment Banker's Opinion obtained by the Company not more than three months prior to the Closing Date; and

(C) the value of any securities valued pursuant to Section 2.3(b)(5)(B) shall be determined without regard to any discount or premium for liquidity, control, minority interest, lack of marketability, restrictions on transfer, or any other market factor.

(6) If on the Closing Date the Company has any assets (other than the Company's Common Units, Back-to-Back Obligations, Mirror Securities, goodwill or deferred tax assets), including cash, cash equivalents, or assets used in the conduct of any business, then the fair market value of the Company's Common Units as of the Closing Date shall be reduced by the fair market value of such assets as determined in good faith by the Board of Directors of the Company; provided, however, that if the aggregate value of all such assets (other than cash and cash equivalents) exceeds $100,000,000, then the Board's determination of the fair market value of such assets shall be made in reliance on, and shall be supported by, an Investment Banker's Opinion obtained by the Company not more than three months prior to the Closing Date.

(7) Any exchange rights granted by the Company that entitle the holder to exchange Common Units for shares of common stock of the Company on valuation terms substantially similar to those provided in 2.2 and 2.3, shall not be deemed to be Convertible Securities or other equity securities of the Company for purposes of Section 2.3(b)(2) or Section 2.3(b)(5).

(8) Without limiting the foregoing, for purposes of Section 2.3, (i) any outstanding securities of the Company with respect to which the Company holds a Mirror Security shall be deemed to be of equal and offsetting value to such Mirror Security and (ii) any obligation of the Company with respect to which there exists a Back-to-Back Obligation or a contractual reimbursement obligation from Charter LLC or any subsidiary thereof shall be deemed to be of equal and offsetting value to such Back-to-Back Obligation or reimbursement obligation.

2.4. Time and Place of Closing.

(a) The Closing shall be held at the offices of Paul, Hastings, Janofsky & Walker LLP in New York, NY, on the date specified below:

(1) if the Exchanging Holder has requested registration for sale to the public pursuant to the Registration Rights Agreement of the shares of Publicly Traded Stock to be received by it at the Closing through (A) the exercise of its Exchange Option or (B) the simultaneous exercise of its Exchange Option and its right to convert shares of Class B Stock into shares of Publicly Traded Stock, then, at the Exchanging Holder's election, the Closing shall take place following the effectiveness of the Company's registration statement with respect to such shares and immediately prior to the closing of the Exchanging Holder's sale of such shares in accordance with the plan of distribution described in the registration statement;

(2) in all other cases, other than a Merger, the Closing shall take place on the tenth Business Day after the Exchanging Holder delivers its notice pursuant to Section 2.1(c) or as soon as practicable thereafter if the vote of the stockholders of the Company is required, or at such other time and place as the Exchanging Holder and the Company may agree; and

(3) In the case of a Merger, the Closing shall take place as soon as practicable and upon the filing of the certificate of merger with the Secretary of State of Delaware.

(b) The Exchanging Holder and the Company will cooperate so as to permit all documents required to be delivered at or in connection with the Closing to be delivered by mail, delivery service, or courier without requiring either party or its representatives to be physically present at the Closing.

(c) Notwithstanding Section 2.4(a), if on the date on which the Closing would otherwise be required to take place pursuant to Section 2.4(a) there shall be in effect any order of or by any Governmental Authority that would prevent or make unlawful the Closing, then the Closing shall be postponed until a date, to be set by the Company on at least five Business Days' written notice to the Exchanging Holder, as soon as practicable after such order ceases to be in effect.

2.5. Closing Deliveries.

(a) Company's Deliveries. At the Closing, the Company will deliver to the Exchanging Holder the following:

(1) Stock Certificates. Certificates evidencing the shares of Class B Stock or Publicly Traded Stock to be issued at the Closing.

(2) Certificate. A certificate, signed on behalf of the Company by an authorized officer, to the effect that:

(A) Except as otherwise disclosed in the Company's SEC Reports filed prior to the Exchanging Holder's exercise of its Exchange Option, as otherwise disclosed to the Exchanging Holder pursuant to Section 4.2, or as would not affect the number of shares of Common Stock to be issued to the Exchanging Holder at the Closing, since the date of the balance sheet of the Company included in the most recent Annual Report on Form 10-K filed with the SEC prior to the Exchanging Holders exercise of its Exchange Option, there has not been any (i) material adverse change in the financial condition, results of operations, liabilities, assets or business of the Company, taken as a whole, except for material adverse changes due to general economic or industry-wide conditions, or (ii) other events or conditions that, in the aggregate, have or would reasonably be expected to have a material adverse effect on the financial condition, results of operations, liabilities, assets, or business of the Company, taken as a whole, except for events or conditions of a general economic nature or of industry-wide applicability, and

(B) The Company does not have any indebtedness, liability, or obligation of a type required by GAAP to be reflected on a balance sheet that is not reflected or reserved against in the balance sheet included in the most recent Quarterly Report on Form 10-Q or Annual Report on Form 10-K that the Company filed with the SEC prior to the Exchanging Holder's exercise of its Exchange Option or otherwise disclosed in such Form 10-Q or Form 10-K or in any Form 8-K filed subsequent to such Form 10-Q or Form 10-K but prior to the Holder's exercise of its Exchange Option, or otherwise disclosed to the Exchanging Holder pursuant to Section 4.2, other than indebtedness, liabilities, and obligations that either (i) were incurred after the date of such balance sheet in the ordinary course of business or (ii) would not, in the aggregate, have a material adverse effect on the financial condition, results of operations, liabilities, assets, or business of the Company, taken as a whole, taking into account, in the case of contingent liabilities, the probability that the contingency would be realized and the probable liability that would result therefrom or (iii) would not affect the number of shares of common stock of the Company to be issued to the Holder at the Closing.

(b) Exchanging Holder's Deliveries. At the Closing, the Exchanging Holder will deliver to the Company the following:

(1) Certificate Evidencing Common Units. One or more certificates evidencing the portion of the Exchanging Holder's Common Units, (or, in the case of a Non-Recognition Transaction, equity securities of the relevant Allen Entity) , to be transferred and assigned at the Closing (if Common Units are certificated securities), together with duly executed assignments separate from such certificates in form and substance sufficient to effectuate the transfer of the portion of the Exchanging Holder's Common Units (or, in the case of a Non-Recognition Transaction, equity interests of the relevant Allen Entity) to be transferred to the Company.

(2) Title Representations. A certificate to the effect that the Exchanging Holder (and in the case of a Non-Recognition Transaction, the Allen Entity) owns all Common Units, and in the case of a Non-Recognition Transaction, common stock of the Company, to be exchanged at the Closing, both of record and beneficially, free and clear of all liens, encumbrances or adverse interests of any kind or nature whatsoever (including any restriction on the right to vote, sell, or otherwise dispose of the Common Units, and in the case of a Non-Recognition Transaction, common stock of the Company), other than those arising under applicable law and those arising under the organizational documents of Charter LLC or the Company, and, upon the transfer of such Common Units pursuant to this Agreement (and in the case of a Non-Recognition Transaction, common stock of the Company), the Company will receive good title to the Common Units, and in the case of a Non-Recognition Transaction, common stock of the Company, free and clear of all liens, encumbrances, and adverse interests created by the Exchanging Holder (and, in the case of a Merger or C Reorganization, the Allen Entity), other than those arising under applicable law or those arising under the organizational documents of Charter LLC or the Company.

(3) Investment Representations. A certificate to the effect that:

(A) Except as may be described in any registration statement filed pursuant to the Registration Rights Agreement with respect to any of the shares of common stock of the Company to be acquired at the Closing, it is acquiring such shares with the intent of holding such shares for investment for its own account and without the intent or a view to participating directly or indirectly in, or for resale in connection with, any distribution of such shares within the meaning of the Securities Act of any applicable state securities laws.

(B) It acknowledges and agrees that shares of common stock of the Company are being issued to it in reliance on the exemption from registration contained in Section 4(2) of the Securities Act and exemptions contained in applicable state securities laws, and that they cannot be sold or transferred except in a transaction that is exempt under the Securities Act and those state acts or pursuant to an effective registration statement under those acts or in a transaction that is otherwise in compliance with the Securities Act and those state acts.

(C) It is an "accredited investor" within the meaning assigned to such term under Regulation D promulgated pursuant to the Securities Act (including an indication of the basis for such representation).

(4) Tax Agreement. If the exchange is a Non-Recognition Transaction, a duly executed Tax Agreement.

2.6. Exchanging Holder's Right to Rescind Exercise of Exchange Option.

(a) Any Exchanging Holder may elect to rescind its exercise of its Exchange Option, in whole or in part, if:

(1) the Closing is postponed pursuant to Section 2.4(c) for more than thirty days after the date on which the Closing would otherwise have been required to take place, or

(2) The Company delivers a notice to the Exchanging Holder pursuant to Section 4.2 in response to the Exchanging Holder's notice pursuant to Section 2.1(c), or

(3) The Exchanging Holder requested registration pursuant to the Registration Rights Agreement of the shares of Publicly Traded Stock to be received by it at the Closing through (A) the exercise of its Exchange Option or (B) the simultaneous exercise of its Exchange Option and its right to convert shares of Class B Stock into shares of Publicly Traded Stock, and the registration statement covering such shares was withdrawn, such shares were withdrawn from inclusion in such registration statement or such shares were excluded from such registration statement in accordance with the terms of the Registration Rights Agreement.

(b) Any Exchanging Holder shall elect to rescind the exercise of its Exchange Option pursuant to Section 2.6(a) by delivering written notice of its election to the Company.

(c) An election by any Exchanging Holder to rescind the exercise of its Exchange Option pursuant to Section 2.6(a), on one or more occasions, shall not impair the Exchanging Holder's rights under this Agreement to exercise its Exchange Option on any future occasion.

Section 3 Exchange at Election of Company. The Company shall have the right, by notice to any Allen Entity at any time at which there are no longer any Class A Common Units outstanding, to require such Allen Entity to exchange its Common Units for Class B stock as provided in this Agreement.

Section 4 Other Covenants.

4.1. Prior Notice by the Company.

(a) The Company will deliver written notice to each other party hereto at least thirty days prior to:

(1) the fixing of the record date to determine the holders of shares of common stock of the Company entitled to receive any dividend or other distribution (other than cash dividends payable out of earnings or earned surplus and dividends payable solely in shares of common stock) or any right, including the right to acquire any additional shares of stock of any class;

(2) the fixing of the record date to determine the holders of shares of common stock of the Company entitled to participate in any capital reorganization or any reclassification of or change in the outstanding capital stock of the Company (other than a change resulting solely from a subdivision or combination of outstanding shares), or any consolidation or merger, sale, transfer, or disposition of substantially all of the Company's assets as an entirety, or the liquidation, dissolution, or winding up of the Company; or

(3) the consummation of any disposition by the Company of all or substantially all its Common Units.

(b) Any notice by the Company pursuant to Section 4.1(a) shall specify the applicable record date and set forth the general nature of the action to be taken.

4.2. Notice of Other Material Facts. Promptly following its receipt of an Exchanging Holder's notice pursuant to Section 2.1(c) with respect to any exercise of its Exchange Option, the Company will deliver written notice to the Exchanging Holder describing in reasonable detail any facts that the Company must disclose to the Exchanging Holder to enable the Company to deliver the certificate described in Section 2.5(a)(2).

4.3. Investment Banker's Opinions. The Company will promptly notify each Party hereto in writing of its decision at any time to retain an investment banking firm to prepare an Investment Banker's Opinion. Such notice will identify the assets or securities that are intended to be the subject of such Investment Banker's Opinion. Within five Business Days after the Company receives an Investment Banker's Opinion, the Company will deliver to each Party hereto a copy of such Investment

Banker's Opinion together with any supplementary material that was prepared or relied upon by the investment banking firm issuing such Investment Banker's Opinion relating to the subject of such Investment Banker's Opinion.

4.4. Certain Transactions.

4.4.1. Conversion or Exchange of Class B Shares. If at any time the outstanding shares of Class B Stock are changed into, or exchanged for, a different kind of shares or securities of the Company, through reorganization, recapitalization, reclassification, or other means, then, upon any subsequent election of the Exchange Option, Exchanging Holders shall thereafter be entitled to receive in lieu of Class B Stock either (at the election of the Exchanging Holder) (i) Publicly Traded Stock or (ii) such shares or other securities of the Company into which the Class B Stock has been converted or for which it has been exchanged. Without limiting the foregoing, in the event that all shares of Class B Stock are automatically converted into Class A Stock in accordance with the terms of the Certificate of Incorporation, then, upon any subsequent election of the Exchange Option, Exchanging Holders shall thereafter be entitled to receive Class A Stock in lieu of Class B Stock.

(a) Assumption of Company Obligations by Successor. The Company will not consolidate with any Person, merge into any Person, or otherwise sell, convey, transfer, or otherwise dispose of all or substantially all of its Common Units (in one transaction or a series of related transactions) to any Person, or liquidate or dissolve unless the Person that consolidates or merges with the Company or acquires all or substantially all of the Company's Common Units (or, in the case of a triangular merger or consolidation or other transaction in which a direct or indirect parent of such consolidating Person has a publicly traded class of equity securities, such direct or indirect parent) expressly assumes, by an agreement executed and delivered to the Holder, in form satisfactory to the Holder, all of the obligations of the Company under this Agreement.

Section 5 Representations of the Company. The Company represents and warrants to each other party hereto as follows:

5.1. Organization, Standing, and Authority. The Company is a corporation duly organized, validly existing, and in good standing under the laws of Delaware. The Company has all requisite power and authority to execute and deliver this Agreement and the documents contemplated hereby, and to perform and comply with all of the terms, covenants, and conditions to be performed and complied with by the Company hereunder and thereunder. The Company is duly qualified to transact business in each jurisdiction in which the nature of its business makes such qualification necessary, except where the failure to be so qualified would not impair or hinder the ability of the Company to perform its obligations under this Agreement.

5.2. Authorization and Binding Obligation. The execution, delivery, and performance of this Agreement by the Company have been duly authorized by all necessary actions on the part of the Company. This Agreement has been duly executed and delivered by the Company and constitutes the legal, valid, and binding obligation of the Company, enforceable against it in accordance with its terms except as the enforceability of this Agreement may be affected by bankruptcy, insolvency, or similar laws affecting creditors' rights generally, and by judicial discretion in the enforcement of equitable remedies.

5.3. Absence of Conflicting Agreements; Consents. The execution and delivery by the Company of this Agreement and the documents contemplated hereby and the performance by the Company of its obligations under this Agreement and the documents contemplated hereby, including its issuance of shares of common stock of the Company (with or without the giving of notice, the lapse of time, or both): (a) do not require the consent of any third party (including any Governmental Authority, other than the holders of common stock of the Company in the event of a Merger into the Company); (b) will not conflict with any provision of the Certificate of Incorporation, By-Laws, or any other organizational documents of the Company; (c) will not violate, result in a breach of, or contravene any Legal Requirement applicable to the Company; and (d) will not violate, conflict with, result in a material breach of any terms of, constitute grounds for termination of, constitute a default under, or result in the acceleration of any performance required by the terms of, any mortgage, indenture, lease, contract, agreement, or similar instrument to which the Company is a party or by which the Company or its properties may be bound legally.

5.4. Shares Validly Issued. The shares of common stock of the Company to be issued under this Agreement, when issued, sold, and delivered in accordance with the terms of this Agreement, will be duly and validly issued, fully paid, and nonassessable and will be free of restrictions on transfer other than restrictions on transfer under applicable state and federal securities laws.

5.5. Certificate of Incorporation. The Company will not amend the Certificate of Incorporation between the date hereof and the IPO Date.

Section 6 Regulation U Compliance. So long as any Loans remain outstanding to any Allen Entity, an Allen Entity shall not be entitled to convert any shares of Financed Class B Stock held by such Allen Entity into Class A Stock pursuant to Clause (b)(viii)(A) of Article Fourth of the Certificate of Incorporation. If an Allen Entity desires to convert any Class B Stock pursuant to Clause (b)(viii)(A) of Article Fourth of the Certificate of Incorporation into Class A Stock, such holder shall deliver, together with the stock certificate surrendered pursuant to Clause (b)(viii)(D) of Article Fourth of the Certificate of Incorporation, a certificate, signed on behalf of an authorized officer or person, to the effect that either (1) the Class B Stock to be converted is not Financed Class B Stock or (2) the Loans, the proceeds of which financed the Financed Class B Stock, are no longer outstanding. "LOANS" means loans made after September 15, 1999 to any Allen Entity from banks or other financial institutions subject to Regulation U of the Board of Governors of the Federal Reserve System. "FINANCED CLASS B STOCK" means any share of Class B Common Stock owned by an Allen Entity, including without limitation as a result of the exchange of Units for shares of Class B Stock pursuant to any agreement between the Corporation and the holder of such Membership Units, including this Agreement, or as a transferee of an Allen Entity, that was originally funded with proceeds of Loans.

Section 7 Miscellaneous.

7.1. Complete Agreement; Modifications. This Agreement constitutes the parties' entire agreement with respect to the subject matter hereof and supersedes all other agreements, representations, warranties, statements, promises and understandings, whether oral or written, with respect to the subject matter hereof, other than the Registration Rights Agreement. This Agreement may not be amended, altered or modified except by a writing signed by both parties.

7.2. Additional Documents. Each party hereto agrees to execute any and all further documents and writings and to perform such other actions which may be or become necessary or expedient to effectuate and carry out this Agreement, including any Non-Recognition Transaction.

7.3. Notices. Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be sufficiently given if delivered in person or transmitted by telecopy or similar means or recorded electronic communication to the relevant party, addressed as follows (or at such other address as either party shall have designated by notice as herein provided to the other party):

If to Allen, Vulcan III or any other Allen Entity (excluding Charter Investment):	Vulcan Ventures 110 110th Avenue Northeast, Suite 550 Bellevue, Washington 98004 Attention: President Telecopy: (425) 453-1985
with a copy to:	Irell & Manella LLP 1800 Avenue of the Stars, Suite 900 Los Angeles, California 90067-4276 Attention: Alvin G. Segel Telecopy: (310) 203-7199

If to Charter Investment:	Charter Investment, Inc. c/o Charter Communications, Inc. 12444 Powerscourt Drive, Suite 400 Attention: Jerald Kent and Curtis Shaw Telecopy: (314) 965-8793
with a copy to:	Irell & Manella LLP 1800 Avenue of the Stars, Suite 900 Los Angeles, California 90067-4276 Attention: Alvin G. Segel Telecopy: (310) 203-7199
If to the Company:	Charter Communications, Inc. 12444 Powerscourt Drive, Suite 400 St. Louis, Missouri 63131 Attention: Jerald Kent and Curtis Shaw Telecopy: (314) 965-8793
with copies to:	Paul, Hastings, Janofsky & Walker LLP 399 Park Avenue Thirty-First Floor New York, NY 10022 Attention: Daniel G. Bergstein Telecopy: (212) 319-4010

Any such notice or other communication shall be deemed to have been given and received on the day on which it is delivered or telecopied (or, if such day is not a Business Day or if the notice or other communication is not telecopied during business hours, at the place of receipt, on the next following Business Day); provided, however, that any such notice or other communication shall be deemed to have been given and received on the day on which it is sent if delivery thereof is refused or if delivery thereof in the manner described above is not possible because of the intended recipient's failure to advise the sending party of a change in the intended recipient's address or telecopy number.

7.4. No Third-Party Benefits. None of the provisions of this Agreement shall be for the benefit of, or enforceable by, any Person that is not a party to this Agreement, other than any Permitted Transferees of Allen, Charter Investment, Vulcan III and any other Allen Entity.

7.5. Waivers Strictly Construed. With regard to any power, remedy or right provided herein or otherwise available to any party hereunder (a) no waiver or extension of time shall be effective unless expressly contained in a writing signed by the waiving party; and (b) no alteration, modification or impairment shall be implied by reason of any previous waiver, extension of time, delay, or omission in exercise or other indulgence.

7.6. Severability. The validity, legality, or enforceability of the remainder of this Agreement shall not be affected even if one or more of the provisions of this Agreement shall be held to be invalid, illegal, or unenforceable in any respect.

7.7. Successors and Assigns. Except as provided herein to the contrary, this Agreement shall be binding upon and shall inure to the benefit of the parties, their respective successors (including any successor by merger, consolidation, or otherwise to all or substantially all of a party's business or assets) and permitted assigns.

7.8. Assignments.

(a) Each of Allen, Charter Investment, Vulcan III and any other Allen Entity may transfer some or all of any portion of its Common Units to any Person that is an affiliate of such entity at the time of the transfer (each such Person, a "PERMITTED TRANSFEREE"), and each of Allen, Charter Investment, Vulcan III and any other Allen Entity may assign its rights under this Agreement with respect to the transferred portion of its Common Units, without the consent of the Company, to such Permitted Transferee.

(b) Upon the transfer of any Common Units to any Permitted Transferee and the assignment to such Permitted Transferee of the transferor's rights under this Agreement with respect to the transferred portion of its Common Units, the Company and the Permitted Transferee will enter into an Exchange Agreement in the form of Attachment A to this Agreement, and the Company and the Permitted Transferee will thereupon have the rights and be subject to the obligations set forth in such Exchange Agreement.

7.9. Governing Law. This Agreement shall be governed by the laws of the State of New York, without regard to any choice of law provisions of that state or the laws of any other jurisdiction.

7.10. Headings. The Section headings in this Agreement are inserted only as a matter of convenience and in no way define, limit, extend, or interpret the scope of this Agreement or of any particular Section.

7.11. Counterparts. This Agreement may be executed simultaneously in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

7.12. Costs. All filing fees, transfer taxes, sales taxes, document stamps, or other similar charges levied by any Governmental Authority in connection with the exchange of shares of Common Stock for Common Units pursuant to this Agreement shall be paid by the Company. Except as otherwise provided in this Agreement, each party will bear its own costs in connection with the performance of its obligations under this Agreement.

7.13. Default. In the event of any legal action between the parties arising out of or in relation to this Agreement, the prevailing party in such legal action shall be entitled to recover, in addition to any other legal remedies, all of its costs and expenses, including reasonable attorney's fees, from the non-prevailing party, regardless of whether such legal action is prosecuted to completion.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day first heretofore mentioned.

Charter Communications, Inc.
By:___________________________
Name:
Title:

Vulcan Cable III Inc.
By:___________________________
Name:
Title:

Charter Investment, Inc.
By:___________________________
Name:
Title:

Paul G. Allen

____

EXHIBIT A

TAX AGREEMENT

This TAX AGREEMENT is entered into as of ______________ between ________ [Allen Entity] ("Exchanging Holder") and Charter Communications, Inc. (the "Company").

1. Background. This Tax Agreement is executed and delivered pursuant to the terms and conditions of that certain Exchange Agreement made and entered into as of ___________ ___, 1999 by and among the Company, Charter Investment, Vulcan III and Allen (the "Exchange Agreement").

2. Terms Generally. Terms not defined in this Tax Agreement shall have the same meaning as in the Exchange Agreement. The definitions in this Tax Agreement shall apply equally to both the singular and plural forms of the terms defined. Whenever the context requires, any pronoun includes the corresponding masculine, feminine, and neuter forms. The words "include," "includes," and "including" are not limiting. Any reference in this Tax Agreement to a "day" or number of "days" (without the explicit qualification of "Business") shall be interpreted as a reference to a calendar day or number of calendar days. If any action or notice is to be taken or given on or by a particular calendar day, and such calendar day is not a Business Day, then such action or notice shall be deferred until, or may be taken or given on, the next Business Day.

3. Election. At the election of the Exchanging Holder, which election is made on the signature page hereto, Charter LLC shall make the special allocations to the Allen Entity that is making the 351 Exchange pursuant to Section 2.1(a) of the Exchange Agreement or is a party to a Non-Recognition Transaction pursuant to Section 2.1(b) of the Exchange Agreement, with respect to Class A Common Units owned by such Allen Entity, or to the Company, or to both, immediately prior to the consummation of the Non-Recognition Transaction in the manner provided in Section 6.4.3 of the LLC Agreement.

4. Purchase Price Adjustment. In the event that no election is made on the signature page to this Tax Agreement, or if such an election is made, but at the consummation of such Non-Recognition Transaction the Special Loss Allocations (as defined in the LLC Agreement) with respect to the Class A Common Units of the Exchanging Holder or the Allen Entity that is a party to the Non-Recognition Transaction, as applicable, exchanged directly or indirectly for Class B Stock have not been offset with Special Profit Allocations (as defined in the LLC Agreement) and other special allocations provided in Section 6.4 of the LLC Agreement, then the following shall apply:

(A) At such time as the Company incurs an obligation to make an out-of-pocket payment for federal or state income or franchise tax ("Tax") as a result of current or prior period Special Profit Allocations or other special allocations provided in Section 6.4 of the LLC Agreement with respect to the Class A Common Units received by the Company in the Non-Recognition Transaction, which, subject to paragraph (C) below, the Company would not have been obligated to make if previously there had been no

Special Loss Allocations with respect to such Class A Common Units (a "Tax Payment"), the Company shall provide written notice to the Exchanging Holder, not less than thirty (30) days prior to the date such Tax Payment is due, of (I) the amount of such Tax Payment, (II) the date such Tax Payment is due and (III) the Company's determination of the With and Without Calculations (as hereinafter defined) of the amount of such Tax Payment in respect of such Class A Common Units. At such time as the Company incurs a reduced obligation to make an out-of-pocket payment for Tax, receives a refund of Tax or the benefit of a credit against Tax as a result of current or prior period Special Profit Allocations or other special allocations provided in Section 6.4 of the LLC Agreement with respect to the Class A Common Units received by the Company in the Non-Recognition Transaction, which, subject to paragraph (C) below, the Company would not have received or benefited from if previously there had been no Special Loss Allocations with respect to such Class A Common Units (a "Tax Rebate"), the Company shall provide written notice to the Exchanging Holder, not more than thirty (30) days after the date such Tax Rebate is received or the benefit is taken, of (x) the amount of such Tax Rebate, (y) the date of such Tax Rebate and (z) the Company's determination of the With and Without Calculations (as hereinafter defined) of the amount of such Tax Rebate in respect of such Class A Common Units. The Tax Payment and the Tax Rebate are referred to herein as the "Payment." In the event that the Exchanging Holder shall disagree with (x) the arithmetic calculations of the With and Without Calculations or (y) the factual basis of any part of the With and Without Calculations, the Exchanging Holder shall so notify Company in writing within fifteen (15) days following the receipt of the With and Without Calculations (the "Exchanging Holder Notification Period"). Such notification shall state the amount of the With and Without Calculations or calculations thereof with which the Exchanging Holder disagrees and the basis for such disagreement. If such disagreement is not resolved by the parties within ten (10) days, such disagreement shall be resolved in accordance with the procedures set forth in Section 5. The Payment shall be adjusted (if at all) pursuant to the agreement of the parties or the procedures set forth in Section 5, as the case may be, and, after adjustment, subject to the last sentence of this paragraph, shall be the Payment for all purposes of this Tax Agreement and used in any subsequent calculation of the With and Without Calculations. If the Exchanging Holder does not so notify the Company within the Exchanging Holder Notification Period of any disagreement with the amount of the With and Without Calculations or calculations thereof, subject to the last sentence of this paragraph, the amount of the Payment so determined by the Company in the With and Without Calculations provided to the Exchanging Holder shall be the amount thereof and used in any subsequent calculation of the With and Without Calculations. If subsequent to the determination or making of any Payment, the taxable income, or Tax, or both, of the Company is finally adjusted by any tax authority, whether by settlement or in any administrative or judicial proceeding, the parties shall make an equitable adjustment to any prior determinations of the Payment, and the applicable With and Without Calculations, and the Company promptly shall pay to the Exchanging Holder or the Exchanging Holder promptly shall pay to the Company, as the case may be, an amount required to reconcile the Payment actually made to the Payment that should have been made in light of the final adjustment by the tax authority.

(B) The Exchanging Holder shall pay to the Company, or the Company shall pay to the Exchanging Holder, as applicable, the amount of the Payment determined in accordance with the preceding paragraph not later than two (2) Business Days prior to the specified due date of the Payment; provided, however, that if the parties are disputing the amount thereof the Exchanging Holder or the Company, as applicable shall pay the undisputed amount thereof, and shall pay the balance thereof, if any, within two (2) Business Days after any disagreement as to the proper amount of the Payment shall be resolved in accordance with the procedures set forth in Section 5. The parties shall for tax and financial reporting treat any Tax Payment by the Exchanging Holder as a contribution to capital of the Company in respect of the Class B Stock acquired by the Exchanging Holder on account of the direct or indirect interest in the Class A Common Units acquired by the Company in the Non-Recognition Transaction and any Tax Rebate shall be treated as an adjustment of prior Tax Payments by the Exchanging Holder.

(C) The "With and Without Calculations" is a calculation showing each of the following steps in the derivation of the amount remaining (which is the Payment and can be either a positive number (a Tax Payment) or negative number (a Tax Rebate)) when (I) the difference between (x) the Company's cumulative Tax liability, from the IPO Date through the end of the taxable period with respect to which the Tax obligation arises, taking into account that the Special Loss Allocations were made, on the one hand, and (y) the Company's cumulative Tax liability, from the IPO Date through the end of the taxable period with respect to which the Tax obligation arises, assuming the Special Loss Allocations were not made, on the other hand, is reduced by (II) the sum of (x) the Tax Payments previously made by the Exchanging Holder to the Company and (y) the Tax Rebates previously made by the Company to the Exchanging Holder, respectively, under this Section 4; provided, however, that in making the determination required by this Section 4, the parties shall not take into account any permanent limitation on the utilization of tax attributes by the Company, such as on account of an ownership change under Section 382 of the Code; and provided, further, in the event that substantially all of the capital stock of the Company is acquired, or substantially all the direct or indirect assets of the Company or Charter LLC are acquired, by an unaffiliated entity or entities acting as a group, neither the Exchanging Holder nor the Company shall be obligated to make any further payment to the other, including any Payment, under this Section 4.

(D) In the event that any Non-Recognition Transaction is partially taxable to the Exchanging Holders, the parties shall treat as not being subject to this Tax Agreement the same percentage of Class A Common Units as the percentage of gain recognized to total gain realized by the Exchanging Holders in the Transaction. Consequently, in the event of an election under Section 3, no special allocation shall be made in the manner provided in Section 6.4.3 of the LLC Agreement to that number of Class A Common Units equal to the percentage of gain recognized and no Tax Payments shall be made on account of, and the With and Without Calculations shall not reflect Taxes in respect of, such number of Class A Common Units.

(E) The Company and the Exchanging Holder shall cooperate (and shall cause each of their affiliates to cooperate) fully at such time and to the extent reasonably requested by the other party in connection with the preparation or determination of the With and Without Calculations, the preparation and filing of any tax return or the conduct of any audit, dispute, proceeding, suit or action concerning any issues or any other matter contemplated hereunder. Such cooperation shall include, without limitation, (I) the retention and provision on demand of books, records, documentation, tax returns or other information relating to any tax return, (II) the provision of additional information and explanation of material provided under clause (I), and (III) the use of the parties' reasonable best efforts to obtain any documentation from a governmental authority or a third party that may be necessary or helpful in connection with the foregoing. The Company and the Exchanging Holder shall use reasonable efforts to keep each other advised as to the status of tax audits and litigation that may impact the With and Without Calculations. The Company shall consult with the Exchanging Holder regarding any responses to requests from any taxing authority and shall provide the Exchanging Holder with copies of any such written responses before (to the extent deadlines reasonably permit) such responses are given to any taxing authority. Without limiting the foregoing, the Company shall promptly furnish to the Exchanging Holder upon receipt a copy of any revenue agent's report or similar report, notice of proposed adjustment, or notice of deficiency or TEFRA report received by any member of the Company's consolidated group or by any entity treated as a tax partnership. The Company shall advise and consult with the Exchanging Holder with respect to any proposed tax adjustments relating to the Company or any of its subsidiaries, including entities treated as tax partnerships, that are the subject of an Internal Revenue Service or state or local audit or investigation, or are the subject of litigation, that may affect the With and Without Calculation.

5. Arbitration. Disagreements between the Company, on the one hand, and the Exchanging Holder, on the other, with respect to the amount of any Payment that the Company claims is owed by the Exchanging Holder, or that the Exchanging Holder claims is owed by the Company, including the determination of the With and Without Calculations, that are not resolved by mutual agreement shall be resolved by arbitration pursuant to this Section 5. Upon the expiration of the ten (10) day dispute resolution period specified in Section 4(A) until the time of a final resolution by the arbitrator, the time period for any payment shall be tolled.

(A) Any arbitrator selected pursuant to this Section 5 shall have at least five years of experience in the field of corporate taxation, shall be an attorney licensed to practice law in any state of the United States and shall not be or have been employed by or affiliated with either party. The parties shall first attempt to agree on a mutually satisfactory arbitrator. If the parties are unable to agree on a mutually satisfactory arbitrator within fifteen (15) days after expiration of the ten (10) day dispute resolution period specified in Section 4(A), each party shall select an arbitrator. The two arbitrators thus selected shall agree on and select a third arbitrator. If the two arbitrators cannot agree on such third arbitrator within fifteen (15) days, the parties shall each select a different arbitrator and renew the above procedure. If the position of an arbitrator is vacated, the person or persons who originally selected the arbitrator to fill such position shall select a new arbitrator to fill the position, unless the parties agree to continue the arbitration with the remaining arbitrators. When used hereinafter, the term "arbitrator" shall refer to the three arbitrators so selected when appropriate and a decision of a majority of such arbitrators shall constitute a decision by the arbitrator in the appropriate context.

(B) The arbitration shall be conducted in accordance with the rules set forth in Exhibit A. The arbitration shall not be conducted under the auspices of the American Arbitration Association.

(C) Each party within thirty (30) days after engagement of the arbitrator shall submit to the arbitrator a written statement of the party's position (including the total net amount it asserts is owed by it or is due to it) regarding the total amount in dispute, which position shall be consistent with the With and Without Calculations exchanged pursuant to Section 4(A), together with copies of such calculations.

(D) The arbitrator shall base his or her decision on the following standards. In the case of a factual dispute between the parties, the arbitrator shall make a determination of the correct facts. In the case of a dispute regarding a legal issue or a settlement amount, the arbitrator shall consider the strength of the parties' litigation positions relative to the costs and risks of litigation. Upon making determinations with respect to all issues in dispute, the arbitrator shall find in favor of the party whose With and Without Calculations exchanged pursuant to Section 4(A) proposed the amount closest to the aggregate of the amounts so determined.

(E) The arbitrator shall render a written decision stating only the amount of such decision as soon as practicable. The arbitrator shall also orally explain the bases of such decision to both parties as soon as practicable. If and only if both parties request, the arbitrator shall state the bases of such decision in writing. The arbitrator's decision shall be in an amount equal to one of the total amounts asserted by one of the parties in the With and Without Calculations exchanged pursuant to Section 4(A). The arbitrator shall not, and is not authorized to, render a decision in any other amount. The arbitrator's decision shall be final.

6. Miscellaneous.

(A) This Tax Agreement constitutes the parties' entire agreement with respect to the subject matter hereof and supersedes all other agreements, representations, warranties, statements, promises and understandings, whether oral or written, with respect to the subject matter hereof, other than the Exchange Agreement. This Tax Agreement may not be amended, altered or modified except by a writing signed by both parties.

(B) Each party hereto agrees to execute any and all further documents and writings and to perform such other actions which may be or become necessary or expedient to effectuate and carry out this Tax Agreement.

(C) Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be sufficiently given if delivered in person or transmitted by telecopy or similar means or recorded electronic communication to the relevant party, addressed as follows (or at such other address as either party shall have designated by notice as herein provided to the other party):

If to any Allen Entity:	[_______________] [_______________] [_______________] Attention: [_______________] Telecopy:[_______________]
with a copy to:	Irell & Manella LLP 1800 Avenue of the Stars, Suite 900 Los Angeles, California 90067-4276 Attention: Alvin G. Segel Telecopy: (310) 203-7199
If to the Company:	Charter Communications, Inc. 12444 Powerscourt Drive, Suite 400 St. Louis, Missouri 63131 Attention: Jerald Kent and Curtis Shaw Telecopy: (314) 965-8793
with copies to:	Paul, Hastings, Janofsky & Walker LLP 399 Park Avenue Thirty-First Floor New York, NY 10022 Attention: Daniel G. Bergstein Telecopy: (212) 319-4010

Any such notice or other communication shall be deemed to have been given and received on the day on which it is delivered or telecopied (or, if such day is not a Business Day or if the notice or other communication is not telecopied during business hours, at the place of receipt, on the next following Business Day); provided, however, that any such notice or other communication shall be deemed to have been given and received on the day on which it is sent if delivery thereof is refused or if delivery thereof in the manner described above is not possible because of the intended recipient's failure to advise the sending party of a change in the intended recipient's address or telecopy number.

(D) None of the provisions of this Tax Agreement shall be for the benefit of, or enforceable by, any Person that is not a party to this Tax Agreement.

(E) With regard to any power, remedy or right provided herein or otherwise available to any party hereunder (I) no waiver or extension of time shall be effective unless expressly contained in a writing signed by the waiving party; and (II) no alteration, modification or impairment shall be implied by reason of any previous waiver, extension of time, delay, or omission in exercise or other indulgence.

(F) The validity, legality, or enforceability of the remainder of this Tax Agreement shall not be affected even if one or more of the provisions of this Tax Agreement shall be held to be invalid, illegal, or unenforceable in any respect.

(G) Except as provided herein to the contrary, this Tax Agreement shall be binding upon and shall inure to the benefit of the parties, their respective successors (including any successor by merger, consolidation, or otherwise to all or substantially all of a party's business or assets) and permitted assigns.

(H) This Tax Agreement shall be governed by the laws of the State of New York, without regard to any choice of law provisions of that state or the laws of any other jurisdiction.

(I) The Section headings in this Tax Agreement are inserted only as a matter of convenience and in no way define, limit, extend, or interpret the scope of this Tax Agreement or of any particular Section.

(J) This Tax Agreement may be executed simultaneously in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

(K) Except as otherwise provided in this Tax Agreement, each party will bear its own costs in connection with the performance of its obligations under this Tax Agreement.

(L) In the event of any legal action between the parties arising out of or in relation to this Tax Agreement, the prevailing party in such legal action shall be entitled to recover, in addition to any other legal remedies, all of its costs and expenses, including reasonable attorney's fees, from the non-prevailing party, regardless of whether such legal action is prosecuted to completion.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties have executed this Tax Agreement as of the day first heretofore mentioned.

Charter Communications, Inc.
By:___________________________
Name:
Title:

____

By:___________________________
Name:
Title:

The Exchanging Holder ELECTS/DOES NOT ELECT [strike one] pursuant to Section 3 of the foregoing Tax Agreement that Charter LLC make the special allocations.

EXHIBIT 10.14

REGISTRATION RIGHTS AGREEMENT

Dated as of _____________, 1999

By and Between

CHARTER COMMUNICATIONS, INC.

and

THE STOCKHOLDERS REFERRED TO HEREIN

Class A Common Stock

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REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (the "Agreement") is made and entered into as of _________, 1999, by and among Charter Communications, Inc., a Delaware corporation (the "Company"), Charter Investment, Inc., a Delaware corporation, Vulcan Cable III Inc., a Delaware corporation, Mr. Paul G. Allen, Mr. Jerald L. Kent, Mr. Howard L. Wood and Mr. Barry L. Babcock (each a "Major Holder" and together, the "Major Holders").

PRELIMINARY STATEMENT

A. This Agreement is made in connection with (i) the Exchange Agreement, dated as of the same date hereof, by and among the Company, Charter Investment, Inc., Vulcan Cable III Inc. and Paul G. Allen (the "Allen Exchange Agreement"), and (ii) the Exchange Agreement, dated as of the same date hereof, by and among the Company and Mr. Jerald L. Kent (the "Kent Exchange Agreement").

B. At the request of the Company and Charter Holdco (defined below), Allen has granted certain parties (the "Put Holders") the right to sell their equity in the Company (or equity in Charter Holdco which is exchangeable for shares of Class A Common Stock of the Company) to Allen, which rights will terminate under certain circumstances so long as the shares of Class A Common Stock held by the Put Holders (or issuable to the Put Holders in exchange for their equity in Charter Holdco) may then be resold either without registration or pursuant to an effective registration statement. The Rifkin Put Agreements, Bresnan Put Agreements and the Falcon Put Agreement govern these rights.

C. In order to induce: (i) Mr. Paul G. Allen ("Allen") to enter into or cause his designee to enter into the Subscription Agreement, the Rifkin Put Agreements, Bresnan Put Agreements and the Falcon Put Agreement, (ii) Charter Investment, Inc. ("Charter Investment") and Vulcan Cable III Inc. ("Vulcan III") to enter into the Allen Exchange Agreement, and (iii) Mr. Jerald L. Kent, Mr. Howard L. Wood and Mr. Barry L. Babcock to continue to act as officers, employees, consultants and/or directors of the Company, the Company has agreed to provide to each Major Holder and its respective transferees the registration rights with respect to the Registrable Securities (as hereinafter defined) set forth in this Agreement.

D. Pursuant to the Membership Interest Purchase Agreement, dated as of __________, 1999, by and between Charter Communications Holding Company, LLC ("Charter Holdco"), Charter Investment and Vulcan III (the "MI Purchase Agreement") Allen has agreed to purchase and Charter Holdco has agreed to issue and sell to Allen or his designee Class A Common Units of Charter Holdco. Pursuant to Rifkin Put Agreements, the Falcon Put Agreement and Bresnan Put Agreements, Allen way be required to purchase additional Common Units and/or Class A Common Stock. Concurrently herewith, the Company has granted to Allen and each of Charter Investment and Vulcan III, as Allen's designee, under the Allen Exchange Agreement, the right, exercisable from time to time and at any time, to exchange such Common Units for Shares of Class B Common Stock.

E. Pursuant to the Subscription Agreement, Allen has agreed to purchase or to cause his designees to purchase and the Company has agreed to issue and sell to Allen or his designees 50,000 shares of Class B common stock of the Company ("Class B Common Stock").

F. Subject to the terms and conditions of the Restated Certificate of Incorporation of the Company (the "Certificate"), each holder of a share of Class B Common Stock has the right, exercisable at any time and from time to time, to convert such share into one share of Class A common stock of the Company ("Class A Common Stock").

G. Past, current and future participants in the Charter Communications Holdings, LLC 1999 Option Plan (the "Option Plan"), which has been assumed by Charter Holdco, including Mr. Howard L. Wood and Mr. Barry L. Babcock, have received and/or will receive options to purchase Common Units which will be automatically exchanged for shares of the Company's Class A common stock, par value $.001, upon the exercise of such options.

The parties hereto, intending legally to be bound, hereby agree as follows:

1. Securities Subject to this Agreement

1.1 Definitions.

"Act" means the Securities Act of 1933, as amended.

"Bresnan Purchase Agreement" means the Purchase Agreement, dated as of June 29, 1999, among BCI (USA), LLC, William J. Bresnan, Blackstone BC Capital Partners, L.P., Blackstone BC Offshore Capital Partners, L.P., Blackstone Family Investment Partnership III L.P., TCI Bresnan LLC, TCID of Michigan, Inc. and Charter Holdco.

"Bresnan Put Agreements" means the "Put Agreements," as defined under the Bresnan Purchase Agreement.

"Bresnan Registration Rights Agreement" means the "Registration Rights Agreement," as defined in the Bresnan Purchase Agreement.

"Business Day" means any day other than a Saturday, Sunday, or other day on which commercial banking institutions in New York, New York are required or authorized by law to remain closed.

"Common Units" means any Unit denominated "Common", including, but not limited to, Class A Common Units, Class B Common Units, Class C Common Units and Class D Common Units.

"Conversion Rights" means any Person's right, pursuant to the terms of the Certificate, to convert a share of Class B Common Stock into a share of Class A Common Stock.

"Exchange Act" means the Securities Exchange Act of 1934, or any successor federal statute, and the rules and regulations of the SEC promulgated thereunder, in each case as amended from time to time.

"Exchange Rights" means the right of any Person to exchange Common Units for shares of common stock of the Company pursuant to the Exchange Agreement.

"Falcon Purchase Agreement" means the Purchase and Contribution Agreement, dated as of May 26, 1999, by and among Charter Communications, Inc., Falcon Communications, L.P., Falcon Holding Group, L.P., TCI Falcon Holdings, LLC, Falcon Cable Trust, Falcon Holding Group, Inc. and DHN Inc.

"Falcon Put Agreement" means the "Put Agreement," as defined under the Falcon Purchase Agreement.

"Falcon Registration Rights Agreement" means the "Registration Rights Agreement," as defined under the Falcon Purchase Agreement.

"Holder" means any person who beneficially owns or has a right to acquire Registrable Securities, whether or not such acquisition has actually been effected, and disregarding any legal restrictions upon the exercise of such right; provided, however, that unless the Company is otherwise notified by the Holder of a Registrable Security, the Holder of a Registrable Security shall be deemed to be that Person set forth on the books of the Company or the registrar as the owner of such Registrable Security.

"IPO" means the first time that the Company sells shares of its Class A Common Stock, par value $.001 per share, pursuant to a registration statement on Form S-1 that has become effective under the Act.

"LLC Act" means the Delaware Limited Liability Company Act, 6 Del. C. Section 18-101 et seq., as the same may be amended from time to time.

"LLC Agreement" means that certain Amended and Restated Limited Liability Company Agreement for Charter Holdco, effective as of ____________, 1999, by and between the members listed on Schedule A thereto.

"Member" means each Person who is listed on Schedule A to the LLC Agreement as a Member, and any additional or substitute Member admitted to Charter Holdco in accordance with the terms of the LLC Agreement.

"Membership Interest" means a Member's entire limited liability company interest in Charter Holdco including the Member's right to share in income, gains, losses, deductions, credits, or similar items of, and to receive distributions from, Charter Holdco pursuant to the LLC Agreement and the LLC Act.

"Person" means any individual, corporation, partnership, limited partnership, limited liability partnership, limited liability company, trust, association, organization, or other entity.

"Pre-Existing Rights" means registration rights which the Company has granted (or which Charter Holdco has covenanted to cause the Company to grant) pursuant to acquisition agreements executed prior to the date hereof, including any such rights under the Bresnan Registration Rights Agreement and the Falcon Registration Rights Agreement.

"Registrable Securities" means each of the following: (i) Class A Common Stock (including shares of Class A Common Stock issued or issuable upon conversion of shares of Class B Common Stock (including any shares of Class B Common Stock issued upon exchange for shares of Class A Common Stock)) and (ii) any other securities issued as a result of or in connection with any combination of shares, recapitalization, reclassification, merger or consolidation, exchange or distribution in respect of Class A Common Stock. Registrable Securities shall cease to be Registrable Securities when (i) a registration statement covering such Registrable Securities has been declared effective and such Registrable Securities have been disposed of or distributed pursuant to such effective registration statement, (ii) such Registrable Securities are distributed to the public pursuant to Rule 144 under the Securities Act of 1933, as amended (or any successor or similar provisions then in force under such act) or (iii) such Registrable Securities have been otherwise transferred and the Company has delivered new certificates or other evidences of ownership for such Registrable Securities not subject to any further legal or other restriction on transfer and any subsequent transfer or disposition shall not require registration under the Securities Act of 1933 (the "Act") or qualification under any state securities laws.

"Rifkin Contribution Agreement" means that certain Contribution Agreement, made as of September 14, 1999, by and among Charter Communications Operating, LLC, Charter Holdco, Paul Allen, and the other signatories listed on the signature pages thereto.

"Rifkin Put Agreements" means the "Charter Put", "Allen Put" and "Lockup Put", as defined under the Rifkin Contribution Agreement.

"Units" means units of Membership Interest issued by Charter Holdco to its Members which entitle the Members to the rights set forth in the LLC Agreement.

1.2 Terms Defined Elsewhere in this Agreement. For purposes of this Agreement, the following terms have the meanings set forth in the sections indicated:

Term	Section
Agreement	Preliminary Statement
Allen	Preliminary Statement
Allen Exchange Agreement	Preliminary Statement
Certificate	Preliminary Statement
Charter Holdco	Preliminary Statement
Charter Investment	Preliminary Statement
Class A Common Stock	Preliminary Statement
Class B Common Stock	Preliminary Statement
Commission	Section 2.2(a)
Company	Preliminary Statement
Demand Registration	Section 2.1
Demand Registration Statement	Section 2.1(a)(ii)
Exchange Agreement	Preliminary Statement
Inspectors	Section 5.1(j)
Material Development Election	Section 4.1(c)
MI Purchase Agreement	Preliminary Statement
NASD	Section 5.1(f)
Option Plan	Preliminary Statement
Other Holders	Section 2.1(b)
Participating Holder	Section 5.1(a)
Purchaser/Purchasers	Preliminary Statement
Put Holders	Preliminary Statement
Records	Section 5.1(j)
Registration Expenses	Section 6 (h)
Rights Holders	Section 2.1(b)
Restricted Period	Section 4.1(c)
Security Filings	Section 7.1
Subscription Agreement	Preliminary Statement
Vulcan III	Preliminary Statement

2. Demand Registration

2.1 Request for Registration. (a) At any time, and from time to time, commencing with the consummation of the IPO, any Major Holder may request the registration under the Act of any or all of such Major Holder's shares of Class A Common Stock (the "Demand Registration"); provided, however, that the Company shall not be required to effect a Demand Registration unless the Major Holder making such request includes in such registration, together with any other Major Holders participating therein in accordance with this Section 2, (i) shares of Class A Common Stock having an estimated value of at least $50 million or (ii) if such Major Holder's aggregate holdings of shares of Class A Common Stock has a value of less than $50 million, all of the shares of Class A Common Stock held by such Major Holder; and

(b) Any request for Demand Registration made under this Section 2 shall specify the number and type of Registrable Securities proposed to be sold and shall also specify the intended method of disposition thereof. In the event one or more Major Holder(s) make a request for a Demand Registration the Company, within ten (10) days after receipt of such request, shall deliver similar notice of such request to all Holders who have Pre-Existing Rights (the "Other Holders" and, together with the Major Holders, the "Rights Holders").

(c) The Company shall include, or cause to be included, in the Demand Registration all Registrable Securities of each Major Holder with respect to which the Company has received written requests for inclusion therein within fifteen (15) Business Days after receipt by each Major Holder of the Company's written notice, and, in the event that additional Registrable Securities may be included in such registration statement pursuant to this Section 2, the Company shall include, or cause to be included, in such registration statement all Registrable Securities of each Other Holder with respect to which the Company has received written requests for inclusion therein within fifteen (15) Business Days after receipt of the Company's written notice.

(d) In the event that such Demand Registration is in the form of an underwritten offering and if the managing underwriter or underwriters of such offering delivers a written opinion to the Rights Holders who have requested to include Registrable Securities in such Demand Registration that the total amount or kind of Registrable Securities which such Rights Holders intend to include in such offering would materially and adversely affect the success of such offering (in which event such opinion shall state the maximum amount and kind of securities that such managing underwriter or underwriters has recommended can be sold in such offering without materially and adversely affecting the success of such offering), then the Registrable Securities to be included in such offering shall be the maximum amount recommended by the managing underwriter or underwriters, selected in the following order: (i) first, all of the Registrable Securities requested to be included in such Demand Registration by the Major Holder(s) requesting such Demand Registration and each other Major Holder requesting to participate therein, allocated pro rata among such Major Holders on the basis of the amount of Registrable Securities requested to be included therein by each such Major Holder, until the maximum amount of Registrable Securities recommended by the managing underwriter or underwriters has been included in the Demand Registration, and (ii) thereafter, in the event that additional Registrable Securities may be included in such Demand Registration, all of the Registrable Securities requested to be included in such Demand Registration by any other Holders, allocated pro rata among such Other Holders on the basis of the amount of Registrable Securities requested to be included therein by each such Other Holder.

(e) Unless the Major Holder or Major Holders requesting the Demand Registration shall consent in writing, no other Person, including the Company (but excluding another Rights Holder), shall be permitted to include any securities in any such Demand Registration.

2.2 Effective Registration and Expenses.

(a) The Company shall cause the Demand Registration Statement to be filed as promptly as practicable with the Securities and Exchange Commission (the "Commission") on such form of registration statement that the Company is eligible to use at the time, but in no event later than 45 days following the date the demand for registration is first made. and the Company shall use its best efforts to cause such registration statement to be declared effective as promptly as practicable after the date thereof. A registration shall not be considered a Demand Registration until the Demand Registration Statement has become effective and the Registrable Securities included in such registration statement have been sold or distributed thereunder.

(b) The Company shall use its best efforts to keep any such registration statement continuously effective for a period of at least [one hundred twenty (120)] days following the date on which such registration statement is declared effective by the Commission or such shorter period which shall terminate when there are no longer any Registrable Securities covered thereby. If any offering of Registrable Securities pursuant to a Demand Registration Statement is terminated or suspended by any stop order, injunction or other order or requirement of the Commission or any other governmental agency or court, the foregoing time period shall be extended by the number of days during the period from and including the date such stop order, injunction or other order or requirement becomes effective to and including the date when such termination or suspension no longer exists.

(c) The Company shall pay all Registration Expenses incurred in connection with any Demand Registration, whether or not it becomes effective.

2.3 Selection of Underwriters and Counsel. If any Demand Registration is in the form of an underwritten offering, the Holders of a majority in number of Registrable Securities to be offered thereunder shall have the right to select the investment banker or bankers and manager or managers to administer the offering and one counsel to the Participating Holders, which investment bankers and managers shall be of nationally recognized standing and reasonably satisfactory to the Company. The Company shall pay the fees and expenses of such counsel.

2.4 Shelf Registration. If at the time of any demand The Company is eligible to file a registration statement on Form S-3 (or any equivalent successor form), then, at the election of Major Holder(s) requesting such Demand Registration, such Demand Registration shall be effected pursuant to a shelf registration under Rule 415 of the Act; provided, however, that (a) the Company will not be required to effect the Demand Registration pursuant to a shelf registration under Rule 415 of the Act if the Company has been advised by an independent investment banking firm of nationally recognized standing that such method of distribution could reasonably be expected to materially and adversely effect the public market for Class A Common Stock or materially and adversely affect any financing then being contemplated by the Company; (b) the Major Holders requesting such Demand Registration may not elect to require that the Demand Registration be effected pursuant to a shelf registration under Rule 415 of the Act unless the Registrable Securities to be included in the Demand Registration have an aggregate market value on the date of the demanding Major Holders or Major Holders' election (before any underwriting or brokerage discounts and commissions) of at least $100,000,000; and (c) during the time any such shelf registration is effective, the Company may require from time to time that the Major Holder(s) requesting such Demand Registration refrain from selling pursuant to such registration under the circumstances, in the manner, and for the time period described in Section 4.1(c). The Company will use its reasonable best efforts to cause any Demand Registration effected as a shelf registration under Rule 415 of the Act to remain effective for a period ending on the earlier of (i) the date that is a number of days after the effective date of the Registration Statement equal to 365 plus the number of days that the Major Holder(s) requesting such Demand Registration must refrain from selling pursuant to Section 4.1(c), and (ii) the date on which all Registrable Securities covered by the shelf registration statement have been sold.

3. Incidental Registration

3.1 Request for Incidental Registration.

(a) If, at any time, subsequent to the IPO, the Company proposes to file a registration statement under the Act with respect to an offering by the Company, whether or not for its own account, of any class of security (excluding registration statements in connection with exchange or rights offerings exclusively to the Company's existing stockholders, registrations on Form S-4 or Form S-8, and offerings in connection with employee benefit plans of the Company), then the Company shall in each case give written notice of such proposed filing to all Major Holders at least sixty (60) days before the anticipated filing date. Such notice shall (i) include a list of jurisdictions in which the Company intends to attempt to qualify such securities under applicable blue sky or other state securities laws and (ii) offer the Major Holders the opportunity to register such Registrable Securities as each such Major Holder may request. The

Company shall include in such registration all Registrable Securities with respect to which the Company has received written requests for inclusion therein within thirty (30) days after receipt by the applicable Major Holder of the Company's notice.

(b) In the event of a proposed underwritten offering, the Company shall use its best efforts to cause the managing underwriter or underwriters thereof to permit the Participating Holders to include their Registrable Securities in such offering on the same terms and conditions as any similar securities of the Company included therein. Notwithstanding the foregoing, if the managing underwriter or underwriters of such offering delivers a written opinion to the Participating Holders that the total amount or kind of Registrable Securities which the Participating Holders, the Company and any other Persons intend to include in such offering would materially and adversely affect the success of such offering (in which event such notice shall state the maximum amount and kind of securities that such managing underwriter or underwriters has recommended can be sold in such offering without materially and adversely affecting the success of such offering), then the Company shall be required, subject to Pre-existing Rights, to include the following securities in the offering, to the extent of the number of securities which the Company is advised by the managing underwriter or underwriters can be sold in the offering:

(i) first, securities that the Company proposes to issue and sell for its own account, or, in the case of a Demand Registration under Section 2, securities that any Major Holder exercising Demand Registration rights pursuant to Section 2 proposes to sell (allocated pro rata among such Major Holders on the basis of the amount of Registrable Securities requested to be included therein by each such Major Holder);

(ii) second, Registrable Securities of any Major Holder requested to be included in any such registration pursuant to this Section 3 (allocated pro rata among such Major Holders on the basis of the amount of Registrable Securities requested to be included therein by each such Major Holder); and

(iii) securities of any other Person (allocated pro rata in proportion to their respective amounts of such securities requested to be registered).

3.2 Limitations on Grant of Incidental Registration Rights. Other than agreements governing the Pre-Existing Rights, the Company shall not enter into any agreement with respect to any of its securities which will grant to any Person incidental registration rights with respect to any registration statement filed pursuant to Section 2 of this Agreement.

4. Holdback Agreements

4.1 Restrictions on Public Sale by Holders of Registrable Securities.

(a) To the extent not inconsistent with applicable law, each Participating Holder Party hereto and each Major Holder who has been offered the opportunity but declined to have its Registrable Securities included in a registration statement agrees not to effect any public sale or distribution of the securities being registered or a similar security of the Company, or any securities convertible into or exchangeable or exercisable for such securities, including a sale pursuant to Rule 144 or Rule 144A under the Act, during the [five (5)] Business Days prior to, and during the [thirty (30)] day period beginning on, the effective date of a registration statement filed by the Company (except as part of such registration), if and to the extent timely notified in writing by the Company, in the case of a non-underwritten public offering, or by the managing underwriter or underwriters, in the case of an underwritten public offering.

(b) The foregoing provisions of this Section 4.1 shall not apply to any Holder if such Major Holder is prevented by applicable statute or regulation from entering into any such agreement; provided, however, that any Major Holder whose Registrable Securities are included in a registration statement shall undertake, in its request to participate in any such public offering, not to effect any public sale or distribution (except as a part of such registration) of Registrable Securities during the period commencing on the date of effectiveness of such registration statement and ending on a date that is [one hundred eighty (180) days after the date of the final prospectus relating to the offering], unless it has provided forty-five (45) days' prior written notice of such sale to the Company in the case of a non-underwritten public offering, or the managing underwriter or underwriters, in the case of an underwritten public offering.

(c) Subject to the provisions of this Section 4.1(c), the Company shall be entitled to require that the Major Holders refrain from effecting any sales or distributions of their Registrable Securities in a registered public offering if the Board of Directors of the Company in good faith determines that such public sales or distributions would interfere in any material respect with a transaction material to the Company, and the Company gives the Major Holders written notice thereof, including notice specifying the period of time that the Major Holders shall refrain from effecting such public sales or distributions (a "Material Development Election"). The restrictions on each Major Holder's ability to sell Registrable Securities set forth in this Section 4.1(c) may remain in effect, without limitation, from the date of issuance of the Registrable Securities until the date that is [180] days from such date (the "Restricted Period"). At any time after the expiration of the Restricted Period, the Company may exercise a Material Development Election, and, in such event, Major Holders shall refrain from effecting any sale or distribution in a registered public offering for the period during which such Material Development Election remains in effect; provided, however, that, except as contemplated by the next succeeding sentence and excluding the Restricted Period, no Major Holder shall in any event be prevented from selling Registrable Securities in a registered public offering more than once in any three hundred sixty-five (365) day period, and, in no event, for a period in excess of ninety (90) consecutive days within any three hundred sixty-five (365) day period.

(d) In addition to the foregoing restrictions, and notwithstanding anything to the contrary contained in this Agreement, no Major Holder shall be permitted to sell Registrable Securities pursuant to a registration statement upon receipt of a notice from the Company that an event has occurred such that the registration statement or prospectus relating to such Registrable Securities contains an untrue statement of a material fact or requires changes such that the registration statement or prospectus will not omit to state a material fact required to be stated therein not misleading, and such prohibition shall continue until the Company has notified such Major Holder that sales may be resumed (it being understood that the Company shall cure such untrue statement or omission as soon as practicable and that the Company shall maintain the effectiveness of the registration statement for an additional number of days equal to the time period of any such prohibition on such Major Holder's ability to sell its Registrable Securities).

4.2 Restrictions on Public Sale by the Company and Others. The Company agrees (a) not to effect any public sale or distribution of any securities similar to those being registered, or any securities convertible into or exchangeable or exercisable for such securities, during the twenty (20) Business Days prior to, and during the ninety (90) day period beginning on, the date on which any registration statement in which the Major Holders are participating is first declared effective (except as part of such registration, or except pursuant to a registration of securities on Form S-4 or Form S-8, or any form substituting therefor) or the commencement of a public distribution of the Registrable Securities pursuant to such registration statement and (b) that any agreement entered into after the date of this Agreement pursuant to which the Company issues or agrees to issue any privately placed securities similar to any issuance of Registrable Securities shall contain a provision under which holders of such securities agree not to effect any public sale or distribution of any such securities during the period described in clause (a) above, in each case, including a sale pursuant to Rule 144 or Rule 144A (or any successor or similar provisions then in force) under the Act.

5. Registration Procedures

5.1 Company Obligations. If and whenever the Company is required by the provisions of this Agreement to effect the registration of any of the Registrable Securities under the Act, the Company shall use its best efforts to effect each such registration as promptly as practicable to permit the sale of such Registrable Securities in accordance with the intended method or methods of disposition thereof, and pursuant thereto, the Company shall, as promptly as reasonably practicable:

(a) before filing a registration statement or prospectus or any amendments or supplements thereto, furnish to each Holder of Registrable Securities covered by such registration statement (each such Holder, a "Participating Holder") and the underwriters, if any, draft copies of all such documents proposed to be filed at least [twenty (20)] Business Days prior thereto, which documents shall be subject to the reasonable review of the Participating Holders and underwriters, and their respective counsel, and the Company shall not file any registration statement or amendment thereto or any prospectus or any supplement thereto to which Participating Holders or the underwriters, if any, shall reasonably object; at least [three (3)] Business Days prior to filing any documents incorporated by reference in any such registration statement, furnish to each Participating Holder and the underwriters, if any, draft copies of all such documents proposed to be filed;

(b) prepare and file with the Commission such amendments and post-effective amendments to the registration statement as may be necessary to keep the registration statement effective for as long as such registration is required to remain effective pursuant to the terms of this Agreement; cause the prospectus to be supplemented by any required prospectus supplement, and, as so supplemented, to be filed pursuant to Rule 424(b) under the Act; and comply with the provisions of the Act applicable to it with respect to the disposition of all Registrable Securities covered by such registration statement during the applicable period in accordance with the intended methods of disposition by the Participating Holders set forth in such registration statement or supplement to the prospectus; the Company shall not be deemed to have used its best efforts to keep a registration statement effective during the applicable period if it takes any action that would result in Participating Holders not being able to sell such Registrable Securities during that period unless such action is required under applicable law;

(c) furnish to any Participating Holder and the underwriter or underwriters, if any, without charge, at least four (4) conformed copies of the registration statement and any post-effective amendments thereto, as soon as such documents become available to the Company, and such number of additional copies thereof and such number of copies of the prospectus (including each preliminary prospectus) and any amendments or supplements thereto, and any documents incorporated by reference therein, as the Participating Holder or underwriter may request as soon as such documents become available to the Company in order to facilitate the disposition of such Registrable Securities being sold by the Participating Holder (it being understood that the Company consents to the use of the prospectus and any amendment or supplement thereto by each Holder of such Registrable Securities and the underwriter or underwriters, if any, in connection with the offering and sale of the Registrable Securities covered by the prospectus or any amendment or supplement thereto);

(d) on or prior to the date on which the registration statement is declared effective, use its best efforts to register or qualify such Registrable Securities under such other securities or blue sky laws of such jurisdictions as any Participating Holder reasonably requests and do any and all other acts and things which may be reasonably necessary or advisable to enable such Participating Holder to consummate the disposition in such jurisdictions of such Registrable Securities owned by such Participating Holder; provided, however, that the Company shall not be required to (i) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this paragraph (d) or (ii) subject itself to general taxation in any such jurisdiction;

(e) use its best efforts to cause the Registrable Securities covered by such registration statement to be registered with or approved by such other governmental agencies or authorities as may be necessary by virtue of the business and operations of the Company to enable the Participating Holders to consummate the disposition of such Registrable Securities;

(f) notify each Participating Holder and the managing underwriters, if any, of the applicable offering, as promptly as practicable after becoming aware thereof, and (if requested by any such Person) confirm such notice in writing, (i) of the Company's determination that the filing of a post-effective amendment to a registration statement is necessary or appropriate, (ii) when a prospectus or any prospectus supplement or post-effective amendment has been filed, and, with respect to a registration statement or any post-effective amendment, when the same has become effective, (iii) of any request by the Commission for amendments or supplements to a registration statement or related prospectus or for additional information and provide a copy to each such Holder of any communications with the Commission, the National Association of Securities Dealers, Inc. (the "NASD"), the New York Stock Exchange, Inc., or any other governmental or regulatory authority concerned with the registration statement, and (iv) of the receipt by the Company of any notification with respect to the suspension of the qualification of any of the Registrable Securities for sale in any jurisdiction in the United States or the initiation or threatening of any proceeding for such purpose;

(g) immediately notify each Participating Holder, at any time when a prospectus relating thereto is required to be delivered under the Act, of (i) the happening of any event as a result of which the prospectus included in such registration statement contains an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading, in which case the Company shall promptly prepare a supplement or amendment to such prospectus so that, as thereafter delivered to the Participating Holders, such prospectus shall not contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading;

(h) enter into customary agreements (including, in the case of an underwritten offering, an underwriting agreement in customary form) and take all such actions in connection therewith in order to expedite or facilitate the disposition of the Registrable Securities included in the registration statement, and, in the case of an underwritten offering, (i) make representations and warranties to the Participating Holders and the underwriters in such form, substance and scope as are customarily made by issuers to underwriters in primary underwritten offerings and confirm the same to the extent customary if and when requested; (ii) obtain opinions of counsel to the Company and updates thereof, addressed to each Participating Holder and each of the underwriters, such opinions and updates to be in customary form and covering the matters customarily covered in opinions obtained in underwritten offerings; (iii) obtain "comfort" letters and updates thereof from the Company's independent certified public accountants addressed to each Participating Holder and each of the underwriters, such letters to be in customary form and covering matters of the type customarily covered in "comfort" letters to underwriters in connection with primary underwritten offerings; (iv) provide, in the underwriting agreement to be entered into in connection with such offering, indemnification provisions and procedures no less favorable than those set forth in this Agreement with respect to all parties to be indemnified pursuant to this Agreement; and (v) the Company shall deliver such customary documents and certificates as may be reasonably requested by the Participating Holders and the managing underwriters to evidence compliance with clause (i) of this paragraph (h) and with any customary conditions contained in the underwriting agreement entered into by the Company in connection with such offering;

(i) in the case of any non-underwritten offering, (i) obtain an opinion of counsel to the Company at the time of effectiveness of the registration statement covering such offering and an update thereof at the time of effectiveness of any post-effective amendment to such registration statement (other than by reason of incorporation by reference of documents filed with the Commission), addressed to each Participating Holder, covering matters that are no more extensive in scope than would be customarily covered in opinions obtained in underwritten offerings; (ii) obtain a "comfort" letter from the Company's independent certified public accountants at the time of effectiveness of such registration statement and, upon the request of the Participating Holders, updates thereof, in each case addressed to each Participating Holder and covering matters that are no more extensive in scope than would be customarily covered in comfort letters and updates obtained in underwritten offerings; and (iii) deliver certificates of a senior executive officer and the senior financial officer of the Company at the time of effectiveness of such registration statement and, upon the request of the Participating Holders, updates thereof, with such certificates to cover matters no more extensive in scope than those matters customarily covered in officer's certificates delivered in connection with underwritten offerings;

(j) make available for inspection by any Participating Holder, any underwriter participating in any disposition pursuant to such registration statement, and any attorney, accountant or other agent retained by any such Participating Holder or underwriter (collectively, the "Inspectors"), all pertinent financial and other records, pertinent corporate documents and properties of the Company (collectively, the "Records"), as shall be reasonably necessary to enable them to exercise "due diligence," and cause each of the Company's officers, directors and employees to supply all information reasonably requested by any such Inspector in connection with such registration statement. The Major Holders hereunder agree that Records and other information which the Company determines in good faith to be confidential, and of which determination the Inspectors and the Major Holders are so notified, shall not be disclosed by the Inspectors or the Major Holders unless (i) the disclosure of such Records is necessary to avoid or correct a misstatement or omission in the registration statement, (ii) the release of such Records is required pursuant to a subpoena, court order or regulatory or agency request or (iii) the information in such Records has been made generally available to the public;

(k) use its best efforts to comply with all applicable rules and regulations of the Commission, and make available to the Participating Holders, as soon as reasonably practicable, earnings statements, which need not be audited, covering a period of twelve months, beginning within three months after the effective date of the registration statement, which earnings statements shall satisfy the provisions of Section 11(a) of the Act and Rule 158 promulgated thereunder;

(l) immediately notify each Participating Holder and each underwriter participating in the disposition of such Registrable Securities of any stop order issued or threatened to be issued or other suspension of effectiveness of the registration, and take all reasonable action necessary to prevent the entry of any threatened stop order;

(m) use best efforts to obtain the withdrawal of any stop order or order suspending the effectiveness of the registration statement at the earliest possible moment;

(n) cooperate with each Participating Holder of and each underwriter participating in the disposition of such Registrable Securities and their respective counsel in connection with any filings required to be made with the NASD;

(o) if requested by the managing underwriter or underwriters or any Participating Holder, promptly incorporate in a prospectus supplement or post-effective amendment such information as the managing underwriter or underwriters or such Participating Holder reasonably requests to be included therein, including, without limitation, the number of Registrable Securities being sold by such Participating Holder to such underwriter or underwriters, the purchase price being paid therefor by such underwriter or underwriters and any other terms of the underwritten offering of the Registrable Securities to be sold in such offering; and promptly make all required filings of such prospectus supplement or post-effective amendment;

(p) use its best efforts to cause all Registrable Securities covered by the applicable registration statement to be listed or quoted on each securities exchange or inter-dealer quotation system on which the shares of Class A Common Stock is then listed or quoted, as the case may be, if so requested by the Participating Holders or the underwriters, if any, and enter into customary agreements including, if necessary, a listing application and indemnification agreement in customary form, and to provide a transfer agent for any shares of Registrable Securities covered by such registration statement no later than the effective date of such registration statement;

(q) provide a CUSIP number(s), if necessary, for the Registrable Securities, no later than the effective date of the registration statement;

(r) as promptly as practicable after filing with the Commission any document which is incorporated by reference into a registration statement, deliver a copy of such document to each Participating Holder and each managing underwriter or underwriters;

(s) cooperate with the Participating Holders and the managing underwriter or underwriters, if any, to facilitate the timely preparation and delivery of certificates (not bearing any restrictive legends) representing securities to be sold under the registration statement and enable such securities to be in such denominations or amounts, as the case may be, and registered in such names as the managing underwriter or underwriters, if any, or such Participating Holders may request;

(t) use its best efforts to make available prior to the effectiveness of the registration statement, a supply of definitive Registrable Securities, which shall be in a form eligible for deposit with Depositary Trust Company, promptly after a registration thereof; and

(u) use its best efforts to take all other steps necessary to effect the registration and distribution of the Registrable Securities contemplated hereby.

5.2 Holder Obligations.

(a) The Company may require each Holder of Registrable Securities as to which any registration is being effected to furnish to the Company such information regarding the distribution of such Registrable Securities and such other information relating to the Participating Holder and its ownership of Registrable Securities as the Company from time to time reasonably requests in writing and such Participating Holder agrees to furnish the Company with such information and to cooperate with the Company as necessary to enable the Company to comply with the provisions of this Agreement.

(b) Each Holder agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 5.1(g) hereof, such Holder shall forthwith discontinue disposition of Registrable Securities pursuant to the registration statement covering such Registrable Securities until such Holder's receipt of the copies of the supplemented or amended prospectus contemplated by Section 5.1(g) hereof and, if so directed by the Company, such Holder shall deliver to the Company (at the Company's expense) all copies, other than permanent file copies then in such Holder's possession, of the prospectus covering such notice. In the event the Company shall give any such notice, the Company shall extend the period during which such registration statement shall be maintained effective pursuant to this Agreement by the number of days during the period from and including the date of the giving of such notice pursuant to Section 5.1(g) of this Agreement to and including the date when each Participating Holder covered by such registration shall have received the copies of the supplemented or amended prospectus contemplated by Section 5.1(g) of this Agreement.

(c) Each Holder agrees that such Holder will, as expeditiously as possible, notify the Company at any time when a prospectus relating to a registration statement covering such Holder's Registrable Securities is required to be delivered under the Act, of the happening of any event of the kind described in Section 5.1(g) as a result of any information provided by such Participating Holder in writing specifically for inclusion in such prospectus included in such registration statement and, at the request of the Company, promptly prepare and furnish to it such information as may be necessary so that, after incorporation into a supplement or amendment of such prospectus as thereafter delivered to the purchasers of such securities, the information provided by such seller shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

6. Registration Expenses

Whether or not any registration statement covering Registrable Securities is declared effective, the Company shall pay all expenses incident to the Company's performance of or compliance with this Agreement including, without limitation:

(a) all registration and filing fees of the Commission, any securities exchange and/or the Nasdaq National Market;

(b) all fees and expenses associated with filings required to be made with the NASD, or as may be required by the rules and regulations of the NASD;

(c) all fees and expenses of compliance with securities or blue sky laws (including fees and disbursements of counsel in connection with blue sky qualifications of the Registrable Securities);

(d) all printing expenses, including expenses of printing certificates for the Registrable Securities in a form eligible for deposit with the Depositary Trust Company and of printing prospectuses (whether preliminary or final) if the printing of prospectuses is requested by a Holder of Registrable Securities;

(e) any messenger and delivery expenses;

(f) any fees and expenses of counsel for the Company and its independent public accountants, including the expenses of any "cold comfort" letters required under this Agreement, and the fees and expenses of any special experts retained by the Company in connection with such registration;

(g) any fees and expenses of other Persons retained by the Company;

(h) the fees and expenses of one counsel for the Participating Holders selected by the Holders of a majority in number of Registrable Securities included, or to be included, in such offering;

(i) underwriters expenses (excluding brokerage commissions and underwriting discount); and

(j) any reasonable out-of-pocket expenses of the Participating Holders and their agents, including any travel costs (all such expenses being referred to as "Registration Expenses").

The Company shall also pay its internal expenses (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expense of any annual audit, liability insurance against violations of securities laws (if the Company elects to obtain such insurance), the fees and expenses, if any, incurred in connection with the listing of the Registrable Securities and any applicable transfer taxes or documentary stamp taxes.

7. Indemnification; Contribution

7.1 Indemnification by the Company.

(a) In the case of each registration effected by the Company pursuant to this Agreement, the Company shall indemnify and hold harmless, to the full extent permitted by law, each Participating Holder, its affiliates, officers, directors, trustees, employees, general partners, limited partners, representatives and agents and each Person who controls such Participating Holder (within the meaning of Section 15 of the Act or Section 20 of the Exchange Act), against all losses, claims, damages, liabilities (or actions or proceedings in respect thereof) and expenses (including reasonable costs of investigation and legal fees, disbursements and expenses) (under the Act, common law or otherwise) (collectively, "Claims") arising out of or based upon any untrue or alleged untrue statement of a material fact contained in any registration statement, prospectus, preliminary prospectus, any amendment or supplement thereto or any document incorporated by reference or in any filing made with the registration or qualification of the offering under blue sky or other securities laws of jurisdictions in which such Participating Holder's Registrable Securities are offered (collectively, "Security Filings") or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein (in the case of a prospectus or preliminary prospectus, in light of the circumstances under which they are made) not misleading; provided, however, that such indemnification shall not extend to any Claims which are caused by any untrue statement or alleged untrue statement contained in, or by any omission or alleged omission from, information furnished in writing to the Company by any Participating Holder, regarding such Participating Holder and expressly for use in any such Security Filing. Such indemnity shall remain in full force and effect regardless of any investigation made by such indemnified party and shall survive the transfer of such Registrable Securities by such Participating Holder.

(b) In the case of an underwritten offering in which the registration statement covers Registrable Securities, the Company shall also indemnify any underwriters of such Registrable Securities, selling brokers, dealer managers and similar securities industries professionals participating in the distribution and their officers, directors, employees, general partners, limited partners, representatives and agents and each Person who controls such underwriters or other Persons (within the meaning of Section 15 of the Act or Section 20 of the Exchange Act) to the same extent as provided in Section 7.1(a) with respect to the indemnification of each Participating Holder; provided, however, the Company shall not be required to indemnify any such underwriter, or any officer or director of such underwriter or any person who controls such underwriter (within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act), to the extent that the Claim results from (a) such underwriter's failure to deliver or otherwise provide a copy of the final prospectus to the Person asserting an untrue statement or omission or alleged untrue statement or omission at or prior to the written confirmation of the sale of securities to such Person, if such statement or omission was in fact corrected in such final prospectus or (b) an untrue statement or omission or alleged untrue statement or omission relating to information furnished in writing by such underwriter expressly for inclusion in any Security Filing.

7.2 Indemnification by Holders of Registrable Securities. In connection with any registration statement in which a Participating Holder is participating, each such Participating Holder shall furnish to the Company, in writing, such information with respect to such Participating Holder as the Company reasonably requests for use in connection with any such registration statement or prospectus and agrees to indemnify, to the full extent permitted by law, the Company, its Affiliates, directors, trustees, officers, employees, general partners, limited partners, representatives and agents and each Person who controls the Company (within the meaning of Section 15 of the Act or Section 20 of the Exchange Act), against any Claim resulting from any untrue statement of a material fact or any omission of a material fact required to be stated in the registration statement or prospectus or any amendment thereof or supplement thereto or necessary to make the statements therein (in the case of a prospectus, in the light of the circumstances under which they were made) not misleading, to the extent, but only to the extent, that such untrue statement or omission is contained in or failed to be contained in any information with respect to such Participating Holder, furnished in writing by such Participating Holder specifically for inclusion therein. In no event shall the liability of any Participating Holder hereunder be greater in amount than the dollar amount of the proceeds received by such Participating Holder upon the sale of the Registrable Securities giving rise to such indemnification obligation. Such indemnity shall remain in full force and effect regardless of any investigation made by such indemnified party and shall survive the transfer of such Registrable Securities by such Participating Holder.

7.3 Conduct of Indemnification Proceedings. Any Person entitled to indemnification hereunder agrees to give prompt written notice to the indemnifying party after the receipt by such Person of any written notice of the commencement of any action, suit or proceeding against such Person or investigation thereof made in writing for which such Person intends to claim indemnification or contribution pursuant to this Agreement (but the failure to give such notice shall not release any indemnifying party from its obligations hereunder except to the extent it has been materially prejudiced thereby), and, unless in the reasonable judgment of such indemnified party a conflict of interest may exist between such indemnified party and the indemnifying party with respect to such claim, permit the indemnifying party to assume the defense of such claim with counsel reasonably satisfactory to such indemnified party. If the indemnifying party is not entitled to, or elects not to, assume the defense of a claim, it will not be obligated to pay the fees and expenses of more than one counsel with respect to such claim (other than local counsel in the jurisdiction in which such claim has been brought), unless in the reasonable judgment of counsel to such indemnified party a conflict of interest may exist between such indemnified party and any other of such indemnified parties with respect to such claim, in which event the indemnifying party shall be obligated to pay the fees and expenses of such additional counsel or counsels. No indemnified party will be required to consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from any and all liability in respect of such claim or litigation.

7.4 Contribution.

(a) If the indemnification provided for in this Section 7 from the indemnifying party is unavailable to an indemnified party or is insufficient to hold the indemnified party harmless as contemplated under this Agreement, then the indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages, liabilities or expenses in such proportion as is appropriate to reflect the relative fault of the indemnifying party and indemnified parties in connection with the actions or inactions which resulted in such losses, claims, damages, liabilities or expenses, as well as any other relevant equitable considerations. The relative fault of such indemnifying party and indemnified parties shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact, has been made by, or relates to information supplied by, such indemnifying party or indemnified parties, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action. The amount paid or payable by a party as a result of the losses, claims, damages, liabilities and expenses referred to above shall be deemed to include, subject to the limitations set forth in Section 7.3, any legal or other fees or expenses reasonably incurred by such party in connection with any investigation or proceeding.

(b) The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 7.4 were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph. Notwithstanding the provisions of this Section 7.4, an indemnified Holder shall not be required to contribute any amounts in excess of the amount by which the total price at which the Registrable Securities were sold by such indemnified Holder and distributed to the public exceeds the amount of any damages which such indemnified Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission.

(c) No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

(d) If indemnification is available under this Section 7, the indemnifying parties shall indemnify each indemnified party to the full extent provided in Sections 7.1 and 7.2 without regard to the relative fault of such indemnifying party or indemnified party or any other equitable consideration provided for in this Section 7.4.

8. Rule 144 and Rule 144A

The Company shall file all reports required to be filed by the Company under the Act and the Exchange Act and the rules and regulations adopted by the Commission thereunder; and the Company shall take such further action as any Major Holder may request, all to the extent required from time to time to enable such Major Holder to sell Registrable Securities without registration under the Act in accordance with and within the limitation of the exemptions provided by (a) Rules 144 and 144A under the Act, as such Rules may be amended from time to time, or (b) any successor or similar rules or regulations hereafter adopted by the Commission; provided, however, that the Company's compliance with the requirements of this Section 8 and the availability of such rules or regulations for the sale of any Registrable Securities shall not limit a Major Holder's rights to request registration under this Agreement so long as such person's securities constitute Registrable Securities within the meaning thereof under this Agreement. Upon the request of any Major Holder, the Company shall deliver to such Major Holder a written statement as to the filings made by the Company with the Commission.

9. Shelf Registration for Put Holders.

In addition to the rights given the Major Holders and their transferees hereunder, at Allen's request at any time from time to time the Company shall at its expense file and cause to become effective a shelf registration under Rule 415 of the Act on appropriate form (including, if required, on Form S-1) relating to the resale by the Put Holders of all shares of Class A Common Stock then held by or issuable to such holders on exercise of their Exchange Rights; provided, however, that (a) during the time any such shelf registration is effective, the Company may require from time to time that the Put Holders refrain from selling pursuant to such registration under the circumstances, in the manner, and for the time period described in Section 4.1(c). The Company will use its reasonable best efforts to cause any such shelf registration statement to remain effective for a period ending on the earlier of (i) the date that is equal to two years from the effective date of the shelf registration statement, and (ii) the date on which all shares of Class A Common Stock covered by the shelf registration statement have been sold pursuant to the shelf registration. This provision shall be solely for the benefit of, and enforceable solely by, Allen, and no Put Holder shall be considered a third party beneficiary of this provision or any other provision of this Agreement.

10. Miscellaneous

10.1 No Inconsistent Agreements. The Company shall not hereafter enter into any agreement with respect to any of its securities which contains provisions more favorable to the holders thereof than the provisions contained in this Agreement without providing for the granting of comparable rights to each Holder party to this Agreement. The Company shall not hereafter enter into any agreement with respect to its securities that violates the rights expressly granted to Holders under this Agreement.

10.2 Remedies. Any Person having rights under any provision of this Agreement shall be entitled to enforce such rights specifically or to recover damages or to exercise any other remedy available to it at law or in equity. The foregoing rights and remedies shall be cumulative and the exercise of any right or remedy provided herein shall not preclude any Person from exercising any other right or remedy provided herein. Each party hereto agrees that monetary damages would not be adequate compensation for any loss incurred by reason of a breach by it of any of the provisions of this Agreement and hereby agrees to waive the defense in any action for specific performance that a remedy at law would be adequate.

10.3 Amendments and Waivers. Except as otherwise provided herein, the provisions of this Agreement may not be amended, modified or supplemented, and waivers or consents to departures from the provisions of this Agreement may not be given unless the Company has obtained the written consent of Major Holders holding at least a majority in number of each issue of Registrable Securities then outstanding affected by such amendment, modification, supplement, waiver or departure; provided, however, that no amendment, modification or supplement, or waiver or consent to departure from any of the provisions of this Agreement which adversely affects the rights of any Holder shall be effective as against such Holder unless consented to in writing by such Holder.

10.4 Notices. All notices, demands and other communications provided for or permitted hereunder shall be in writing and shall be given by personal delivery, registered or certified mail (return receipt requested), facsimile transmission (with receipt acknowledged) or courier service to the Persons identified below at the addresses set forth hereafter (or at such other addresses as shall be specified by like notice):

If to Vulcan Cable III Inc.:	William D. Savoy @ Vulcan Northwest 110 110th Avenue Northwest Bellevue, Washington 98004 Telecopy: (425) 453-1985
with a copy to:	Irell & Manella LLP 1800 Avenue of the Stars Suite 900 Los Angeles, California 90067-4276 Attention: Alvin G. Segel Telecopy: (310) 203-7199
If to Charter Investment, Inc.:	Charter Investment, Inc. c/o Charter Communications, Inc. 12444 Powerscourt Drive Suite 400 St. Louis, MO 63131 Attention: Jerald Kent and Curtis Shaw Telecopy: (314) 965-8793
with a copy to:	Irell & Manella LLP 1800 Avenue of the Stars Suite 900 Los Angeles, California 90067-4276 Attention: Alvin G. Segel Telecopy: (310) 203-7199
If to any other Major Holder:	To the address set forth below such Major Holder's signature on the signature pages to this Agreement

If to the Company:	Charter Communications, Inc. 12444 Powerscourt Drive Suite 400 St. Louis, Missouri 63131 Attention: Jerald Kent and Curtis Shaw Telecopy: (314) 965-8793
with copies to:	Paul, Hastings, Janofsky & Walker LLP 399 Park Avenue Thirty-First Floor New York, NY 10022 Attention: Daniel G. Bergstein Telecopy: (212) 319-4010

All such notices and communications shall be deemed to have been duly given upon receipt by personal delivery, mail, facsimile transmission or courier service.

10.5 Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties hereto, including without limitation and without the need for an express assignment, each subsequent Holder of such party's Registrable Securities; provided, however, that any assignment by the Company shall not relieve the Company of any of its obligations hereunder. If any Holder shall validly acquire Registrable Securities from any party hereto, in any manner, whether by operation of law or otherwise, such Registrable Securities shall be held subject to all of the terms of this Agreement, and by taking and holding such Registrable Securities such Person shall be conclusively deemed to have agreed to be bound by and to perform all of the terms and provisions of this Agreement and shall be entitled to receive the benefits hereof. If the Company shall so request, any such successor or assign shall agree in writing to acquire and hold the Registrable Securities subject to all of the terms hereof.

10.6 Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

10.7 Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

10.8 Governing Law. This Agreement shall be governed by and construed in accordance with the internal laws of the State of New York, without regard to the principles of the conflict of laws thereof.

10.9 Severability. In the event that any one or more of the provisions contained in this Agreement, or the application thereof in any circumstances, is held invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained in this Agreement shall not be in any way impaired thereby, it being intended that all of the rights and privileges of each Holder party hereto shall be enforceable to the fullest extent permitted by law.

10.10 Entire Agreement. This Agreement, together with the Securities Purchase is intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein. There are no restrictions, promises, warranties or undertakings with respect to the subject matter hereof, other than those set forth or referred to herein. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter.

10.11 Securities Held by the Company or Its Affiliates. Whenever the consent or approval of holders of a specified number of Registrable Securities is required hereunder, Registrable Securities held by the Company shall not be counted in determining whether such consent or approval was given by the Holders of such required number.

10.12 Attorneys' Fees and Expenses. In any action or proceeding brought to enforce any provision of this Agreement, or where any provision hereof is validly asserted as a defense, the successful party shall be entitled to recover reasonable attorneys' fees and expenses in addition to its costs and expenses and any other available remedy.

IN WITNESS WHEREOF, the undersigned have duly executed this Agreement as of the date first above written.

CHARTER COMMUNICATIONS, INC.

By:__________________________________
Name:
Title:

CHARTER INVESTMENT, INC.

By:__________________________________
Name:
Title:

VULCAN CABLE III INC.

By:__________________________________
Name:
Title:

PAUL G. ALLEN

JERALD L. KENT

HOWARD L. WOOD

BARRY L. BABCOCK

Exhibit 10.22

[Charter Communications Letterhead]

September 21, 1999

Via Facsimile and Regular Mail

Vulcan Ventures Inc.
110 - 110th Avenue, N.E., Suite 550
Bellevue, Washington 98004

Re: Vulcan Right of Access to Charter Digital Channel Capacity

Gentlemen:

This letter confirms that, in consideration of the agreement by Vulcan Ventures Incorporated ("Vulcan") and its affiliates to invest at least $1.325 Billion in Charter Communications, Inc., Charter Investment, Inc. and Charter Communications Holding Company, LLC (collectively "Charter") (the receipt of a portion of which is hereby acknowledged), Charter has agreed to provide Vulcan with exclusive rights to access sufficient megahertz of channel capacity for carriage of up to eight (8) digital cable television programming services or channels ("Services") on each of the digital cable television systems with local control of the digital product (and, to the extent such access can be provided with respect to systems with national control of the digital product without substantial incremental cost to Charter, then with respect to such systems as well) now or hereafter owned, operated, controlled or managed by Charter and its present and future subsidiaries and affiliates (the "Systems") that have a capacity of 550 MHZ or more. To the extent any Systems have a capacity of less than 550 MHZ, but do offer digital services or channels, Vulcan shall have comparable rights to such Systems but the number of Services shall be equitably reduced to provide proportional usage comparable to that provided with respect to larger Systems.

Vulcan's access to Charter's digital channel capacity hereunder shall be for an initial term of ten (10) years from the date of this letter agreement, which initial term shall successively extend annually on each anniversary date of this letter commencing September 21, 2000 for an additional period of one (1) year (so that the remaining term will again be ten (10) years), unless either Charter or Vulcan gives written notice of non- extension to the other not less than sixty (60) days before each such anniversary date.

The Services may consist of any programmed television services or channels owned, controlled and/or operated by any affiliate of Vulcan, or by any other entity in which Vulcan has made an investment or in which Vulcan has any ownership interest, as Vulcan shall designate, and all other television programming content of every kind and nature designated by Vulcan, regardless of the owner thereof.

Charter agrees that, upon the receipt of a written request from Vulcan, it shall commence good faith negotiations with any programmer of a Service designated by Vulcan (each a "Vulcan Designated Programmer") to attempt to reach a comprehensive programming agreement. Each such programming agreement shall contain a provision which requires Charter to pay the Vulcan Designated Programmer a fee per digital subscriber which is comparable to the price paid by MSO's of similar size to such Vulcan Designated Programmer for the same Service. In addition, Charter shall have most favored nations status under each such programming agreement (the "MFN Right").

In the event that Charter and/or any designated Vulcan Designated Programmer fail to reach a definitive programming agreement within ninety (90) days of the date of Vulcan's written request, then Charter and Vulcan Designated Programmer shall promptly enter into a programming agreement reflecting the terms agreed upon by the parties and otherwise on the standard terms and conditions of the Vulcan Designated Programmer relating to the Service for MSO's of similar size and subject to Charter's MFN Right.

Charter agrees to cause each of its present and future subsidiaries and affiliates that now or hereafter owns, operates, controls or manages any Systems to agree in writing to be bound by all of the terms of this letter agreement.

We look forward to working to assist Vulcan with its right to access Charter channel capacity as described in this letter agreement.

Very truly yours,

CHARTER COMMUNICATIONS, INC.

By: /s/ Curtis S. Shaw

Curtis S. Shaw
Senior Vice President & General Counsel

CHARTER INVESTMENT, INC.

By: /s/ Curtis S. Shaw

Name: Curtis S. Shaw
Title: Senior Vice President

CHARTER COMMUNICATIONS HOLDING COMPANY, INC.

By: /s/ Curtis S. Shaw

Name: Curtis S. Shaw
Title: Senior Vice President

Agreed to:

VULCAN VENTURES INC.

By: /s/ William D. Savoy

William D. Savoy, Vice President

Exhibit 10.36

FALCON CABLE COMMUNICATIONS, LLC
as Borrower

CREDIT AGREEMENT

Dated as of June 30, 1998,
as Amended and Restated as of ___________, 1999

BANKBOSTON, N.A.
as Documentation Agent

THE CHASE MANHATTAN BANK
as Co-Syndication Agent

BANK OF AMERICA, N.A.
as Syndication Agent

and

TORONTO DOMINION (TEXAS), INC.
as Administrative Agent

TD SECURITIES (USA) INC. and BANCBOSTON SECURITIES INC.
as Co-Lead Arrangers and Joint Book Managers

This Agreement, dated as of June 30, 1998, as amended and restated as of ______________, 1999, is among Falcon Cable Communications, LLC, a Delaware limited liability company (the "Borrower"), the Guarantors (as defined below) parties hereto, the Lenders (as defined below) parties hereto, BankBoston, N.A., as Documentation Agent, Toronto Dominion (Texas), Inc., as Administrative Agent, Bank of America, N.A. (formerly known as NationsBank, N.A.), as Syndication Agent, and The Chase Manhattan Bank, as Co-Syndication Agent.

Recitals: Under the Credit Agreement, dated as of July 30, 1998, as amended by Amendment No. 1 dated as of September 25, 1998 and Amendment No. 2 dated as of January 22, 1999 (the "Existing Credit Agreement"), among the parties identified in the preamble hereto, the Lenders provided a $650,000,000 reducing revolving credit facility maturing in December 2006, a $200,000,000 amortizing term loan maturing in June 2007 and a $300,000,000 amortizing term loan maturing in December 2007 and may make available in their discretion as requested by the Borrower up to $350,000,000 in additional revolving credit and/or term loans pursuant to one or more supplemental credit facilities. The parties hereto have agreed to amend and restate the Existing Credit Agreement as provided in this Agreement, which Agreement shall become effective upon the satisfaction of the conditions precedent set forth in Section 5.1 hereof. It is the intent of the parties hereto that this Agreement not constitute a novation of the obligations and liabilities existing under the Existing Credit Agreement or evidence repayment of any of such obligations and liabilities and that this Agreement amend and restate in its entirety the Existing Credit Agreement and re-evidence the obligations of the Borrower outstanding thereunder;

The parties hereto hereby agree that on the Restatement Effective Date (as defined below) the Existing Credit Agreement shall be amended and restated in its entirety as follows:

1. Definitions; Certain Rules of Construction. Certain capitalized terms are used in this Agreement and in the other Credit Documents with the specific meanings defined below in this Section 1. Except as otherwise explicitly specified to the contrary, (a) the capitalized term "Section" refers to sections of this Agreement, (b) the capitalized term "Exhibit" refers to exhibits to this Agreement, (c) references to a particular Section include all subsections thereof, (d) the word "including" shall be construed as "including without limitation", (e) accounting terms not otherwise defined herein shall have the meaning provided under GAAP, (f) references to a particular statute or regulation include all rules and regulations thereunder and any successor statute, regulation or rules, in each case as from time to time in effect, (g) references to a particular Person include such Person's successors and assigns to the extent not prohibited by this Agreement and the other Credit Documents, (h) references to "Dollars" or "$" mean United States Funds and (i) financial calculations for any period straddling the Restatement Effective Date shall, in the case of the portion of such period preceding such date, be made (to the extent applicable) in the manner set forth in the Existing Credit Agreement. References to the "date hereof" mean June 30, 1998. In the event that, during the period between the Restatement Signing Date and the Restatement Effective Date, any changes are made in the organizational structure of the Borrower and its Affiliates that are otherwise permitted by this Agreement, appropriate changes to the definitions and other provisions hereof and of the other Credit Documents reflecting such changes may be made with the approval of the Administrative Agent. In addition, the Administrative Agent is authorized to insert in the definitive execution copy of this Agreement (i) the respective dollar amounts of the scheduled reductions of the Maximum Amount of Supplemental Restatement Revolving Credit pursuant to Section 2.4.5 based on the aggregate initial amount thereof and the respective scheduled percentage reductions set forth in said Section and (ii) the text of any amendment approved pursuant to the Existing Credit Agreement after the Restatement Signing Date and prior to the Restatement Effective Date.

"Accumulated Benefit Obligations" means the actuarial present value of the accumulated benefit obligations under any Plan, calculated in a manner consistent with Statement No. 87 of the

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Financial Accounting Standards Board.

"Administrative Agent" means Toronto Dominion in its capacity as administrative agent for the Lenders hereunder, as well as its successors and assigns in such capacity pursuant to Section 11.6.

"Affected Lender" is defined in Section 12.3.

"Affiliate" means, with respect to any Restricted Company (or any other specified Person, including a Lender), any other Person directly or indirectly controlling, controlled by or under direct or indirect common control with such Restricted Company (or other specified Person) or, in the case of any Lender which is an investment fund, the investment advisor thereof and any investment fund having the same investment advisor, and shall include (a) any officer (having a title of senior vice president or equal or greater seniority) or director or general partner of such Restricted Company (or other specified Person) and (b) any Person of which the Restricted Company (or other specified Person) or any Affiliate (as defined in clause (a) above) of such Restricted Company (or other specified Person) shall, directly or indirectly, beneficially own either (i) at least 15% of the outstanding Equity Interests having the general power to vote or (ii) at least 15% of all Equity Interests.

"Agent" means each of the Documentation Agent, the Administrative Agent, the Syndication Agent and the Co-Syndication Agent.

"Aggregate Percentage Interests" means, at any date, the sum of the dollar amounts represented by the Percentage Interests in each of the Revolving Loan, Term Loan B, Term Loan C and the Supplemental Loan.

"Agreement" means this Agreement as from time to time in effect.

"Annualized Asset Cash Flow Amount" means, with respect to any disposition of assets, an amount equal to the portion of Consolidated Operating Cash Flow for the most recent fiscal quarter as to which financial statements have been delivered pursuant to Section 7.4.1 or 7.4.2 which was contributed by such assets multiplied by four.

"Applicable Margin" means, on any date, the percentage in the table below for the applicable portion of the Revolving Loan, Supplemental Restatement Revolving Loan, Term Loan B or Term Loan C, as the case may be, set opposite the applicable Reference Leverage Ratio.

Revolving Loan/Supplemental Restatement Revolving Loan

Reference Leverage Ratio	Base Rate	Eurodollar Pricing Option
Greater than or equal to 5.50	1.000%	2.000%
Greater than or equal to 5.00 but less than 5.50	0.750%	1.750%
Greater than or equal to 4.50 but less than 5.00	0.500%	1.500%
Greater than or equal to 4.00 but less than 4.50	0.250%	1.250%
Less than 4.00	0.000%	1.000%

Term Loan B

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Reference Leverage Ratio	Base Rate	Eurodollar Pricing Option
Greater than or equal to 5.50	1.250%	2.250%
Greater than or equal to 4.50 but less than 5.50	1.000%	2.000%
Less than 4.50	0.750%	1.750%

Term Loan C

Reference Leverage Ratio	Base Rate	Eurodollar Pricing Option
Greater than or equal to 5.50	1.500%	2.500%
Greater than or equal to 4.50 but less than 5.50	1.250%	2.250%
Less than 4.50	1.000%	2.000%

Any adjustment in the Applicable Margin shall take effect on the third Banking Day following the receipt by the Administrative Agent of the financial statements required to be furnished by Section 7.4.1 or 7.4.2; provided, however, that if for any reason the Restricted Companies shall not have furnished the financial statements required by Section 7.4.1 or 7.4.2 for any fiscal quarter by the time required by such Sections and the Administrative Agent reasonably determines that the Applicable Margin indicated by the Reference Leverage Ratio for such fiscal quarter would be increased from that previously in effect, commencing on the date which is three Banking Days after such financial statements were due until the third Banking Day following receipt by the Administrative Agent of such financial statements, the Applicable Margin shall be the Applicable Margin as so increased.

"Applicable Maturity Date" means (a) with respect to the Revolving Loan, the Final Revolving Maturity Date, (b) with respect to Term Loan B, the Final Term Loan B Maturity Date, (c) with respect to Term Loan C, the Final Term Loan C Maturity Date, (d) with respect to the Supplemental Restatement Revolving Loan, the Final Supplemental Restatement Revolving Maturity Date and (e) with respect to any other Supplemental Loan, the final maturity date of the applicable portion of such Supplemental Loan.

"Applicable Rate" means, at any date, the sum of:

(a) (i) with respect to each portion of the Loan (including the Supplemental Restatement Revolving Loan) subject to a Eurodollar Pricing Option, the sum of the Applicable Margin plus the Eurodollar Rate with respect to such Eurodollar Pricing Option;

(ii) with respect to each other portion of the Loan (including the Supplemental Restatement Revolving Loan), the sum of the Applicable Margin plus the Base Rate; and

(iii) with respect to any Supplemental Facility (other than the Supplemental Restatement Revolving Facility), the rate per annum agreed in writing by the Borrower and the Lenders extending such Supplemental Facility in accordance with Section 2.4;

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plus, (b) an additional 2% beginning on the occurrence of an Event of Default and ending on the date such Event of Default is no longer continuing.

"Asset Reinvestment Reserve Amount" is defined in Section 4.4.3.

"Assignee" is defined in Section 12.1.1.

"Assignment and Acceptance" is defined in Section 12.1.1.

"BankBoston" means BankBoston, N.A.

"Banking Day" means any day other than Saturday, Sunday or a day on which banks in Houston, Texas or New York, New York are authorized or required by law or other governmental action to close and, if such term is used with reference to a Eurodollar Pricing Option, any day on which dealings are effected in the Eurodollars in question by first-class banks in the inter-bank Eurodollar markets in New York, New York and at the location of the applicable Eurodollar Office.

"Bankruptcy Code" means Title 11 of the United States Code (or any successor statute) and the rules and regulations thereunder, all as from time to time in effect.

"Bankruptcy Default" means an Event of Default referred to in Section 9.1.11.

"Base Rate" means, on any day, the greater of (a) the rate of interest announced by the Administrative Agent at the Houston Office from time to time as its corporate base rate (which may not be its lowest commercial lending rate) or (b) the sum of 1/2% plus the Federal Funds Rate.

"Basic Eurodollar Rate" means, with respect to each day during each Interest Period pertaining to a Loan subject to a Eurodollar Pricing Option, the rate per annum determined on the basis of the rate for deposits in Dollars for a period equal to such Interest Period commencing on the first day of such Interest Period appearing on Page 3750 of the Dow Jones Markets screen as of 11:00 A.M., London time, two Banking Days prior to the beginning of such Interest Period. In the event that such rate does not appear on Page 3750 of the Dow Jones Markets screen (or otherwise on such screen), the "Basic Eurodollar Rate" shall be determined by reference to such other comparable publicly available service for displaying eurodollar rates as may be selected by the Administrative Agent or, in the absence of such availability, by reference to the rate at which the Administrative Agent is offered Dollar deposits at or about 10:00 A.M., Houston time, two Banking Days prior to the beginning of such Interest Period in the interbank eurodollar market where its eurodollar and foreign currency and exchange operations are then being conducted for delivery on the first day of such Interest Period for the number of days comprised therein. Each determination by the Administrative Agent of any Basic Eurodollar Rate pursuant to the foregoing sentence shall, in the absence of manifest error, be conclusive.

"Borrower" is defined in the preamble hereto.

"By-laws" means all written by-laws, rules, regulations and all other documents relating to the management, governance or internal regulation of any Person other than an individual, or interpretive of the Charter of such Person, all as from time to time in effect.

"Capital Expenditures" means, for any period, amounts added or required to be added to

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the property, plant and equipment or other fixed assets account on the Consolidated balance sheet of the Restricted Companies, prepared in accordance with GAAP, in respect of (a) the acquisition, construction, improvement or replacement of land, buildings, machinery, equipment, leaseholds and any other real or personal property, (b) to the extent not included in clause (a) above, materials, contract labor and direct labor relating thereto (excluding amounts properly expensed as repairs and maintenance in accordance with GAAP) and (c) software development costs to the extent not expensed in accordance with GAAP; provided, however, that Capital Expenditures shall not include the purchase price for the acquisition of another Person (or all or a portion of the assets of another Person) as a going concern permitted by Section 7.9; and provided, further, that Capital Expenditures shall not include amounts funded with insurance proceeds received in respect of the loss of or damage to property, plant, equipment or other fixed assets of the Restricted Companies.

"Capitalized Lease" means any lease which is required to be capitalized on the balance sheet of the lessee in accordance with GAAP, including Statement Nos. 13 and 98 of the Financial Accounting Standards Board.

"Capitalized Lease Obligations" means the amount of the liability reflecting the aggregate discounted amount of future payments under all Capitalized Leases calculated in accordance with GAAP, including Statement Nos. 13 and 98 of the Financial Accounting Standards Board.

"Cash Equivalents" means:

(a) negotiable certificates of deposit, time deposits (including sweep accounts), demand deposits and bankers' acceptances issued by any Lender or any United States financial institution having capital and surplus and undivided profits aggregating at least $100,000,000 and rated at least Prime-2 by Moody's Investors Service, Inc. or A-2 by Standard & Poor's Ratings Services;

(b) short-term corporate obligations rated at least Prime-2 by Moody's Investors Service, Inc. or A-2 by Standard & Poor's Ratings Services, or issued by any Lender;

(c) any direct obligation of the United States of America or any agency or instrumentality thereof, or of any state or municipality thereof, (i) which has a remaining maturity at the time of purchase of not more than one year or (ii) which is subject to a repurchase agreement with any Lender (or any other financial institution referred to in clause (a) above) exercisable within one year from the time of purchase and (iii) which, in the case of obligations of any state or municipality, is rated Aa2 or better by Moody's Investors Service, Inc.;

(d) any mutual fund or other pooled investment vehicle rated Aa2 or better by Moody's Investors Service, Inc. which invests principally in obligations described above; and

(e) in an amount not to exceed $5,000,000, deposits in overnight sweep accounts offered by a bank described in clause (a) above.

"CERCLA" means the federal Comprehensive Environmental Response, Compensation and Liability Act of 1980.

"CERCLIS" means the federal Comprehensive Environmental Response Compensation Liability Information System List (or any successor document) promulgated under CERCLA.

"Charter" means the articles of organization, certificate of incorporation, statute, constitution, joint venture agreement, partnership agreement, limited liability company operating agreement, trust indenture or other charter document of any Person other than an individual, each as from time to time in effect.

"Charter Group" means the collective reference to New Falcon I and the Restricted Companies, together with any member of the Paul Allen Group or any Affiliate of any such member that, in each case, directly or indirectly owns more than 50% of the Equity Interests (determined on the basis of economic interests) in any Restricted Company. Notwithstanding the foregoing, no individual and no entity organized for estate planning purposes shall be deemed to be a member of the Charter Group.

"Closing Date" means the Initial Closing Date and each subsequent date on which any extension of credit is made pursuant to Section 2.1 or 2.4.

"Code" means, collectively, the federal Internal Revenue Code of 1986 (or any successor statute) and the rules and regulations thereunder.

"Commitment" means, with respect to any Lender, such Lender's Percentage Interest in the obligations to extend the credits contemplated by the Credit Documents.

"Commitment Notice" is defined in Section 2.4.1.

"Communications Act" means the federal Communications Act of 1934, the federal Cable Television Consumer Protection and Competition Act of 1992 and the federal Telecommunications Act of 1996.

"Computation Covenants" means Sections 7.5, 7.6.6, 7.6.7, 7.6.15, 7.6.16, 7.6.17, 7.7.3, 7.9.7, 7.9.8, 7.9.9, 7.9.11, 7.10.3, 7.10.7, 7.10.8, 7.11.3, 7.11.5, 7.11.7 and 7.17.

"Consolidated" and "Consolidating", when used with reference to any term, mean that term as applied to the accounts of the Restricted Companies (or other specified Person) and all of their respective Subsidiaries (or other specified group of Persons), or such of their respective Subsidiaries as may be specified, consolidated or combined or consolidating or combining, as the case may be, in accordance with GAAP and with appropriate deductions for minority interests in Subsidiaries, as required by GAAP; provided, however, that in no event shall the Excluded Companies be included in the Consolidated financial statements of the Restricted Companies for purposes of compliance with Section 7 (other than Section 7.4) or for purposes of determining the Applicable Margin and the related definitions.

"Consolidated Annualized Operating Cash Flow" means the product of Consolidated Operating Cash Flow multiplied by four.

"Consolidated Cash Interest Expense" means, for any period, the aggregate amount of interest, including payments in the nature of interest under Capitalized Leases and net payments under Interest Rate Protection Agreements, accrued by the Restricted Companies on Consolidated Total Debt and Interest Rate Protection Agreements (whether such interest is reflected as an item of expense or capitalized) in accordance with GAAP on a Consolidated basis; provided, however, that Consolidated Cash Interest Expense shall include commitment fees and other Lender fees included in interest expense in accordance with GAAP and Distributions to New Falcon I described in Section 7.10.3 on account of interest on Indebtedness incurred by New Falcon I, but shall not include PIK Interest Payments.

"Consolidated Excess Cash Flow" means, for any period, Consolidated Operating Cash Flow minus Consolidated Total Fixed Charges.

"Consolidated Interest Coverage Ratio" means, for any fiscal quarter of the Restricted Companies, a ratio, expressed as a percentage, equal to Consolidated Operating Cash Flow for the three-month period ending on the last day of such fiscal quarter divided by Consolidated Cash Interest Expense for such three-month period.

"Consolidated Net Income" means, for any period, the net income (or loss) of the Restricted Companies determined in accordance with GAAP on a Consolidated basis (giving pro forma effect to the results of operations for such period of any Person or other business acquired through purchase or exchange by the Restricted Companies in accordance with Section 7.9 during such period, but not giving effect to the results of operations for such period contributed by any System or other assets sold by the Restricted Companies during such period); provided, however, that Consolidated Net Income shall not include:

(a) the income (or loss) of any Person (other than a Restricted Company or a Subsidiary of a Restricted Company) in which any Restricted Company has an ownership interest; provided, however, that Consolidated Net Income shall include amounts in respect of the income of such Person when actually received in cash by the Restricted Companies in the form of dividends or similar Distributions (except as otherwise provided in Section 7.6.16);

(b) all amounts included in computing such net income (or loss) in respect of the write-up of any asset or the retirement of any Indebtedness at less than face value after December 31, 1997;

(c) the effect of extraordinary and nonrecurring items of gain, income, loss or expense, including in any event the following items: (i) litigation and tax judgments and settlements of up to an aggregate of $2,500,000 (or such larger amount as may be approved by at least two of the Specified Agents, whose approval shall not be unreasonably withheld) during any fiscal year of the Restricted Companies and (ii) payments of up to an aggregate of $5,000,000 (or such larger amount as may be approved by at least two of the Specified Agents) during any fiscal quarter of the Restricted Companies in respect of: franchise taxes relating to prior periods; payments, refunds or credits in respect of customer late fees relating to prior periods; other similar items relating to prior periods; and acquisition deposits that are forfeited during such period;

(d) the income of any Subsidiary (other than a Restricted Company) to the extent the payment of such income in the form of a Distribution or repayment of Indebtedness to any Restricted Company is not permitted, whether on account of any Charter or By-law restriction, any agreement, instrument, deed or lease or any law, statute, judgment, decree or governmental order, rule or regulation applicable to such Subsidiary or otherwise; and

(e) any after-tax gains or losses attributable to returned surplus assets of any Plan.

For purposes of computing Consolidated Net Income for any fiscal quarter, to the extent such items have not previously been accrued or allocated to a prior period, (i) payments of insurance deductible amounts and discretionary employee or management bonuses shall be allocated one fourth to

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the fiscal quarter in which payment is made and one fourth to each of the next three fiscal quarters and (ii) Consolidated Net Income shall include 100% of the income of each Restricted Company, notwithstanding that such Restricted Company may not be a Wholly Owned Subsidiary of the Borrower and that, as a result thereof, GAAP would otherwise require a portion of such Restricted Company's income from Consolidated Net Income to be deducted on account of minority interests in such Restricted Company.

"Consolidated Operating Cash Flow" means, for any three-month period, the total of:

(a) Consolidated Net Income plus

(b) all amounts deducted in computing such Consolidated Net Income in respect of:

(i) depreciation, amortization and other charges that are not expected to be paid in cash;

(ii) interest on Financing Debt (including payments in the nature of interest under Capitalized Leases) and net payments in the nature of interest under Interest Rate Protection Agreements;

(iii) federal, state and local taxes based upon or measured by income;

(iv) other non-cash charges; and

(v) any reasonable costs incurred or expensed in connection with an acquisition or disposition permitted by Sections 7.9 or 7.11.

minus (c) to the extent Consolidated Net Income has not already been reduced thereby, payments of a type described in Section 7.17 (in respect of management fees and expenses), whether or not permitted thereby.

"Consolidated Pro Forma Debt Service" means, for any period, the sum of the following items, projected to be accrued by the Restricted Companies:

(a) Consolidated Cash Interest Expense,

plus (b) the aggregate amount of all mandatory scheduled payments (excluding the final scheduled principal payment on each Term Loan) and mandatory prepayments of revolving loans as a result of mandatory reductions in revolving credit availability, all with respect to Financing Debt of the Restricted Companies in accordance with GAAP on a Consolidated basis, including payments in the nature of principal under Capitalized Leases, but in no event including contingent prepayments required by Sections 4.3, 4.4 or 4.5 or voluntary payments contemplated by Section 4.6.

For purposes of computing Consolidated Pro Forma Debt Service:

(i) the amount of Financing Debt outstanding on the first day of such period shall be assumed to remain outstanding during the entire period, except to the extent required to be reduced by mandatory scheduled payments, mandatory payments on the Revolving Loan and

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other items described in paragraph (b) above; and

(ii) where interest varies with a floating rate, the rate in effect on the first day of such period will be assumed to remain constant during the entire period (giving effect to any applicable Interest Rate Protection Agreements).

"Consolidated Revenues" means, for any period:

(a) the net operating revenues (after reductions for discounts) of the Restricted Companies determined in accordance with GAAP on a Consolidated basis;

minus (b) any proceeds included in such net operating revenues from the sale, refinancing, condemnation or destruction of any Systems;

minus (c) actual bad debt expense to the extent not already deducted in computing such net operating revenues.

"Consolidated Total Debt" means, at any date, the principal amount of all Financing Debt of the Restricted Companies on a Consolidated basis minus the lesser of (a) cash and Cash Equivalents of the Restricted Companies on a Consolidated basis in accordance with GAAP or (b) $5,000,000.

"Consolidated Total Fixed Charges" means, for any period, the sum of:

(a) Consolidated Cash Interest Expense,

plus, (b) the aggregate amount of all mandatory scheduled payments and mandatory prepayments of revolving loans as a result of mandatory reductions in revolving credit availability, all with respect to Financing Debt of the Restricted Companies in accordance with GAAP on a Consolidated basis, including payments in the nature of principal under Capitalized Leases, but in no event including contingent prepayments required by Sections 4.4 or 4.5 or voluntary prepayments contemplated by Section 4.6.

plus, (c) Capital Expenditures,

plus, (d) federal, state and local taxes based upon or measured by income actually paid by any Restricted Company, other than taxes with respect to extraordinary and nonrecurring gains,

plus, (e) Distributions by the Restricted Companies to their partners or members that are not Restricted Companies of a type described in Section 7.10.5 (in respect of taxes), whether or not permitted thereby,

plus, (f) to the extent not included in the foregoing clauses, Distributions by the Restricted Companies to New Falcon I of a type described in Section 7.10.3 (for debt service), whether or not permitted thereby.

"Copyright Act" is defined in Section 8.5.2.

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"Credit Document" means:

(a) this Agreement, the Notes, the Pledge and Subordination Agreement, any fee agreement with the Administrative Agent entered into by the Borrower on or after the Restatement Effective Date, each Interest Rate Protection Agreement provided by a Lender (or an Affiliate of a Lender) to any Restricted Company and the documentation governing any Lender Letter of Credit, each as from time to time in effect; and

(b) any other present or future agreement or instrument from time to time entered into among any Restricted Company or (so long as any Restricted Company is also party thereto) any Affiliate of any of them, on one hand, and either the Administrative Agent or all the Lenders, on the other hand, relating to, amending or modifying this Agreement or any other Credit Document referred to above or which is stated to be a Credit Document, each as from time to time in effect.

"Credit Obligation" means all present and future liabilities, obligations and Indebtedness of any Restricted Company or any of their Affiliates party to a Credit Document owing to any Lender (or, in the case of Interest Rate Protection Agreements or Lender Letters of Credit, any Affiliate of a Lender) under or in connection with this Agreement, any other Credit Document or any Lender Letter of Credit, including obligations in respect of principal, interest, commitment fees, payment and reimbursement obligations under Interest Rate Protection Agreements and Lender Letters of Credit, amounts provided for in Sections 3.2.4, 3.4, 3.5, 3.6 and 10 and other fees, charges, indemnities and expenses from time to time owing hereunder or under any other Credit Document or any Lender Letter of Credit (all whether accruing before or after a Bankruptcy Default and whether or not allowed in a bankruptcy proceeding).

"Credit Participant" is defined in Section 12.2.

"Credit Security" means all assets from time to time hereafter subjected to a security interest, mortgage or charge (or intended or required so to be subjected pursuant to the Pledge and Subordination Agreement or any other Credit Document) to secure the payment or performance of any of the Credit Obligations.

"Default" means any Event of Default and any event or condition which with the passage of time or giving of notice, or both, would become an Event of Default.

"Delinquency Period" is defined in Section 11.4.3.

"Delinquent Lender" is defined in Section 11.4.3.

"Delinquent Payment" is defined in Section 11.4.3.

"Designated Financing Debt" means Financing Debt incurred by a Restricted Company after the date hereof other than Financing Debt permitted by Sections 7.6.1 (the Credit Obligations), 7.6.7 (purchase money Indebtedness and Capitalized Leases), 7.6.9 (intercompany Indebtedness), 7.6.10 (existing Indebtedness), 7.6.15 (Specified Long-Term Indebtedness), 7.6.16 (assumed Indebtedness) and 7.6.17 (other Indebtedness).

"Distribution" means, with respect to any Restricted Company (or other specified Person):

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(a) the binding declaration or payment of any dividend or distribution, including dividends payable in Equity Interests of any Restricted Company, on or in respect of any Equity Interests of any Restricted Company;

(b) the purchase, redemption or other retirement by any Restricted Company of any Equity Interests of any Holding Company (or of options, warrants or other rights for the purchase of such Equity Interests), directly, indirectly through a Subsidiary or otherwise;

(c) any other distribution on or in respect of any Equity Interest in any Restricted Company;

(d) any payment by any Restricted Company of principal or interest with respect to, or any purchase, redemption or defeasance by any Restricted Company of, any Specified Long-Term Indebtedness (other than (i) the payment of scheduled interest payments required to be made in cash, (ii) the prepayment of any Specified Long-Term Indebtedness with the proceeds of other Specified Long-Term Indebtedness, so long as such new Indebtedness has terms no less favorable to the interests of the Borrower and the Lenders than those applicable to the Indebtedness being refinanced, and (iii) the prepayment of Specified Subordinated Debt with the proceeds of other Specified Long-Term Indebtedness or of the Loan); and

(e) any payment (including amounts accrued and payable for management fees and reimbursement of expenses), loan or advance by any Restricted Company to, or any other Investment by any Restricted Company in, the holder of any Equity Interest in any Holding Company or any Affiliate of such holder;

provided, however, that the term "Distribution" shall not include payments in the ordinary course of business in respect of (i) reasonable compensation paid to employees, officers and directors, (ii) advances to employees for travel expenses, drawing accounts and similar expenditures, (iii) rent paid to or accounts payable for services rendered or goods sold by non-Affiliates or (iv) intercompany accounts payable and real property leases to non-Affiliates.

"Documentation Agent" means BankBoston in its capacity as Documentation Agent for the Lenders hereunder, as well as its successors and assigns in such capacity pursuant to Section 11.6.

"Enstar" means Enstar Communications Corporation, a Georgia corporation owned by the Borrower.

"Environmental Laws" means all applicable federal, state or local statutes, laws, ordinances, codes, rules, regulations and guidelines having the force of law (including consent decrees and administrative orders) relating to public health and safety and protection of the environment.

"Equity Interests" means any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all classes of membership interests in a limited liability company, any and all classes of partnership interests in a partnership and any and all other equivalent ownership interests in a Person, and any and all warrants, rights or options to purchase any of the foregoing.

"ERISA" means the federal Employee Retirement Income Security Act of 1974.

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"ERISA Group Person" means each Restricted Company, any Subsidiary and any Person which is a member of the controlled group or under common control with any Restricted Company within the meaning of section 414 of the Code or section 4001(a)(14) of ERISA.

"Eurodollar Pricing Options" means the options granted pursuant to Section 3.2.1 to have the interest on any portion of the Loan computed on the basis of a Eurodollar Rate.

"Eurodollars" means, with respect to any Lender, deposits of United States Funds in a non-United States office or an international banking facility of such Lender.

"Eurodollar Office" means such non-United States office or international banking facility of any Lender as the Lender may from time to time select.

"Eurodollar Rate" for any Interest Period means the rate, rounded to the nearest 1/100%, obtained by dividing (a) the Basic Eurodollar Rate for such Eurodollar Interest Period by (b) an amount equal to 1 minus the Eurodollar Reserve Rate; provided, however, that if at any time during such Interest Period the Eurodollar Reserve Rate applicable to any outstanding Eurodollar Pricing Option changes, the Eurodollar Rate for such Interest Period shall automatically be adjusted to reflect such change, effective as of the date of such change.

"Eurodollar Reserve Rate" means the stated maximum rate (expressed as a decimal) of all reserves (including any basic, supplemental, marginal or emergency reserve or any reserve asset), if any, as from time to time in effect, required by any Legal Requirement to be maintained by any Lender against (a) "Eurocurrency liabilities" as specified in Regulation D of the Board of Governors of the Federal Reserve System (or any successor regulation), (b) any other category of liabilities that includes Eurodollar deposits by reference to which the interest rate on portions of the Loan covered by Eurodollar Pricing Options is determined, (c) the principal amount of or interest on any portion of the Loan covered by a Eurodollar Pricing Option or (d) any other category of extensions of credit, or other assets, that includes loans covered by a Eurodollar Pricing Option.

"Event of Default" is defined in Section 9.1.

"Exchange Act" means the federal Securities Exchange Act of 1934.

"Excluded Companies" means Enstar, Enstar's Subsidiaries, Falcon Lake Las Vegas Cablevision, L.P., a Delaware limited partnership, Falcon/Capital Cable, a Delaware general partnership, Falcon/Capital Cable Partners, L.P., a Delaware limited partnership, Falcon Britannia, L.P., a California limited partnership, Falcon Classic Cable Income Properties, L.P., a California limited partnership, Duhamel Falcon Cable Mexico, L.L.C., a Delaware limited liability company, Pacific Microwave Joint Venture, a California general partnership, Wildcat Transmission Company, Inc., a Delaware corporation, Falcon Pacific Microwave, Inc., a Delaware corporation, SFC Transmissions, a California joint venture, and 212 Seventh Street, Inc., a Missouri corporation, and any other Subsidiary (including a Subsidiary that is a Permitted Joint Venture) of a Restricted Company that at the time of determination shall be designated as an Excluded Company by written notice of such Restricted Company to the Administrative Agent. The Borrower may designate any Subsidiary of the Restricted Companies (including any newly acquired or newly organized Subsidiary of the Restricted Companies) to be an Excluded Company by written notice to the Administrative Agent, provided the acquisition or organization of such Subsidiary would be permitted under Section 7.9. The Borrower may designate any Excluded Company to be a

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Restricted Company by written notice to the Administrative Agent, provided that no Default shall occur and be continuing or shall result as a consequence thereof.

"Excluded Swap Excess Amount" means any Swap Excess Amount determined pursuant to one or more Permitted Asset Swaps consummated after the Restatement Effective Date until the aggregate Swap Excess Percentages equal 15%. For the purposes of this definition, the "Swap Excess Percentage" with respect to any Permitted Asset Swap that results in a Swap Excess Amount shall equal the quotient (expressed as a percentage) of such Swap Excess Amount divided by Consolidated Annualized Operating Cash Flow as shown in the most recently submitted compliance computations pursuant to Section 7.4.2(b).

"FCC" means the Federal Communications Commission and any successor governmental agency.

"FCC License" means any broadcasting, community antenna television or relay systems, each station, business radio, microwave and other license issued by the FCC under the Communications Act.

"Federal Funds Rate" means, for any day, (a) the rate equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as such weighted average is published for such day (or, if such day is not a Banking Day, for the immediately preceding Banking Day) by the Federal Reserve Bank of New York or (b) if such rate is not so published for such Banking Day, as determined by the Administrative Agent using any reasonable means of determination. Each determination by the Administrative Agent of the Federal Funds Rate shall, in the absence of manifest error, be conclusive.

"Final Revolving Maturity Date" means December 29, 2006.

"Final Supplemental Restatement Revolving Maturity Date" means December 31, 2007.

"Final Term Loan B Maturity Date" means June 29, 2007.

"Final Term Loan C Maturity Date" means December 31, 2007.

"Financial Officer" means in the case of any specified Person, the chief financial officer, treasurer, corporate controller or vice president whose primary responsibility is for the financial affairs of such Person, and whose incumbency and signatures will have been certified to the Administrative Agent by an appropriate attesting officer prior to or contemporaneously with the delivery of any certificates delivered to the Administrative Agent hereunder.

"Financing Debt" means:

(a) Indebtedness in respect of borrowed money;

(b) Indebtedness evidenced by notes, debentures or similar instruments;

(c) Indebtedness in respect of Capitalized Leases;

(d) Indebtedness in respect of the deferred purchase price of assets (other than normal

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trade accounts payable that are not overdue beyond customary practice); and

(e) Indebtedness in respect of mandatory redemption, repurchase or dividend rights on Equity Interests.

"Franchise" means any franchise, permit, license or other authorization granted by any governmental unit or authority that authorizes the construction and operation of a System.

"GAAP" means generally accepted accounting principles, as defined by the United States Financial Accounting Standards Board, as from time to time in effect; provided, however, that (a) for purposes of compliance with Section 7 (other than Section 7.4) and the related definitions, "GAAP" means such principles as in effect on December 31, 1998 as applied by the Restricted Companies in the preparation of the December 31, 1998 financial statements referred to in Section 8.2.1, and consistently followed, without giving effect to any subsequent changes thereto and (b) in the event of a change in generally accepted accounting principles after such date, either the Borrower or the Required Lenders may request a change in the definition of "GAAP", in which case the parties hereto shall negotiate in good faith with respect to an amendment of this Agreement implementing such change.

"Guarantee" means, with respect to any Restricted Company (or other specified Person):

(a) any guarantee by the Restricted Company of the payment or performance of, or any contingent obligation by the Restricted Company in respect of, any Financing Debt of any other Person;

(b) any other arrangement whereby credit is extended to a Person on the basis of any promise or undertaking of the Restricted Company (including any "comfort letter" or "keep well agreement" written by the Restricted Company to a creditor or prospective creditor of such Person) to (i) pay the Financing Debt of such Person, (ii) purchase an obligation owed by such Person, (iii) pay for the purchase or lease of assets or services regardless of the actual delivery thereof or (iv) maintain the capital, working capital, solvency or general financial condition of such Person, in each case whether or not such arrangement is disclosed in the balance sheet of the Restricted Company or referred to in a footnote thereto;

(c) any liability of the Restricted Company as a general partner of a partnership in respect of Financing Debt of such partnership;

(d) any liability of the Restricted Company as a joint venturer of a joint venture in respect of Financing Debt of such joint venture; and

(e) reimbursement obligations with respect to letters of credit, surety bonds and other financial guarantees;

provided, however, that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business. The amount of any Guarantee and the amount of Indebtedness resulting from such Guarantee shall be the amount which should be carried on the balance sheet of the obligor whose obligations were guaranteed in respect of such obligations, determined in accordance with GAAP.

"Guarantor" means each Restricted Company and each Subsidiary of a Restricted Company that is party hereto and is not either the Borrower or an Excluded Company. Exhibit 1-A lists

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the Guarantors as of the Restatement Effective Date.

"Hazardous Material" means, collectively, any pollutant, toxic or hazardous material or waste, including any "hazardous substance" or "pollutant" or "contaminant" as defined in section 101(14) of CERCLA or any similar state or local statute or regulation or regulated as toxic or hazardous under the Resource Conservation and Recovery Act or any similar state or local statute or regulation, and the rules and regulations thereunder, as from time to time in effect.

"Holding Companies" means Holding, L.P., Holding, Inc. and their respective Subsidiaries, including New Falcon I and the Restricted Companies.

"Holding, Inc." means Falcon Holding Group, Inc., a California corporation that is the general partner of Holding, L.P., or any successor corporation, partnership, limited liability company or other entity that would not create an Event of Default immediately as a result of such succession and that enters into assumption agreements with respect to the Pledge and Subordination Agreement and the other Credit Documents to which either Holding, Inc. or Holding, L.P. is a party reasonably satisfactory to such successor and the Administrative Agent in all respects.

"Holding, L.P." means Falcon Holding Group, L.P., a Delaware limited partnership, or any successor corporation, partnership, limited liability company or other entity that would not create an Event of Default immediately as a result of such succession and that enters into assumption agreements with respect to the Pledge and Subordination Agreement and the other Credit Documents to which either Holding, Inc. or Holding, L.P. is a party reasonably satisfactory to such successor and the Administrative Agent in all respects.

"Houston Office" means the principal banking office of the Administrative Agent in Houston, Texas.

"Indebtedness" means all obligations, contingent or otherwise, which in accordance with GAAP are required to be classified upon the balance sheet of any Restricted Company (or other specified Person) as liabilities, but in any event including:

(a) indebtedness in respect of borrowed money;

(b) indebtedness evidenced by notes, debentures or similar instruments;

(c) Capitalized Lease Obligations;

(d) the deferred purchase price of assets (including trade accounts payable);

(e) mandatory redemption, repurchase or dividend obligations with respect to Equity Interests;

(f) unfunded pension fund obligations and liabilities;

(g) all Guarantees and endorsements in respect of Indebtedness of others; and

(h) liabilities secured by any Lien existing on property owned or acquired by any Restricted Company, whether or not the liability secured thereby shall have been assumed; provided, however, that, to the extent that a liability secured by a Lien on such property is otherwise nonrecourse to the Restricted Company, the amount of Indebtedness in respect of such liability shall be the lesser of the fair market value of such property or the amount of such liability.

"Indemnified Party" is defined in Section 10.2.

"Indenture Modifications" means any amendments, waivers, consents or other modifications with respect to the New Falcon I Debentures and the New Falcon I Debentures Indenture required in connection with the Paul Allen Acquisition.

"Initial Closing Date" means the first Closing Date hereunder, which date was June 30, 1998.

"Initial Public Offering" means an underwritten public offering of Equity Interests of any member of the Charter Group pursuant to a registration statement filed with the Securities and Exchange Commission in accordance with the Securities Act of 1933, as amended, that yields net cash proceeds of at least $500,000,000.

"Interest Period" means any period, selected as provided in Section 3.2.1, of one, two, three and six months (or any longer period to which all the Lenders have given their consent to the Administrative Agent), commencing on any Banking Day and ending on the corresponding date in the subsequent calendar month so indicated (or, if such subsequent calendar month has no corresponding date, on the last day of such subsequent calendar month); provided, however, that subject to Section 3.2.3, if any Interest Period so selected would otherwise begin or end on a date which is not a Banking Day, such Interest Period shall instead begin or end, as the case may be, on the immediately preceding or succeeding Banking Day as determined by the Administrative Agent in accordance with the then current banking practice in the inter-bank Eurodollar market with respect to Eurodollar deposits at the applicable Eurodollar Office, which determination by the Administrative Agent shall, in the absence of manifest error, be conclusive.

"Interest Rate Protection Agreement" means any interest rate swap, interest rate cap, interest rate hedge or other contractual arrangement protecting a Person against increases in variable interest rates or converting fixed interest rates into variable interest rates on Financing Debt.

"Investment" means, with respect to any Restricted Company (or other specified Person):

(a) any Equity Interest, evidence of Indebtedness or other security issued by any other Person;

(b) any loan, advance or extension of credit to, or contribution to the capital of, any other Person;

(c) any Guarantee of the Indebtedness of any other Person;

(d) any acquisition of all or any part of the business of any other Person or the assets comprising such business or part thereof;

(e) any commitment or option to make any Investment if the consideration for such

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commitment or option exceeds $1,000,000; and

(f) any other similar investment.

The investments described in the foregoing clauses (a) through (f) shall constitute Investments whether they are made or acquired by purchase, exchange, issuance of stock or other securities, merger, reorganization or any other method, provided, however, that Investments shall not include (i) current trade and customer accounts receivable for property leased, goods furnished or services rendered in the ordinary course of business and payable in accordance with customary trade terms, (ii) advances, payments and prepayments to suppliers for property leased, goods furnished and services rendered in the ordinary course of business, (iii) advances to employees for travel expenses, drawing accounts and similar expenditures, (iv) stock or other securities acquired in connection with the satisfaction or enforcement of Indebtedness or claims due to any Restricted Company or as security for any such Indebtedness or claim or (v) demand deposits in banks or trust companies.

In determining the amount of outstanding Investments for purposes of Section 7.9, the amount of any Investment shall be the cost thereof (including the amount of any Indebtedness assumed in any purchase or secured by any asset acquired in such purchase (whether or not any Indebtedness is assumed) or for which any Person that becomes a Subsidiary is liable on the date on which the securities of such Person are acquired) minus any returns of capital on such Investment actually received in cash (determined in accordance with GAAP without regard to amounts realized as income on such Investment).

"Legal Requirement" means any requirement imposed upon any of the Lenders by any law of the United States of America or any jurisdiction in which any Eurodollar Office is located or by any regulation, order, interpretation, ruling or official directive of the Board of Governors of the Federal Reserve System or any other board or governmental or administrative agency of the United States of America, of any jurisdiction in which any Eurodollar Office is located, or of any political subdivision of any of the foregoing. Any requirement imposed by any such regulation, order, ruling or official directive not having the force of law shall be deemed to be a Legal Requirement if any of the Lenders reasonably believes that compliance therewith is in accordance with customary commercial practice.

"Lender" means the Persons owning a Percentage Interest in the Credit Obligations under this Agreement or having a Commitment and their respective Assignees permitted by Section 12.1.

"Lender Letters of Credit" means letters of credit issued by any Lender (or any Affiliate thereof) for the account of the Borrower, so long as the aggregate undrawn face amount thereof, together with any unreimbursed reimbursement obligations in respect thereof, does not exceed $15,000,000 at any one time.

"Lending Officer" shall mean such officers or employees of the Administrative Agent as from time to time designated by it in writing to the Borrower.

"Lien" means, with respect to any Restricted Company (or any other specified Person):

(a) any encumbrance, mortgage, pledge, lien, charge or security interest of any kind upon any property or assets of the Restricted Company, whether now owned or hereafter acquired, or upon the income or profits therefrom;

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(b) the acquisition of, or the agreement to acquire, any property or asset upon conditional sale or subject to any other title retention agreement, device or arrangement (including a Capitalized Lease); and

(c) the sale, assignment, pledge or transfer for security of any accounts, general intangibles or chattel paper of the Restricted Company, with or without recourse.

"Loan" means, collectively, the Revolving Loan, the Term Loan and the Supplemental Loan.

"Mandatory Assignment" is defined in Section 2.2.3.

"Margin Stock" means "margin stock" within the meaning of Regulations T, U or X (or any successor provisions) of the Board of Governors of the Federal Reserve System, or any regulations, interpretations or rulings thereunder, all as from time to time in effect.

"Material Adverse Change" means a material adverse change since December 31, 1998 in the business, assets, financial condition or income of the Restricted Companies (on a Consolidated basis) (or any other specified Persons) as a result of any event or development.

"Material Agreements" means (a) the documentation relating to the MONY Subordinated Debt, (b) the partnership agreements or limited liability company agreements for each Restricted Company (other than Falcon First, Inc.) and (c) the New Falcon I Debentures and the New Falcon I Debentures Indenture, in each case as amended, modified and supplemented in accordance with Section 7.2.3.

"Material Financing Debt" means any Financing Debt (other than the Credit Obligations under this Agreement) outstanding in an aggregate amount of principal (whether or not due) and accrued interest exceeding $10,000,000.

"Maximum Amount of Relevant Supplemental Revolving Credit" is defined in Section 2.4.1.

"Maximum Amount of Revolving Credit" is defined in Section 2.1.1.

"Maximum Amount of Supplemental Credit" is defined in Section 2.4.1.

"Maximum Amount of Supplemental Restatement Revolving Credit" is defined in Section 2.4.5.

"MONY Subordinated Debt" means the 11.56% Series B Subordinated Notes due March 31, 2001, originally issued by Falcon Telecable, a California Limited Partnership, pursuant to a Note Purchase Agreement dated as of October 21, 1991, as in effect from time to time in accordance with Section 7.2.3, with Affiliates of the Mutual Life Insurance Company of New York, including notes evidencing deferred fees due on account of risk-based capital requirements issued by such Restricted Companies on the same terms as the other MONY Subordinated Debt issued by Falcon Telecable, a California Limited Partnership.

"Multiemployer Plan" means any Plan that is a "multiemployer plan" as defined in

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section 4001(a)(3) of ERISA.

"Net Cash Proceeds" means the cash proceeds of an Operating Asset Sale by any Restricted Company net of (a) any Indebtedness permitted by Section 7.6.7 (Capitalized Leases and purchase money indebtedness) secured by assets being sold in such transaction required to be paid from such proceeds, (b) with respect to any such Restricted Company that is not a tax flow-through entity, income taxes that will be required to be paid as a result of such asset sale as estimated by such Restricted Company in good faith, and with respect to any such Restricted Company that is a tax flow-through entity, distributions to all the direct or indirect holders of the equity of such Restricted Company, in proportion to their ownership interests, sufficient to permit each such direct or indirect holder of the equity of such Restricted Company to pay income taxes that may be required to be paid by it as a result of such asset sale as estimated by such Restricted Company in good faith, (c) all reasonable expenses of such Restricted Company incurred in connection with the transaction and (d) amounts subject to a reserve or escrow to fund indemnification obligations incurred in connection with such asset sale; provided, however, that the principal (but not interest) component of amounts described in this clause (d) will become Net Cash Proceeds upon release from such reserve or escrow.

"Net Debt Proceeds" means the cash proceeds of the incurrence of Designated Financing Debt by any Restricted Company (net of reasonable out-of-pocket transaction fees and expenses).

"New Falcon I" means Falcon Communications, L.P., a California limited partnership, and any successor corporation, partnership, limited liability company or other entity that would not create an Event of Default immediately as a result of such succession and that enters into assumption agreements with respect to the Pledge and Subordination Agreement and the other Credit Documents to which New Falcon I is a party reasonably satisfactory to such successor and the Administrative Agent in all respects.

"New Falcon I Debentures" means, collectively, the $375,000,000 8.375% Senior Debentures due 2010 and the $435,250,000 9.285% Senior Discount Debentures due 2010, each issued jointly and severally by New Falcon I and its Wholly Owned Subsidiary, Falcon Funding Corporation, pursuant to the New Falcon I Debentures Indenture.

"New Falcon I Debentures Indenture" means the Indenture dated as of April 3, 1998, as in effect from time to time in accordance with Section 7.2.3, among New Falcon I, Falcon Funding Corporation and United States Trust Company of New York, as trustee, with respect to the New Falcon I Debentures (and any subsequent indentures on identical terms, except with respect to transfer restrictions, entered into for a registered exchange offer of the New Falcon I Debentures).

"Nonperforming Lender" is defined in Section 11.4.3.

"Notes" means each of the Revolving Notes, the Term B Notes, the Term C Notes and the Supplemental Notes.

"Obligor" means the Borrower and each other Restricted Company guaranteeing or granting collateral to secure any Credit Obligations.

"Operating Assets" means (a) a group of tangible and intangible assets used by a Person to provide cable television services or to conduct any related activities, or (b) all of the outstanding Equity Interests in a Person engaged in the provision of cable television services or conducting any

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related activities.

"Operating Asset Sale" is defined in Section 4.4.1.

"Paul Allen Acquisition" is defined in Section 5.1.3.

"Paul Allen Group" means the collective reference to (a) Paul G. Allen, (b) his estate, spouse, immediate family members and heirs and (c) any trust, corporation, partnership or other entity, the beneficiaries, stockholders, partners or other owners of which consist exclusively of Paul G. Allen or such other Persons referred to in clause (b) above or a combination thereof.

"Payment Date" means the last Banking Day of each March, June, September and December occurring after the Initial Closing Date.

"PBGC" means the Pension Benefit Guaranty Corporation or any successor entity.

"Percentage Interest" is defined in Section 11.1.

"Performing Lender" is defined in Section 11.4.3.

"Permitted Asset Swap" means the exchange by any Restricted Company of Operating Assets (including Systems) (a) for fair value in a single transaction (or a substantially contemporaneous series of related transactions) pursuant to which, within five Banking Days of the transfer of such Operating Assets, the Restricted Companies receive Operating Assets related to businesses permitted by Section 7.2.1 or (b) in a transaction which qualifies as a like-kind exchange under section 1031 of the Code or any successor provision (with any cash received by the Restricted Company in connection with such exchange constituting Net Cash Proceeds therefrom and any cash paid by the Restricted Company in connection with such exchange being subject to the limitations of Section 7.9).

"Permitted Joint Venture" means a joint venture, limited partnership, corporation, general partnership or limited liability company or other entity between or involving a Restricted Company pursuant to which the new entity would operate a business not prohibited by Section 7.2.1; provided, however, that if the Permitted Joint Venture is not a Restricted Company, the Restricted Companies shall in no event incur any Financing Debt, by way of guarantee, general partner or joint venturer liability or otherwise, as a result of the incurrence of Financing Debt by any such joint venture, limited partnership, corporation, general partnership or limited liability company.

"Person" means any present or future natural person or any corporation, association, partnership, joint venture, company, limited liability company, business trust, trust, organization, business or government or any governmental agency or political subdivision thereof.

"PIK Interest Payments" means any accrued interest payments on Financing Debt that are postponed, evidenced by book-entry accrual or made through the issuance of "payment-in-kind" notes or other securities, all in accordance with the terms of such Financing Debt; provided, however, that in no event shall PIK Interest Payments include payments made with cash or Cash Equivalents.

"Plan" means, at any time, any pension benefit plan subject to Title IV of ERISA maintained, or to which contributions have been made or are required to be made, by any ERISA Group Person within six years prior to such time.

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"Pledge and Subordination Agreement" means the Amended and Restated Pledge and Subordination Agreement in substantially the form of Exhibit 18.7, as from time to time in effect, among Holding, L.P., Holding, Inc., the Restricted Companies, the Administrative Agent and New Falcon I.

"Pro Rata Revolver Prepayment Portion" means, at any date, with respect to specified Net Cash Proceeds from any Operating Asset Sale that will be allocated to repay the Revolving Loan, the portion of such Net Cash Proceeds calculated as follows:

(a) add all percentage reductions of the Revolving Loan occurring on or after the date of such Operating Asset Sale through the Final Revolving Maturity Date;

(b) divide the percentage reduction of each remaining Payment Date by the sum in clause (a) above; and

(c) multiply the Net Cash Proceeds by the percentage determined under clause (b) above for each such Payment Date.

An example of the computation of the Pro Rata Revolver Prepayment Portion is set forth in Exhibit 1-B.

"Pro Rata Supplemental Restatement Revolver Prepayment Portion" means, at any date, with respect to specified Net Cash Proceeds from any Operating Asset Sale that will be allocated to repay the Supplemental Restatement Revolving Loan, the portion of such Net Cash Proceeds calculated as follows:

(a) add all percentage reductions of the Supplemental Restatement Revolving Loan occurring on or after the date of such Operating Asset Sale through the Final Supplemental Restatement Revolving Maturity Date;

(b) divide the percentage reduction of each remaining Payment Date by the sum in clause (a) above; and

(c) multiply the Net Cash Proceeds by the percentage determined under clause (b) above for each such Payment Date.

"Pro Rata Term Loan B Prepayment Portion" means, at any date, with respect to specified Net Cash Proceeds from any Operating Asset Sale that will be allocated to repay Term Loan B, the portion of such Net Cash Proceeds calculated as follows:

(a) add all percentage reductions of Term Loan B occurring on or after the date of such Operating Asset Sale up to but excluding the Final Term Loan B Maturity Date;

(b) divide the percentage reduction of each remaining Payment Date by the sum in clause (a) above; and

(c) multiply the Net Cash Proceeds by the percentage determined under clause (b) above for each such Payment Date.

"Pro Rata Term Loan C Prepayment Portion" means, at any date, with respect to specified Net Cash Proceeds from any Operating Asset Sale that will be allocated to repay Term Loan C,

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the portion of such Net Cash Proceeds calculated as follows:

(a) add all percentage reductions of Term Loan C occurring on or after the date of such Operating Asset Sale up to but excluding the Final Term Loan C Maturity Date;

(b) divide the percentage reduction of each remaining Payment Date by the sum in clause (a) above; and

(c) multiply the Net Cash Proceeds by the percentage determined under clause (b) above for each such Payment Date.

"Pro Rata Term Prepayment Portions" means, collectively, the Pro Rata Term Loan B Prepayment Portion and the Pro Rata Term Loan C Prepayment Portion.

"Qualified Institutional Buyer" means:

(a) a duly authorized domestic bank, savings and loan association, insurance company, registered investment company, registered investment adviser or registered dealer, acting for its own account or the accounts of other Qualified Institutional Buyers, which in the aggregate owns and invests on a discretionary basis at least $100 million in securities and (if a bank or savings and loan association) which has a net worth of at least $25 million; or

(b) a foreign bank or savings and loan association or equivalent institution, acting for its own account or the account of other Qualified Institutional Buyers, which in the aggregate owns and invests on a discretionary basis at least $100 million in securities and has a net worth of at least $25 million; or

(c) any other entity which also constitutes a "qualified institutional buyer" as defined in Rule 144A under the Securities Act; or

(d) any other entity acceptable to the Restricted Companies.

"Redeemable Capital Stock" means any class or series of Equity Interests of any Person that, either by its terms, by the terms of any security into which it is convertible or exchangeable or otherwise, is or upon the happening of an event or passage of time would be, required to be redeemed (in whole or in part) prior to the final maturity of any portion of the Loan or is redeemable (in whole or in part) at the option of the holder thereof at any time prior to the final maturity of any portion of the Loan.

"Reference Leverage Ratio" means, at any date, the ratio of (a) Consolidated Total Debt as of the end of the most recent fiscal quarter for which financial statements have been furnished to the Lenders in accordance with Section 7.4.2 prior to such date to (b) Consolidated Annualized Operating Cash Flow for such period.

"Register" is defined in Section 12.1.3.

"Related Fund" means, with respect to any Lender that is a fund that invests in senior bank loans, any other fund or entity that invests in bank loans and is advised or managed by the same investment advisor as such Lender or by an Affiliate of such investment advisor.

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"Remaining Dollar-Years" of any Indebtedness means, at any date, the sum of the products obtained by multiplying (a) the amount of each remaining scheduled payment of principal (or in the case of a revolving credit facility, each scheduled reduction in the revolving credit commitment) by (b) the number of years (calculated to the nearest twelfth) which will elapse between such date and the making of the payment (or in the case of a revolving credit facility, such scheduled reduction in the revolving credit commitment).

"Replacement Lender" is defined in Section 12.3.

"Required Lenders" means, with respect to any consent or other action to be taken by either the Lenders or any Agent under the Credit Documents, such Lenders as own at least a majority of the Aggregate Percentage Interests; provided, however, that with respect to the matters referred to in the proviso to Section 17.1, Required Lenders means such Lenders as own at least the respective portions of the Percentage Interests indicated therein.

"Resource Conservation and Recovery Act" means the federal Resource Conservation and Recovery Act, 42 U.S.C. section 690, et seq.

"Restatement Effective Date" is defined in Section 5.1.

"Restatement Signing Date" means the date on which the condition described in Section 5.1.1 shall have been satisfied.

"Restricted Company" means each of the Borrower, the Guarantors and their respective Subsidiaries that are Guarantors and that are not Excluded Companies. Exhibit 1-A lists the Restricted Companies as of the Restatement Effective Date.

"Revolving Lender" means each Lender owning a Percentage Interest in the Revolving Loan or having a Commitment to extend a portion of the Revolving Loan and its Assignees permitted by Section 12.1.

"Revolving Loan" is defined in Section 2.1.1.

"Revolving Note" is defined in Section 2.1.3.

"Securities Act" means the federal Securities Act of 1933.

"Specified Agent" means, collectively, the Documentation Agent, the Syndication Agent and the Administrative Agent.

"Specified Change of Control" means a "Change of Control" as defined in the New Falcon I Debentures Indenture and any defined term having a comparable purpose contained in the documentation governing any other Indebtedness of Holding, Inc., Holding, L.P. or New Falcon I or any Specified Long-Term Indebtedness.

"Specified Long-Term Indebtedness" means any Indebtedness incurred pursuant to Section 7.6.15.

"Specified Subordinated Debt" means any Indebtedness of the Borrower issued directly or indirectly to Paul G. Allen or any of his Affiliates, so long as such Indebtedness (a) qualifies as

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Specified Long-Term Indebtedness and (b) has subordination terms substantially identical to those set forth in Exhibit 1-C.

"Subscriber" means each home with one or more television sets connected to a System and each subscriber equivalent represented by a bulk account (determined by dividing the total monthly bill for the account by the basic monthly charge for a single outlet in the area).

"Subsidiary" means any Person of which the Borrower (or other specified Person) shall at the time, directly or indirectly through one or more of its Subsidiaries, (a) own at least 50% of the outstanding Equity Interests entitled to vote generally, (b) hold at least 50% of the partnership, joint venture or similar interests or (c) be a general partner or joint venture.

"Supplemental Agent" is defined in Section 2.4.1.

"Supplemental Facility" is defined in Section 2.4.1.

"Supplemental Lenders" is defined in Section 2.4.1.

"Supplemental Loan" is defined in Section 2.4.4.

"Supplemental Note" is defined in Section 2.4.4.

"Supplemental Restatement Revolving Facility" is defined in Section 2.4.5.

"Supplemental Restatement Revolving Lenders" is defined in Section 2.4.5.

"Supplemental Restatement Revolving Loan" is defined in Section 2.4.5.

"Swap Excess Amount" is defined in Section 7.11.5.

"Syndication Agent" means Bank of America, N.A., in its capacity as syndication agent hereunder, as well as its successors and assigns in such capacity pursuant to Section 11.6.

"System" means the assets constituting a cable television system most of which is within a geographical area covered by one or more Franchises held by any Restricted Company serving subscribers who are connected by drop lines to trunk or distribution lines carrying signals from one or more head-end facilities.

"Tax" means any tax, levy, duty, deduction, withholding or other charges of whatever nature at any time required by any Legal Requirement (a) to be paid by any Lender or (b) to be withheld or deducted from any payment otherwise required hereby to be made to any Lender, in each case on or with respect to (i) the principal amount of or interest on any portion of the Loan, (ii) any fees, expenses, indemnities or other amounts payable to any Lender under any Credit Document or (iii) funds transferred from a non-United States office or an international banking facility of any Lender to a United States office of such Lender in order to fund (or deemed by Section 3.2.6 to have funded) a portion of the Loan subject to a Eurodollar Pricing Option; provided, however, that the term "Tax" shall not include (A) taxes imposed upon or measured by the net income of such Lender or (B) franchise or similar business licensing taxes for qualification of offices of such Lender in any jurisdiction.

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"Term Lender" means each Lender owning a Percentage Interest in the Term Loans and its Assignees permitted by Section 12.1.

"Term Loan" means Term Loan B and Term Loan C, collectively.

"Term Loan B" is defined in Section 2.2.1.

"Term Loan B Lender" means each Lender owning a Percentage Interest in Term Loan B and its Assignees permitted by Section 12.1.

"Term Loan B Note" is defined in Section 2.2.2.

"Term Loan C" is defined in Section 2.3.1.

"Term Loan C Lender" means each Lender owning a Percentage Interest in Term Loan C and its Assignees permitted by Section 12.1.

"Term Loan C Note" is defined in Section 2.3.2.

"Term Notes" means the Term Loan B Notes and the Term Loan C Notes, collectively.

"Threshold Management Fee Date" means any date on which, both before and after giving pro forma effect to the payment of any previously deferred management fees pursuant to Section 7.17 (including any Indebtedness incurred in connection therewith), the Consolidated Interest Coverage Ratio, determined in respect of the most recent fiscal quarter for which the relevant financial information is available, is greater than 225%.

"Threshold Transaction Date" means any date on which, both before and after giving pro forma effect to a particular transaction (including any Indebtedness incurred in connection therewith), the Consolidated Interest Coverage Ratio, determined in respect of the most recent fiscal quarter for which the relevant financial information is available, is greater than 175%.

"Toronto Dominion" means Toronto Dominion (Texas), Inc.

"Tranche" means each of the Revolving Loan, Term Loan B, Term Loan C and the Supplemental Loan, each considered as a separate credit facility.

"United States Funds" means such coin or currency of the United States of America as at the time shall be legal tender therein for the payment of public and private debts.

"Weighted Average Life to Maturity" of any Indebtedness means, at any date, the number of years obtained by dividing the Remaining Dollar-Years of such Indebtedness by the outstanding principal amount of the Indebtedness (or, in the case of a revolving credit facility, the maximum amount of revolving credit commitment, regardless of the amount of revolving loans then outstanding).

"Wholly Owned Guarantor" means any Guarantor that is a Wholly Owned Subsidiary of the Borrower.

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"Wholly Owned Subsidiary" means any Subsidiary of which all of the outstanding Equity Interests entitled to vote generally (other than directors' qualifying shares) is owned by the Borrower (or other specified Person) directly, or indirectly through one or more Wholly Owned Subsidiaries.

20 The Credits.

2.1. Revolving Credit.

2.1.1. Revolving Loan. Subject to all of the terms and conditions of this Agreement and so long as no Default exists and is continuing, each Revolving Lender severally agrees to make revolving loans to the Borrower in an aggregate principal amount for all Revolving Lenders equal to the amount requested in accordance with Section 2.1.2 from time to time prior to the Final Revolving Maturity Date, but not to exceed at any time outstanding the Maximum Amount of Revolving Credit. In no event will the principal amount of the loans at any one time outstanding made by any Revolving Lender under this Section 2.1 exceed an amount equal to such Revolving Lender's Percentage Interest in the Maximum Amount of Revolving Credit.

"Maximum Amount of Revolving Credit" means, on any date, the amount set forth for such date in the table below, reduced as provided further below:

Date	Stated Amount	Percentage Reduction
Prior to September 30, 2001	$646,049,740	0.000%
September 30, 2001 through December 30, 2001	$629,898,497	2.500%
December 31, 2001 through March 30, 2002	$613,747,253	2.500%
March 31, 2002 through June 29, 2002	$597,596,010	2.500%
June 30, 2002 through September 29, 2002	$581,444,766	2.500%
September 30, 2002 through December 30, 2002	$565,293,523	2.500%
December 31, 2002 through March 30, 2003	$549,142,279	2.500%
March 31, 2003 through June 29, 2003	$532,991,036	2.500%
June 30, 2003 through September 29, 2003	$516,839,792	2.500%
September 30, 2003 through December 30, 2003	$500,688,549	2.500%
December 31, 2003 through March 30, 2004	$484,537,305	2.500%
March 31, 2004 through June 29, 2004	$452,234,818	5.000%
June 30, 2004 through September 29, 2004	$419,932,331	5.000%

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September 30, 2004 through December 30, 2004	$387,629,844	5.000%
December 31, 2004 through March 30, 2005	$355,327,357	5.000%
March 31, 2005 through June 29, 2005	$314,949,248	6.250%
June 30, 2005 through September 29, 2005	$274,571,140	6.250%
September 30, 2005 through December 30, 2005	$234,193,031	6.250%
December 31, 2005 through March 30, 2006	$193,814,922	6.250%
March 31, 2006 through June 29, 2006	$145,361,192	7.500%
June 30, 2006 through September 29, 2006	$96,907,461	7.500%
September 30, 2006 up to the Final Revolving Maturity Date	$48,453,731	7.500%
Final Revolving Maturity Date	$0	7.500%

Each amount in the foregoing table shall be further permanently reduced by the following amounts:

(a) The sum of the Pro Rata Revolver Prepayment Portions applicable to the reduction date for such amount set forth in such table of the respective amounts of Net Cash Proceeds from Operating Asset Sales to the extent that such Net Cash Proceeds are not applied to repay the Term Loans or the Supplemental Loan pursuant to Section 4.4 or allocated to an effective Asset Reinvestment Reserve Amount.

(b) The amount of Net Debt Proceeds to the extent that such amount is allocated to the permanent reduction of the Maximum Amount of Revolving Credit by Section 4.5.

(c) Such amount (in an integral multiple of $1,000,000 and in a minimum amount of $1,000,000) specified by three Banking Days' notice from the Borrower to the Administrative Agent.

The aggregate principal amount of the loans made pursuant to this Section 2.1.1 at any time outstanding is referred to as the "Revolving Loan".

2.1.2. Borrowing Requests. Revolving Loans will be made to the Borrower by the Revolving Lenders under Section 2.1.1 on any Banking Day on or after the Initial Closing Date and prior to the Final Revolving Maturity Date. Not later than noon (New York time) on the first Banking Day (third Banking Day if any portion of such loan will be subject to a Eurodollar Pricing Option on the requested Closing Date) prior to the requested Closing Date for any such loan, a Financial Officer for the Borrower will give the Administrative Agent notice of its request (which may be given by a telephone call received by a Lending Officer and promptly confirmed in writing), specifying (a) the amount of the requested loan (not less than $1,000,000 and an integral multiple of $100,000) (except to the extent a greater amount may be required in the case of a Eurodollar Pricing Option) and (b) the requested Closing Date therefor. Upon receipt of such notice by the Administrative Agent, the Administrative Agent shall give prompt telephonic or written notice to each Lender. Each such loan will be made at the Houston

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Office by wire deposit to the Administrative Agent as specified in writing from time to time. In connection with each such loan, the Borrower shall furnish to the Administrative Agent a certificate in substantially the form of Exhibit 5.2.1.

2.1.3. Revolving Notes. The Administrative Agent shall keep a record of the Revolving Loan and the respective interests of the Lenders therein as part of the Register, which shall evidence the Revolving Loan. The Revolving Loan shall be deemed owed to each Lender having a Commitment therein severally in accordance with such Lender's Percentage Interest therein, and all payments thereon shall be for the account of each Lender in accordance with its Percentage Interest therein. Upon written request of any Lender, the Borrower's obligations to pay such Lender's Percentage Interest in the Revolving Loan shall be evidenced by a separate note of the Borrower in substantially the form of Exhibit 2.1.3 (the "Revolving Notes"), payable to such Lender in accordance with such Lender's Percentage Interest in the Revolving Loan.

2.2. Term Loan B.

2.2.1. Term Loan B. On June 30, 1998, certain Lenders made term loans to the Borrower in an aggregate amount equal to $125,794,117.75 and on September 30, 1998 certain Lenders made term loans to the Borrower in an aggregate amount equal to $74,205,882.25. The aggregate principal amount of the loans made pursuant to this Section 2.2.1 at any one time outstanding is collectively referred to as "Term Loan B".

2.2.2. Term Loan B Notes. Term Loan B is evidenced by term notes of the Borrower (the "Term Loan B Notes") payable to the respective Term Loan B Lenders. The Term Loan B Note issued to each Lender shall be in substantially the form of Exhibit 2.2.2.

2.3. Term Loan C.

2.3.1. Term Loan C. On June 30, 1998, certain Lenders made term loans to the Borrower in an aggregate amount equal to $300,000,000. The aggregate principal amount of the loans made pursuant to this Section 2.3.1 at any one time outstanding is collectively referred to as "Term Loan C".

2.3.2. Term Loan C Notes. Term Loan C is evidenced by term notes of the Borrower (the "Term Loan C Notes") payable to the respective Term Loan C Lenders. The Term Loan C Note issued to each Term Loan C Lender shall be in substantially the form of Exhibit 2.3.2.

2.4. Supplemental Credit.

2.4.1. Request for Supplemental Facilities. Subject to all the terms of this Agreement and so long as no Default exists and is continuing, from time to time on and after the Initial Closing Date, the Borrower may request, by written notice to the Administrative Agent, a revolving credit and/or term loan facility (a "Supplemental Facility") in a specified aggregate amount (in the case of a revolving credit facility requested under this Section 2.4.1, the "Maximum Amount of Relevant Supplemental Revolving Credit") that, when added to the sum of then effective Supplemental Facilities (including the Supplemental Restatement Revolving Facility), does not exceed $700,000,000 (the "Maximum Amount of Supplemental Credit"). The interest rate, commitment fee rate, amortization schedule, maturity date and other terms and conditions for each Supplemental Facility shall be proposed by the Borrower at the time the Borrower requests such Supplemental Facility; provided, however, that (a) the maturity of all or

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any portion of such Supplemental Facility shall in no event occur prior to the Final Term Loan C Maturity Date, (b) the Weighted Average Life to Maturity of such Supplemental Facility shall in no event be shorter than, if the Supplemental Facility is a revolving credit loan, the Weighted Average Life to Maturity of the Revolving Loan and, if the Supplemental Facility is a term loan, the Weighted Average Life to Maturity of Term Loan C and (c) the terms and conditions of such Supplemental Facility shall be materially no more restrictive on the Restricted Companies than the provisions of this Agreement applicable to the Loan.

Upon receipt of such request and proposed terms, the Administrative Agent will promptly notify, and deliver a copy of such request and related materials to, each other Lender (by telephone or otherwise). Within 10 Banking Days after receipt by the Lenders of such request, each Lender interested in participating in the requested Supplemental Facility shall notify the Administrative Agent and the Borrower of its desire to participate and the maximum amount of its proposed Commitment with respect to such Supplemental Facility (a "Commitment Notice"); provided, however, that each Lender may participate in such Supplemental Facility in its sole discretion, and, except as otherwise provided in Section 2.4.5, no Lender shall have any obligation to participate in any Supplemental Facility unless and until it commits to do so as provided in this Section 2.4.1. Following receipt of such Commitment Notices, the Borrower (i) shall allocate the Commitments with respect to such Supplemental Facility, which allocations may be made, at the Borrower's option, in whole or in part to one or more of the Lenders or other lenders selected by the Borrower (such Lenders or other lenders, the "Supplemental Lenders"), (ii) shall select one or more financial institutions (which financial institutions may, but need not, include one or more of the Agents or Lenders) to serve as the agent or agents for the Supplemental Facility (such agent or agents, the "Supplemental Agent") and (iii) shall advise each Lender of the amount of such Lender's Commitment with respect to the Supplemental Facility; provided, however, that the existing Lenders providing a Commitment Notice with respect to such Supplemental Facility shall be entitled to participate in such Supplemental Facility on terms and conditions generally applicable to all Supplemental Lenders with respect to such Supplemental Facility, subject, however, to the allocations made by the Borrower pursuant to clause (i) above. Supplemental Lenders and Supplemental Agents not otherwise Lenders hereunder shall become Lenders hereunder pursuant to a joinder agreement reasonably satisfactory to the Specified Agents and the Borrower. The Specified Agents and the Borrower will agree on amendments to this Agreement, if any, necessary to implement any Supplemental Facility and a form of Supplemental Note to be issued by the Borrower in connection with such Supplemental Facility.

2.4.2. Supplemental Facilities. Subject to all the terms and conditions of this Agreement and so long as no Default exists and is continuing, from time to time prior to the final maturity of the Supplemental Facility determined in accordance with Section 2.4.1, the Supplemental Lenders will, severally in accordance with their respective Commitments therein, make loans to the Borrower with respect to such Supplemental Facility as may be requested by the Borrower in accordance with Section 2.4.3. The aggregate principal amount of outstanding revolving loans under any Supplemental Facility shall in no event exceed the Maximum Amount of Relevant Supplemental Revolving Credit for such Supplemental Facility. The sum of the aggregate principal amount of outstanding loans under all Supplemental Facilities shall in no event exceed the Maximum Amount of Supplemental Credit.

2.4.3. Borrowing Requests. After a Supplemental Facility has been established as provided in this Section 2.4, the Borrower may from time to time request a loan under this Section 2.4 by providing to the Supplemental Agent and the Administrative Agent a written notice in accordance with Section 2.4.1. Such notice must be not later than noon (Houston time) on the first Banking Day (third Banking Day if any portion of such loan will be subject to a Eurodollar Pricing Option on the requested

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Closing Date) prior to the requested Closing Date for such loan. The notice must specify (a) the amount of the requested loan (which shall be not less than $500,000 and an integral multiple of $100,000) and (b) the requested Closing Date therefor (which shall be a Banking Day). Upon receipt of such notice, the Supplemental Agent will promptly inform each Supplemental Lender participating in such Supplemental Facility (by telephone or otherwise). Each such loan will be made at the office of the Supplemental Agent specified by such Supplemental Agent by depositing the amount thereof to the general account of the Borrower with the Supplemental Agent or by wire transfer as the Borrower may direct in writing to the Supplemental Agent. In connection with each such loan, the Borrower shall furnish to the Supplemental Agent and the Administrative Agent a certificate in substantially the form of Exhibit 5.2.1 and any additional information the Supplemental Agent, Administrative Agent or any Lender shall reasonably request. For the purposes of this Section 2.4.3, the Supplemental Agent in respect of the Supplemental Restatement Revolving Facility shall be the Administrative Agent.

2.4.4. Supplemental Notes. The aggregate principal amount of the loans outstanding from time to time under this Section 2.4 (including the Supplemental Restatement Revolving Loan) is referred to as the "Supplemental Loan". The Administrative Agent shall keep a record of the Supplemental Loan and the interests of the respective Lenders therein as part of the Register, which shall evidence the Supplemental Loan. The Supplemental Loan shall be deemed owed to each Lender having a Commitment therein severally in accordance with such Lender's Percentage Interest therein, and all payments thereon shall be for the account of each Lender in accordance with its Percentage Interest therein. Upon request of any Lender, the Borrower's obligations to pay such Lender's Percentage Interest in the Supplemental Loan shall be evidenced by a separate note of the Borrower (the "Supplemental Note"), payable to such Lender in accordance with such Lender's Percentage Interest in the Supplemental Loan.

2.4.5. Supplemental Restatement Revolving Facility. Effective on the Restatement Effective Date, certain Lenders (the "Supplemental Restatement Revolving Lenders") that have agreed to do so in a separate written agreement with the Borrower shall provide a Supplemental Facility (the "Supplemental Restatement Revolving Facility") having the terms and conditions set forth in this Agreement. Subject to all of the terms and conditions of this Agreement and so long as no Default exists and is continuing, each Supplemental Restatement Revolving Lender severally agrees to make revolving loans to the Borrower in an aggregate principal amount for all Supplemental Restatement Revolving Lenders equal to the amount requested in accordance with this Section 2.4.5 from time to time prior to the Final Supplemental Restatement Revolving Maturity Date, but not to exceed at any time outstanding the Maximum Amount of Supplemental Restatement Revolving Credit. In no event will the principal amount of the loans at any one time outstanding made by any Supplemental Restatement Revolving Lender under this Section 2.4.5 exceed an amount equal to such Revolving Lender's Percentage Interest in the Maximum Amount of Supplemental Restatement Revolving Credit.

"Maximum Amount of Supplemental Restatement Revolving Credit" means, on any date, the amount set forth for such date in the table below, reduced as provided further below:

Date	Stated Amount	Percentage Reduction
Prior to March 31, 2003	$	0.000%
March 31, 2003 through June 29, 2003	$	1.250%
June 30, 2003 through		

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September 29, 2003	$	1.250%
September 30, 2003 through December 30, 2003	$	1.250%
December 31, 2003 through March 30, 2004	$	1.250%
March 31, 2004 through June 29, 2004	$	1.875%
June 30, 2004 through September 29, 2004	$	1.875%
September 30, 2004 through December 30, 2004	$	1.875%
December 31, 2004 through March 30, 2005	$	1.875%
March 31, 2005 through June 29, 2005	$	2.500%
June 30, 2005 through September 29, 2005	$	2.500%
September 30, 2005 through December 30, 2005	$	2.500%
December 31, 2005 through March 30, 2006	$	2.500%
March 31, 2006 through June 29, 2006	$	5.000%
June 30, 2006 through September 29, 2006	$	5.000%
September 30, 2006 through December 30, 2006	$	5.000%
December 31, 2006 through March 30, 2007	$	5.000%
March 31, 2007 through June 29, 2007	$	14.375%
June 30, 2007 through September 29, 2007	$	14.375%
September 30, 2007 up to the Final Supplemental Restatement Revolving Maturity Date	$	14.375%
Final Supplemental Restatement Revolving Maturity Date	$0	14.375%

In addition, each amount in the foregoing table shall be further permanently reduced by the following amounts:

(a) The sum of the Pro Rata Supplemental Restatement Revolver Prepayment Portions applicable to the reduction date for such amount set forth in such table of the respective amounts of Net Cash Proceeds from Operating Asset Sales to the extent that such Net Cash Proceeds are not applied to repay the Revolving Loan, the Term Loans or any other Supplemental Loan pursuant to Section 4.4 or allocated to an effective Asset Reinvestment Reserve Amount.

(b) The amount of Net Debt Proceeds to the extent that such amount is allocated to the

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permanent reduction of the Maximum Amount of Supplemental Restatement Revolving Credit by Section 4.5.

(c) Such amount (in an integral multiple of $1,000,000 and in a minimum amount of $1,000,000) specified by three Banking Days' notice from the Borrower to the Administrative Agent.

The aggregate principal amount of the loans made pursuant to this Section 2.4.5 at any time outstanding is referred to as the "Supplemental Restatement Revolving Loan".

2.5. Application of Proceeds.

2.5.1. Loan. Subject to Section 2.5.2, the Borrower will apply the proceeds of the Loan (to the extent made on or after the Restatement Effective Date) for general purposes, including to finance permitted Investments.

2.5.2. Specifically Prohibited Applications. The Borrower will not, directly or indirectly, apply any part of the proceeds of any extension of credit made pursuant to the Credit Documents to purchase or to carry Margin Stock or to any transaction prohibited by the Credit Documents or by Legal Requirements applicable to the Lenders.

2.6. Nature of Obligations of Lenders to Extend Credit. The Lenders' obligations under this Agreement to make the Loan are several and are not joint or joint and several. If any Lender shall fail to perform its obligations to extend any such credit, the amount of the commitment of the Lender so failing to perform may be assumed by the other Lenders, in their sole discretion, in such proportions as such Lenders may agree among themselves and the Percentage Interests of each other Lender shall be appropriately adjusted, but such assumption and adjustment shall not relieve the Lenders from any of their obligations to make any such extension of credit or to repay any Delinquent Payment required by Section 11.4.

30 Interest: Eurodollar Pricing Options: Fees.

3.1. Interest. The Loan shall accrue and bear interest at a rate per annum which shall at all times equal the Applicable Rate. Prior to any stated or accelerated maturity of the Revolving Loan, either Term Loan or the Supplemental Loan, as the case may be, the Borrower will, on each Payment Date, pay the accrued and unpaid interest on the portion of the Loan which was not subject to a Eurodollar Pricing Option. On the last day of each Interest Period or on any earlier termination of any Eurodollar Pricing Option, the Borrower will pay the accrued and unpaid interest on the portion of the Loan which was subject to the Eurodollar Pricing Option which expired or terminated on such date; provided, however, that in the case of any Interest Period longer than three months, the Borrower will also pay the accrued and unpaid interest on the Loan subject to the Eurodollar Pricing Option having such Interest Period every 90 days, beginning on the 90th day after the commencement of such Interest Period (or if any such day is not a Banking Day, the Banking Day immediately preceding such 90th day). On any stated or accelerated maturity of the Revolving Loan, either Term Loan or the Supplemental Loan, as the case may be, the Borrower will pay all accrued and unpaid interest on the Revolving Loan, the Term Loans or the Supplemental Loan, as the case may be, including any accrued and unpaid interest on the portion of the Loan which is subject to a Eurodollar Pricing Option. All payments of interest hereunder shall be made to the Administrative Agent for the account of each Lender in accordance with the Lenders' respective Percentage Interests.

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3.2. Eurodollar Pricing Options.

3.2.1. Election of Eurodollar Pricing Options. Subject to any of the terms and conditions hereof and so long as no Default under Sections 9.1.1, 9.1.5 (except clause (b) thereof) or 9.1.11 exists and is continuing, the Borrower may from time to time, by irrevocable notice from a Financial Officer to the Administrative Agent received no later than noon (New York time) three Banking Days prior to the commencement of the Interest Period selected in such notice, elect to have such portion of the Loan as the Borrower may specify in such notice accrue and bear daily interest during the Interest Period so selected at the Applicable Rate computed on the basis of the Eurodollar Rate. In the event the Borrower, at any time, fails to elect a Eurodollar Pricing Option under this Section 3.2.1 for any portion of the Loan, then such portion of the Loan will accrue and bear interest at the Applicable Rate based on the Base Rate. Simultaneous elections by the Borrower for the same Interest Period of a portion of the Revolving Loan, either Term Loan, the Supplemental Loan or all of such Tranches on a combined basis shall be deemed to be the election of a single Eurodollar Pricing Option.

No election under this Section 3.2.1 shall become effective if, prior to the commencement of any such Interest Period, the Administrative Agent determines, in the manner provided below, that (a) the electing or granting of the Eurodollar Pricing Option in question would violate a Legal Requirement or (b) Eurodollar deposits in an amount comparable to the principal amount of the Loan as to which such Eurodollar Pricing Option has been elected and which have a term corresponding to the proposed Interest Period are not readily available in the inter-bank Eurodollar market for delivery at any Eurodollar Office or, by reason of circumstances affecting such market, adequate and reasonable methods do not exist for ascertaining the interest rate applicable to such deposits for the proposed Interest Period.

For purposes of determining ready availability of Eurodollar deposits with respect to a proposed Interest Period, such Eurodollar deposits shall be deemed not readily available if the Required Lenders shall have advised the Administrative Agent by telephone, confirmed in writing or by facsimile, at or prior to noon (New York time) on the second Banking Day prior to the commencement of such proposed Interest Period that, based upon the knowledge of such Lenders of the Eurodollar market and after reasonable efforts to determine the availability of such Eurodollar deposits, such Lenders reasonably determine that Eurodollar deposits in an amount equal to the respective Percentage Interest of such Lenders in the portion of the Loan as to which such Eurodollar Pricing Option has been elected and which have a term corresponding to the Interest Period in question will not be offered in the Eurodollar market to such Lender at a rate of interest that does not exceed the Basic Eurodollar Rate, and the Administrative Agent and the Borrower reasonably concurs in such determination (unless the foregoing results from the creditworthiness of such Lenders or a change in the availability of Eurodollar markets to such Lenders resulting from the failure of such Lenders to comply with legal or regulatory requirements).

3.2.2. Notice to Lenders and Borrower. The Administrative Agent will promptly inform each Lender (by telephone or otherwise and promptly confirmed in writing) of each notice received by it from the Borrower pursuant to Section 3.2.1 and of the Interest Period specified in such notice. Upon determination by the Administrative Agent of the Eurodollar Rate for such Interest Period or in the event no such election shall become effective, the Administrative Agent will promptly notify the Borrower and each Lender (by telephone or otherwise and promptly confirmed in writing) of the Eurodollar Rate so determined or why such election did not become effective.

3.2.3. Selection of Interest Periods. Interest Periods shall be selected so that:

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(a the minimum portion of the Loan subject to any Eurodollar Pricing Option shall be $5,000,000 and an integral multiple of $1,000,000;

(b no more than 20 Eurodollar Pricing Options shall be outstanding at any one time;

(c a portion of Term Loan B equal to the amount of the next mandatory prepayment required by Section 4.2.1 shall not be subject to a Eurodollar Pricing Option on the date such mandatory prepayment is required to be made;

(d a portion of Term Loan C equal to the amount of the next mandatory prepayment required by Section 4.2.2 shall not be subject to a Eurodollar Pricing Option on the date such mandatory prepayment is required to be made;

(e an aggregate principal amount of the Revolving Loan equal to the amount of the next mandatory prepayment required by Section 4.3 shall not be subject to a Eurodollar Pricing Option on the date such mandatory prepayment is required to be made;

(f an aggregate principal amount of the Supplemental Restatement Revolving Loan equal to the amount of the next mandatory prepayment required by Section 4.3 shall not be subject to a Eurodollar Pricing Option on the date such mandatory prepayment is required to be made; and

(g no Interest Period with respect to any part of the Loan subject to a Eurodollar Pricing Option shall expire later than the Applicable Maturity Date.

3.2.4. Additional Interest. If any portion of the Loan which is subject to a Eurodollar Pricing Option is repaid, or any Eurodollar Pricing Option is terminated for any reason (other than (a) a Legal Requirement not having the force of law or (b) the payment in full of the Credit Obligations as a result of the failure of any Lender to perform its obligations hereunder), on a date which is prior to the last Banking Day of the Interest Period applicable to such Eurodollar Pricing Option, the Borrower will pay to the Administrative Agent for the account of each Lender in accordance with the Lenders' respective Percentage Interests, in addition to any amounts of interest otherwise payable hereunder, an amount equal to daily interest for the unexpired portion of such Interest Period on the portion of the Loan so repaid, or as to which a Eurodollar Pricing Option was so terminated, at a per annum rate equal to the excess, if any, of (i) the Eurodollar Rate calculated on the basis of the rate applicable to such Eurodollar Pricing Option minus (ii) the lowest rate of interest obtainable by the Lenders with respect to Eurodollar deposits which have a maturity date approximating the last Banking Day of such Interest Period. For purposes of this Section 3.2.4, if any portion of the Loan which was to have been subject to a Eurodollar Pricing Option is not outstanding on the first day of the Interest Period applicable to such Eurodollar Pricing Option other than for reasons described in Section 3.2,1, the Borrower shall be deemed to have terminated such Eurodollar Pricing Option. A certificate of an officer of the Administrative Agent setting forth in reasonable detail the basis of calculation of such amount of interest shall, in the absence of manifest error, be conclusive. Except to the extent set forth in Section 12.3, the assignment by any Lender of all or a portion of such Lender's interests, rights and obligations under this Agreement and the other Credit Documents shall not constitute a termination of a Eurodollar Pricing Option.

3.2.5. Change in Applicable Laws, Regulations, etc. If any Legal Requirement having the force of law shall prevent any Lender from funding through the purchase of deposits, or maintaining, any portion of the Loan subject to a Eurodollar Pricing Option or otherwise from giving effect to such

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Lender's obligations as contemplated hereby (unless the foregoing results from the creditworthiness of such Lender or a change in the availability of Eurodollar markets to such Lender resulting from the failure of such Lender to comply with legal or regulatory requirements), (a) the Administrative Agent may by notice to the Borrower terminate all of the affected Eurodollar Pricing Options, (b) the portion of the Loan subject to such terminated Eurodollar Pricing Options shall immediately bear interest thereafter at the Applicable Rate computed on the basis of the Base Rate and (c) the Borrower shall make any payment required by Section 3.2.4 to the extent the Applicable Rate based on the Eurodollar Rates for the affected Eurodollar Pricing Options exceeds the Applicable Rate based on the Base Rate. A certificate of an officer of the Administrative Agent describing in reasonable detail such mandatory Legal Requirement and setting forth in reasonable detail a calculation of the payment required by Section 3.2.4 shall, in the absence of manifest error, be conclusive.

3.2.6. Funding Procedure. The Lenders may fund any portion of the Loan subject to a Eurodollar Pricing Option out of any funds available to the Lenders. Regardless of the source of the funds actually used by any of the Lenders to fund any portion of the Loan subject to a Eurodollar Pricing Option, however, all amounts payable hereunder, including the interest rate applicable to any such portion of the Loan and the amounts payable under Sections 3.2.4 and 3.4, shall be computed as if each Lender had actually funded such Lender's Percentage Interest in such portion of the Loan through the purchase of deposits in such amount with a maturity the same as the applicable Interest Period relating thereto and through the transfer of such deposits from an office of the Lender having the same location as the applicable Eurodollar Office to one of such Lender's offices in the United States of America.

3.3. Commitment Fees. In consideration of the Revolving Lenders' and the Supplemental Restatement Revolving Lenders' commitments to make the extensions of credit provided for in Section 2.1 or 2.4.5, as the case may be, while such commitments are outstanding, the Borrower will pay to the Administrative Agent for the account of such Lenders, on each Payment Date and on the Final Revolving Maturity Date or the Final Supplemental Restatement Revolving Maturity Date, as the case may be, commitment fees in an amount equal to the product of:

(a annual interest at a rate equal to the commitment fee percentage in the table below set opposite the Reference Leverage Ratio as of such date;

multiplied by (b) the amount by which (i) the average daily Maximum Amount of Revolving Credit or Maximum Amount of Supplemental Restatement Revolving Credit, as the case may be, during the three-month period or portion thereof ending on such date exceeded (ii) the average daily Revolving Loan or Supplemental Restatement Revolving Loan, as the case may be, during such period or portion thereof:

Reference Leverage Ratio	Commitment Fee Percentage
Greater than or equal to 4.00	0.375%
Less than 4.00	0.250%

The commitment fee under this Section 3.3 shall begin to accrue in accordance with the table set forth above on the Restatement Effective Date (and shall accrue as set forth in the Existing Credit Agreement for previous periods). Any adjustment in the commitment fee percentage shall take effect on the third Banking Day following the receipt by the Administrative Agent of the financial statements required to be

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furnished by Sections 7.4.1 or 7.4.2; provided, however, that if for any reason the Restricted Companies shall not have furnished the financial statements required by Sections 7.4.1 or 7.4.2 for any fiscal quarter by the time required by such Sections, the commitment fee percentage during the period from the date which is three Banking Days after such financial statements were due until the third Banking Day following receipt by the Administrative Agent of such financial statements shall be 0.375%.

3.4. Taxes. If (a) any Lender shall be subject to any Tax or (b) the Borrower shall be required to withhold or deduct any Tax, the Borrower will on demand by the Administrative Agent or such Lender, accompanied by the certificate referred to below, pay to the Administrative Agent for such Lender's account such additional amount as is necessary to enable such Lender to receive net of any Tax the full amount of all payments of principal, interest, fees, expenses, indemnities and other amounts payable by the Borrower to such Lender under any Credit Document. Each Lender agrees that if, after the payment by the Borrower of any such additional amount, any amount identifiable as a part of any Tax related thereto is subsequently recovered or used as a credit by such Lender, such Lender shall reimburse the Borrower to the extent of the amount so recovered or used. A certificate of an officer of such Lender setting forth the amount of such Tax or recovery or use and the basis therefor shall, in the absence of manifest error, be conclusive. In determining such amount, such Lender may use any reasonable averaging and attribution methods.

3.5. Capital Adequacy. Except as provided in Section 3.6, if any Lender shall have determined that compliance by such Lender with any change after the date hereof in any applicable law, governmental rule, regulation or order regarding capital adequacy of banks or bank holding companies, or any interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by such Lender with any request or directive regarding capital adequacy if such Lender reasonably believes that compliance therewith is in accordance with customary commercial practice (whether or not having the force of law and whether or not failure to comply therewith would be unlawful) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on such Lender's capital as a consequence of such Lender's obligations hereunder to a level below that which such Lender could have achieved but for such compliance (taking into consideration such Lender's policies with respect to capital adequacy immediately before such compliance and assuming that such Lender's capital was fully utilized prior to such compliance) by an amount deemed by such Lender to be material, then the Borrower will on demand by the Administrative Agent, accompanied by the certificate referred to below, pay to the Administrative Agent from time to time as specified by such Lenders as are so affected such additional amounts as shall be sufficient to compensate such Lenders for such reduced return, together with interest on each such amount from 15 Banking Days after the date demanded until payment in full thereof at the rate of interest on overdue installments of principal provided in Section 3.1. A certificate of an officer of any such Lender setting forth the amount to be paid to it and the basis for computation thereof hereunder shall, in the absence of manifest error, be conclusive. In determining such amount, such Lender may use any reasonable averaging and attribution methods.

3.6. Regulatory Changes. If any Lender shall have determined that (a) any change in any Legal Requirement after the date hereof shall directly or indirectly (i) reduce the amount of any sum received or receivable by such Lender with respect to the Loan or the return to be earned by such Lender on the Loan, (ii) impose a cost on such Lender or any Affiliate of such Lender that is attributable to the making or maintaining of, or such Lender's commitment to make, its portion of the Loans, (iii) require such Lender or any Affiliate of such Lender to make any payment on or calculated by reference to the gross amount of any amount received by such Lender under any Credit Document, or (iv) reduce, or have the effect of reducing, the rate of return on any capital of such Lender or any Affiliate of such Lender

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that such Lender or such Affiliate is required to maintain on account of the Loan or such Lender's Commitment and (b) such reduction, increased cost or payment shall not be fully compensated for by an adjustment in the Applicable Rate, then the Borrower shall pay to such Lender (without duplication of payments to other Lenders) such additional amounts as such Lender determines will, together with any adjustment in the Applicable Rate, fully compensate for such reduction, increased cost or payment, together with interest on each such amount from 15 Banking Days after the date demanded until payment in full thereof at the then highest Applicable Rate. A certificate of an officer of such Lender setting forth in reasonable detail the amount to be paid to it and the basis for computation thereof hereunder shall, in the absence of manifest error, be conclusive. In determining such amount, such Lender may use any reasonable averaging and attribution methods.

3.7. Computations of Interest and Fees. For purposes of this Agreement, interest and commitment fees (and any amount expressed as interest) shall be computed on a daily basis and (a) with respect to any portion of the Loan subject to a Eurodollar Pricing Option, on the basis of a 360-day year and (b) with respect to commitment fees and any other portion of the Loan, on the basis of a 365- or 366-day year, as the case may be.

3.8. Interest Limitation. Notwithstanding any other provision of this Agreement or any other Credit Document, the maximum amount of interest that may be charged to or collected from the Borrower by any Lender under this Agreement or any other Credit Document shall in no event exceed the maximum amount of interest that could lawfully be charged or collected under applicable law. Any provision of this Agreement or any other Credit Document that could be construed as providing for interest in excess of such lawful maximum shall be expressly subject to this Section 3.8. Any part of the Credit Obligations consisting of amounts to be paid to any Lender for the use, forbearance or retention of the Credit Obligations shall, to the extent permitted by applicable law, be allocated throughout the full term of the Credit Obligations until payment in full of the Credit Obligations (including any renewal or extension thereof) so that interest on account of the Credit Obligations shall not exceed the maximum amount permitted by applicable law.

4. Payment.

4.1. Payment at Maturity. On the Applicable Maturity Date or any accelerated maturity of any portion of the Loan, the Borrower will pay to the Administrative Agent for the account of each Lender for credit to the Revolving Loan, Term Loan B, Term Loan C or the Supplemental Loan, as the case may be, an amount equal to the Revolving Loan, Term Loan B Term Loan C or the Supplemental Loan, as the case may be, then due, together with all accrued and unpaid interest and any fees thereon, and on the latest Applicable Maturity Date or any earlier accelerated maturity of the Loan, all other Credit Obligations then outstanding under the Credit Documents.

4.2. Fixed Required Prepayments.

4.2.1. Term Loan B. On the last Banking Day of March, June, September and December, beginning March 31, 1999, the Borrower will pay to the Administrative Agent, for the account of the Lenders as a prepayment of Term Loan B the lesser of (a) $500,000, as adjusted after the date hereof in accordance with this Section 4, or (b) the amount of Term Loan B then outstanding, in each case, together with accrued interest on such amount prepaid, and a final payment of the balance of Term Loan B on the Final Term Loan B Maturity Date.

4.2.2. Term Loan C. On the last Banking Day of each March, June, September and December, beginning March 31, 1999, the Borrower will pay to the Administrative Agent, for the account of the Lenders as a prepayment of Term Loan C, the lesser of (a) $750,000, as adjusted after the date hereof in accordance with this Section 4, or (b) the amount of Term Loan C then outstanding, in each case together with accrued interest on such prepaid amount, and a final payment of the balance of Term Loan C on the Final Term Loan C Maturity Date.

4.2.3. Supplemental Loan. The schedule for prepayments of each Supplemental Facility shall be determined in accordance with Section 2.4.

4.3. Maximum Amount of Revolving Credit, etc. If at any time the Revolving Loan exceeds the Maximum Amount of Revolving Credit, the Borrower will immediately pay the amount of such excess to the Administrative Agent for the account of the Revolving Lenders as a mandatory prepayment of the Revolving Loan. If at any time a revolving portion of the Supplemental Loan exceeds the applicable Maximum Amount of Relevant Supplemental Revolving Credit, the Borrower will immediately pay the amount of such excess to the Administrative Agent for the account of the Lenders participating therein as a mandatory prepayment of such Supplemental Loan.

4.4. Asset Sales.

4.4.1. Operating Asset Sale Notice. In the event that the Restricted Companies sell, exchange or dispose of Operating Assets in a transaction (excluding a transaction permitted by Section 7.11.1 or Section 7.11.2, but including a Permitted Asset Swap to the extent of the amount of cash received by the Restricted Companies) (each, an "Operating Asset Sale"), the Borrower shall, within five days after such Operating Asset Sale, provide written notice to the Administrative Agent of (a) the closing date for such Operating Asset Sale, (b) the amount of Net Cash Proceeds (if any, in the case of an exchange) therefrom, (c) whether any portion of the Net Cash Proceeds will be reserved as an Asset Reinvestment Reserve Amount in accordance with Section 4.4.3, (d) how much of the Revolving Loan, the Term Loan and the Supplemental Loan will be prepaid with the Net Cash Proceeds in accordance with Section 4.4.2, (e) a revised schedule of reductions in the Maximum Amount of Revolving Credit and any Maximum Amount of Relevant Supplemental Revolving Credit giving effect to such prepayment, (f) a revised schedule of mandatory prepayments of each of Term Loan B and Term Loan C giving effect to such prepayment and (g) a revised schedule of mandatory prepayments of the Supplemental Loan giving effect to such prepayment.

4.4.2. Prepayment on Sale. The Loan shall be repaid in accordance with this Section 4.4 to the extent that (a) the Net Cash Proceeds of the Operating Asset Sale described in such written notice exceeds 15% of Consolidated Operating Cash Flow for the period of four fiscal quarters of the Restricted Companies ending on the last day of the fiscal quarter ending immediately prior to the date of the Operating Asset Sale and (b) such excess Net Cash Proceeds are not subject to an effective Asset Reinvestment Reserve Amount in accordance with Section 4.4.3.

4.4.3. Asset Reinvestment Reserve Amount. The Borrower may elect to reserve Net Cash Proceeds described in Section 4.4.2(a) for reinvestment (directly or by stock purchase, merger or otherwise, provided any entity so acquired becomes a Restricted Company) in replacement Operating Assets. The amount so reserved (the "Asset Reinvestment Reserve Amount") must be so applied within 540 days after the Operating Asset Sale creating the Asset Reinvestment Reserve Amount. In the event the Asset Reinvestment Reserve Amount is not reinvested within such 540-day period (or if the Borrower abandons its plans for the reinvestment of the Asset Reinvestment Reserve Amount), the Borrower shall notify the Administrative Agent within three Banking Days and specify (a) how much of the Revolving Loan, the Term Loan and the Supplemental Loan will be prepaid with the Asset

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Reinvestment Reserve Amount in accordance with Section 4.4.4, (b) a revised schedule of reductions in the Maximum Amount of Revolving Credit and any Maximum Amount of Relevant Supplemental Revolving Credit giving effect to such prepayment, (c) a revised schedule of mandatory prepayments of each of Term Loan B and Term Loan C giving effect to such prepayment and (d) a revised schedule of mandatory prepayments of the Supplemental Loan giving effect to such prepayment.

4.4.4. Allocations of Prepayment. Prepayments of the Loan (and reductions in the Maximum Amount of Revolving Credit and any Maximum Amount of Relevant Supplemental Revolving Credit) made pursuant to this Section 4.4 will be allocated to the Revolving Loan, Term Loan B, Term Loan C and the Supplemental Loan, pro rata in proportion to the relative size of the Maximum Amount of Revolving Credit, any Maximum Amount of Relevant Supplemental Revolving Credit, Term Loan B, Term Loan C and the term portions of the Supplemental Loan, and prepayments of Term Loan B, Term Loan C and the term portions of the Supplemental Loan under this Section 4.4 shall be applied to the prepayments required under Section 4.2 pro rata over the remaining payments in accordance with the Pro Rata Term Prepayment Portions. All such prepayments (and reductions in the Maximum Amount of Revolving Credit and any Maximum Amount of Relevant Supplemental Revolving Credit) must be made within five Banking Days after the Operating Asset Sale or the termination of effectiveness of an Asset Reinvestment Reserve Amount, as the case may be.

4.5. Designated Financing Debt. Upon, or within five days prior to, the incurrence by any of the Restricted Companies of Designated Financing Debt, the Borrower shall provide written notice to the Lenders of the closing date for such incurrence and the amount of Net Debt Proceeds. Such Net Debt Proceeds shall be applied to the prepayment of the Revolving Loan, Term Loan B, Term Loan C and the Supplemental Loan, pro rata in proportion to the relative size of the Maximum Amount of Revolving Credit, any Maximum Amount of Relevant Supplemental Revolving Credit, Term Loan B, Term Loan C and the term portions of the Supplemental Loan, and prepayments of Term Loan B, Term Loan C and term portions of the Supplemental Loan under this Section 4.5 shall be applied to the prepayments required under Section 4.2 pro rata over the remaining payments in accordance with the Pro Rata Term Prepayment Portions. All such payments (and reductions in the Maximum Amount of Revolving Credit and any Maximum Amount of Relevant Supplemental Revolving Credit) must be made within five Banking Days after the incurrence of the Designated Financing Debt.

4.6. Voluntary Prepayments. In addition to the prepayments required by Sections 4.2, 4.3, 4.4 and 4.5, the Borrower may from time to time prepay all or any portion of the Loan (in a minimum amount of $1,000,000 and an integral multiple of $100,000), without premium (except as provided in Section 3.2.4 with respect to early termination of Eurodollar Pricing Options). The Borrower shall give the Administrative Agent at least one Banking Day prior notice in the case of a Revolving Loan or revolving portion of the Supplemental Loan prepayment (three Banking Days' prior notice if any portion of the Revolving Loan or revolving portion of the Supplemental Loan to be repaid is subject to a Eurodollar Pricing Option) and at least five Banking Days' prior notice in the case of a Term Loan or term portion of the Supplemental Loan prepayment, specifying the date of payment, the total principal amount of the Revolving Loan, Term Loan or Supplemental Loan to be paid on such date and the amount of interest to be paid with such prepayment (and any amounts due with respect to early termination of Eurodollar Pricing Options under Section 3.2.4). Any prepayment of the Revolving Loan or revolving portion of the Supplemental Loan made pursuant to this Section 4.6 may, at the Borrower's option as indicated in the notice delivered pursuant to the preceding sentence, permanently reduce the Maximum Amount of Revolving Credit or Maximum Amount of Relevant Supplemental Revolving Credit, as the case may be. The effectiveness of such notice may, at the Borrower's option, be conditioned on the

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closing of a credit facility the proceeds of which will be used to prepay the Loan, or the effectiveness of Investments or acquisitions permitted by Section 7.9 or mergers, consolidations or dispositions of assets permitted by Section 7.11, in which case such notice may be revoked by the Borrower (by notice delivered in accordance with this Section 4.6) if such condition is not satisfied without any liability to the Lenders. If such condition is satisfied, such notice shall be deemed to have been effective as of the date of the giving of such notice. All prepayments of Term Loan B, Term Loan C or the term portions of the Supplemental Loan under this Section 4.6 shall be applied to the prepayments required under Section 4.2 pro rata over the remaining payments. With respect to the amount of such prepayment allocated to the Term Loan in accordance with the previous sentence, the Borrower may allocate the first $80,000,000 of such prepayment either pro rata in proportion to the relative size of Term Loan B and Term Loan C or disproportionately to Term Loan C, as the Borrower may elect. To the extent of aggregate prepayments over $80,000,000, such excess amounts shall be allocated pro rata in proportion to the relative size of Term Loan B and Term Loan C.

4.7. Application of Payments. Any prepayment of the Revolving Loan, Term Loan or the Supplemental Loan, as the case may be, shall be applied first to the portion of the Revolving Loan, Term Loan or the Supplemental Loan, as the case may be, not then subject to Eurodollar Pricing Options, then the balance of any such prepayment shall be applied to the portion of the Revolving Loan, Term Loan or Supplemental Loan, as the case may be, then subject to Eurodollar Pricing Options, in the chronological order of the respective maturities thereof (or as the Restricted Companies may otherwise specify), together with any payments required by Section 3.2.4 with respect to early termination of Eurodollar Pricing Options. All payments of principal hereunder shall be made to the Administrative Agent for the account of each Lender in accordance with the Lenders' respective Percentage Interests. The amounts of the Term Loan or term portion of the Supplemental Loan prepaid pursuant to Sections 4.2, 4.4, 4.5 or 4.6 may not be reborrowed.

5. Conditions to Extending Credit.

5.1. Conditions to Effectiveness of Amendment and Restatement. The amendment and restatement of the Existing Credit Agreement pursuant to this Agreement shall become effective on the date (the "Restatement Effective Date") on which the following conditions shall have been satisfied:

5.1.1. Consents. The Administrative Agent shall have received consent letters from the Required Lenders authorizing it to enter into this Agreement, provided, that the deletion of clause (c) of Section 2.1.1 from the Existing Credit Agreement shall not become effective unless the Administrative Agent shall have received consent letters from Lenders holding a majority of the Percentage Interests in respect of the Commitments relating to the Revolving Loan.

5.1.2. Agreement. This Agreement shall have been executed and delivered by the Borrower, the Guarantors and the Administrative Agent.

5.1.3. Paul Allen Acquisition. New Falcon I shall have been acquired (the "Paul Allen Acquisition"), directly or indirectly, by a member of the Paul Allen Group.

5.1.4. Officer's Certificate; Proper Proceedings. After giving effect to this Agreement, each of the conditions specified in Section 5.2.1 (other than clause (c) thereof) and 5.2.2 shall have been satisfied as if the Restatement Effective Date were a "Closing Date".

5.1.5. Payment of Fees. The Borrower shall have paid to the Administrative Agent the fees due on the Restatement Effective Date in the amounts agreed separately by the Borrower

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and the Administrative Agent, including (a) a commitment fee on the commitments of the Supplemental Restatement Revolving Lenders calculated at the rate of 0.125% per annum for the period from the date of allocation of such commitments through the Restatement Effective Date and (b) an amendment fee payable to each Lender in an amount equal to 0.125% of the sum of its Term Loan and its commitment in respect of the Revolving Loan.

5.1.6. Legal Opinions. On the Restatement Effective Date, the Lenders shall have received the legal opinion of Paul, Hastings, Janofsky & Walker LLP, counsel to the Restricted Companies, with respect to the amendment and restatement of the Existing Credit Agreement pursuant to this Agreement, which opinion shall be in form and substance reasonably satisfactory to the Administrative Agent. The Restricted Companies authorize and direct their counsel to furnish such opinion.

5.2. Conditions to Each Extension of Credit. The obligations of the Lenders to make any extension of credit pursuant to Section 2 shall be subject to the satisfaction, on or before the Closing Date for such extension of credit, of the following conditions:

5.2.1. Officer's Certificate. (a) The representations and warranties contained in Sections 6.6 and 8 and in sections 2.2 and 4 of the Pledge and Subordination Agreement shall be true and correct on and as of the Closing Date with the same force and effect as though originally made on and as of such date (except for those representations and warranties as of a specified earlier date, which shall have been true and correct as of such date); (b) no Default shall exist and be continuing on such Closing Date prior to or immediately after giving effect to the requested extension of credit; (c) as of the Closing Date, the Borrower shall be permitted to incur the requested loan under section 4.07 of the New Falcon I Debentures Indenture; (d) as of the Closing Date, no Material Adverse Change shall have occurred; and (e) the Borrower shall have furnished to the Administrative Agent on such Closing Date a certificate to such effect in substantially the form of Exhibit 5.2.1, signed by a Financial Officer.

5.2.2. Proper Proceedings. This Agreement, each other Credit Document and the extensions of credit and the granting of the security interests contemplated hereby and thereby shall have been authorized by all necessary proceedings of each Obligor and any of their respective Affiliates party thereto. All necessary consents, approvals and authorizations of any governmental or administrative agency or any other Person with respect to the foregoing shall have been obtained and shall be in full force and effect. The Administrative Agent shall have received copies of all documents, including certificates, records of corporate, partnership and limited liability company proceedings and opinions of counsel, which the Administrative Agent may have reasonably requested in connection therewith, such documents where appropriate to be certified by proper corporate or governmental authorities.

5.2.3. Legality, etc. The making of the requested extension of credit shall not (a) subject any Lender to any penalty or special tax (other than a Tax for which the Borrower has reimbursed the Lenders under Section 3.4), (b) be prohibited by any law or governmental order or regulation applicable to any Lender or any Obligor or (c) violate any mandatory credit restraint program of the executive branch of the government of the United States of America, the Board of Governors of the Federal Reserve System or any other governmental or administrative agency.

5.3. Conditions on Supplemental Facility Closing Dates. The obligations of the

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Supplemental Lenders to make any extension of credit pursuant to a Supplemental Facility pursuant to Section 2.4 (to the extent the Supplemental Lenders agreed to become so obligated) shall be subject to the satisfaction, on or before the initial Closing Date for such Supplemental Facility, of the conditions set forth in this Section 5.3, as well as the further conditions of Section 5.2.

5.3.1. Supplemental Notes. The Borrower shall have duly executed and delivered to the Administrative Agent the appropriate Supplemental Notes for each Supplemental Lender having a Commitment therein.

5.3.2. Joinder Agreement. Any new Lenders participating in such Supplemental Facility shall have executed and delivered a joinder agreement reasonably satisfactory to the Administrative Agent and the Borrower pursuant to which each such new Lender agrees to become a party to and be bound by this Agreement.

5.3.3. Legal Opinions. On such Closing Date, the Lenders shall have received legal opinions satisfactory to the Supplemental Lenders and the Administrative Agent from counsel to the Borrower.

5.3.4. General. All legal, corporate, limited liability company and partnership proceedings in connection with the transactions contemplated by this Agreement shall be reasonably satisfactory in form and substance to the Administrative Agent and the Administrative Agent shall have received copies of all documents which the Administrative Agent may have reasonably requested in connection with such Supplemental Facility. All other conditions as may be reasonably determined by the Administrative Agent and set forth in the written commitments with respect to such Supplemental Facility, including the payment of any syndication or closing fees which are so set forth, shall be reasonably satisfactory in form and substance to the Administrative Agent.

6. Guarantees.

6.1. Guarantees of Credit Obligations. Each Guarantor unconditionally jointly and severally guarantees that the Credit Obligations incurred by the Borrower or any other Obligor will be performed and will be paid in full in cash when due and payable, whether at the stated or accelerated maturity thereof or otherwise, this guarantee being a guarantee of payment and not of collectability and being absolute and in no way conditional or contingent. In the event any part of such Credit Obligations shall not have been so paid in full when due and payable, such Guarantor will, immediately upon written notice by the Administrative Agent or, without notice, immediately upon the occurrence of a Bankruptcy Default, pay or cause to be paid to the Administrative Agent for the Lenders' account the amount of such Credit Obligations which are then due and payable and unpaid. The obligations of each Guarantor hereunder shall not be affected by the invalidity, unenforceability or irrecoverability of any of the Credit Obligations as against any Obligor, any other guarantor thereof or any other Person. For purposes hereof, the Credit Obligations shall be due and payable when and as the same shall be due and payable under the terms of this Agreement or any other Credit Document notwithstanding the fact that the collection or enforcement thereof may be stayed or enjoined under the Bankruptcy Code, as from time to time in effect, or other applicable law. Anything herein or in any other Credit Document to the contrary notwithstanding, the maximum liability of each Guarantor hereunder and under the other Credit Documents shall in no event exceed the amount which can be guaranteed by such Guarantor under applicable federal and state laws relating to the insolvency of debtors (after giving effect to the right of contribution established in Section 6.9).

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6.2. Continuing Obligation. Each Guarantor acknowledges that the Lenders have entered into this Agreement (and, to the extent that the Lenders may enter into any future Credit Document, will have entered into such agreement) in reliance on this Section 6 being a continuing irrevocable agreement, and such Guarantor agrees that its guarantee may not be revoked in whole or in part. The obligations of the Guarantors hereunder shall terminate when the commitment of the Lenders to extend credit under this Agreement shall have terminated and all of the Credit Obligations have been indefeasibly paid in full in cash and discharged; provided, however, that:

(a if a claim is made upon the Lenders at any time for repayment or recovery of any amounts or any property received by the Lenders from any source on account of any of the Credit Obligations and the Lenders repay or return any amounts or property so received (including interest thereon to the extent required to be paid by the Lenders) or

(b if the Lenders become liable for any part of such claim by reason of (i) any judgment or order of any court or administrative authority having competent jurisdiction, or (ii) any settlement or compromise of any such claim,

then the Guarantors shall remain liable under this Agreement for the amounts so repaid or returned or the amounts for which the Lenders become liable (such amounts being deemed part of the Credit Obligations) to the same extent as if such amounts had never been received by the Lenders, notwithstanding any termination hereof or the cancellation of any instrument or agreement evidencing any of the Credit Obligations. The Guarantors shall, not later than five days after receipt of notice from the Administrative Agent, jointly and severally pay to the Administrative Agent an amount equal to the amount of such repayment or return for which the Lenders have so become liable. Payments hereunder by a Guarantor may be required by the Administrative Agent on any number of occasions.

6.3. Waivers with Respect to Credit Obligations. Except to the extent expressly required by this Agreement or any other Credit Document, each Guarantor waives, except to the extent prohibited by the provisions of applicable law that may not be waived, all of the following (including all defenses, counterclaims and other rights of any nature based upon any of the following):

(a presentment, demand for payment and protest of nonpayment of any of the Credit Obligations, and notice of protest, dishonor or nonperformance;

(b notice of acceptance of this guarantee and notice that credit has been extended in reliance on the Guarantor's guarantee of the Credit Obligations;

(c notice of any Default or of any inability to enforce performance of the obligations of any Obligor or any other Person thereunder;

(d demand for performance or observance of, and any enforcement of any provision of, the Credit Obligations, this Agreement or any other Credit Document or any pursuit or exhaustion of rights or remedies with respect to any Credit Security or against any Obligor or any other Person in respect of the Credit Obligations or any requirement of diligence or promptness on the part of the Lenders in connection with any of the foregoing;

(e any act or omission on the part of the Lenders which may impair or prejudice the rights of the Guarantor, including subrogation rights or rights to obtain exoneration, contribution, indemnification or any other reimbursement from any Obligor or any other Person;

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(f failure or delay to perfect or continue the perfection of any security interest in any Credit Security;

(g any action which harms or impairs the value of, or any failure to preserve or protect the value of, any Credit Security;

(h any act or omission which might vary the risk of the Guarantor or otherwise operate as a deemed release or discharge;

(i any statute or rule of law which provides that the obligation of a surety must be neither larger in amount nor in other respects more burdensome than the obligation of the principal;

(j the provisions of any "one action" or "anti-deficiency" law which would otherwise prevent the Lenders from bringing any action, including any claim for a deficiency, against the Guarantor before or after the Lenders' commencement or completion of any foreclosure action, whether judicially, by exercise of power of sale or otherwise, or any other law which would otherwise require any election of remedies by the Lenders;

(k all demands and notices of every kind with respect to the foregoing; and

(l to the extent not referred to above, all defenses (other than disputed facts) which any Obligor may now or hereafter have to the payment of the Credit Obligations, together with all suretyship defenses, which could otherwise be asserted by such Guarantor.

No delay or omission on the part of the Lenders in exercising any right under this Agreement or any other Credit Document or under any guarantee of the Credit Obligations or with respect to any Credit Security shall operate as a waiver or relinquishment of such right. No action which the Lenders or any Obligor may take or refrain from taking with respect to the Credit Obligations, including any amendments thereto or modifications thereof or waivers with respect thereto, shall affect the provisions of this Agreement or the obligations of the Guarantor hereunder. None of the Lenders' rights shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of any Obligor, or by any noncompliance by any Obligor with the terms, provisions and covenants of this Agreement, regardless of any knowledge thereof which the Lenders may have or otherwise be charged with.

6.4. Lenders' Power to Waive, etc. Each Guarantor grants to the Lenders full power in their discretion, without notice to or consent of such Guarantor, such notice and consent being hereby expressly waived to the fullest extent permitted by applicable law, and without in any way affecting the liability of the Guarantor under its guarantee hereunder:

(a to waive compliance with, and any Default under, and to consent to any amendment to or modification or termination of any terms or provisions of, or to give any waiver in respect of, this Agreement, any other Credit Document, any Credit Security, the Credit Obligations or any guarantee thereof (each as from time to time in effect);

(b to grant any extensions of the Credit Obligations (for any duration), and any other indulgence with respect thereto, and to effect any total or partial release (by operation of law or

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otherwise), discharge, compromise or settlement with respect to the obligations of the Obligors or any other Person in respect of the Credit Obligations, whether or not rights against the Guarantor under this Agreement are reserved in connection therewith;

(c to take security from the Restricted Companies or other Obligors in any form for the Credit Obligations, and to consent to the addition to or the substitution, exchange, release or other disposition of, or to deal in any other manner with, any part of any property contained in any Credit Security whether or not the property, if any, received upon the exercise of such power shall be of a character or value the same as or different from the character or value of any property disposed of, and to obtain, modify or release any present or future guarantees of the Credit Obligations and to proceed against any of the Credit Security or such guarantees in any order;

(d to collect or liquidate or realize upon any of the Credit Obligations or any Credit Security in any manner or to refrain from collecting or liquidating or realizing upon any of the Credit Obligations or the Credit Security; and

(e to extend credit under this Agreement, any other Credit Document or otherwise in such amount as the Lenders may determine, even though the condition of the Obligors (financial or otherwise on an individual or Consolidated basis) may have deteriorated since the date hereof.

6.5. Information Regarding Obligors, etc. Each Guarantor acknowledges and agrees that it has made such investigation as it deems desirable of the risks undertaken by it in entering into this Agreement and is fully satisfied that it understands all such risks. Each Guarantor waives any obligation which may now or hereafter exist on the part of the Lenders to inform it of the risks being undertaken by entering into this Agreement or of any changes in such risks and, from and after the date hereof, each Guarantor undertakes to keep itself informed of such risks and any changes therein. Each Guarantor expressly waives any duty which may now or hereafter exist on the part of the Lenders to disclose to the Guarantor any matter related to the business, operations, character, collateral, credit, condition (financial or otherwise), income or prospects of the Obligors or their Affiliates or their properties or management, whether now or hereafter known by the Lenders. Each Guarantor represents, warrants and agrees that it assumes sole responsibility for obtaining from the Obligors all information concerning this Agreement and all other Credit Documents and all other information as to the Obligors and their Affiliates or their properties or management as such Guarantor deems necessary or desirable.

6.6. Certain Guarantor Representations. Each Guarantor represents that:

(a it is in its best interest and in pursuit of its partnership, limited liability company or corporate purposes as an integral part of the business conducted and proposed to be conducted by the Restricted Companies (including such Guarantor), and reasonably necessary and convenient in connection with the conduct of the business conducted and proposed to be conducted by it, to induce the Lenders to enter into this Agreement and to extend credit to the Borrower by making the Guarantees contemplated by this Section 6;

(b the credit available hereunder will directly or indirectly inure to its benefit; and

(c by virtue of the foregoing it is receiving at least reasonably equivalent consideration from the Lenders for its Guarantee.

Each Guarantor acknowledges that it has been advised by the Administrative Agent that the Lenders are

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unwilling to enter into this Agreement unless the Guarantees contemplated by this Section 6 are given by it. Each Guarantor represents that:

(i0 it will not be rendered insolvent as a result of entering into this Agreement,

(ii0 after giving effect to the transactions contemplated by this Agreement it will have assets having a fair saleable value in excess of the amount required to pay its probable liability on its existing debts as they have become absolute and matured,

(iii0 it has, and will have, access to adequate capital for the conduct of its business and

(iv0 it has the ability to pay its debts from time to time incurred in connection therewith as such debts mature.

6.7. No Subrogation. Until the Credit Obligations have been indefeasibly paid in full and all commitments to extend further credit under the Credit Documents have been irrevocably terminated, each Guarantor waives all rights of reimbursement, subrogation, contribution, offset and other claims against the Borrower arising by contract or operation of law in connection with any payment made or required to be made by such Guarantor under this Agreement, except for contribution rights provided in Section 6.9.

6.8. Subordination. Each Guarantor covenants and agrees that all Indebtedness claims and liabilities now or hereafter owing by the Borrower to such Guarantor are hereby subordinated to the prior payment in full of the Credit Obligations and are so subordinated as a claim against the Borrower or any of its assets whether such claim be in the ordinary course of business or in the event of voluntary or involuntary liquidation, dissolution, insolvency or bankruptcy so that no payment with respect to any such Indebtedness, claim or liability will be made or received while any of the Credit Obligations are outstanding; provided, however, that the Borrower may make payments permitted by Section 7.10 and the relevant Guarantor may retain such payments.

6.9. Contribution Among Guarantors. The Guarantors agree that, as among themselves in their capacity as guarantors of the Credit Obligations, the ultimate responsibility for repayment of the Credit Obligations, in the event that the Borrower fails to pay when due their Credit Obligations, shall be equitably apportioned, to the extent consistent with the Credit Documents, among the respective Guarantors (a) in the proportion that each, in its capacity as a guarantor, has benefitted from the extensions of credit to the Borrower by the Lenders under the Credit Agreement, or (b) if such equitable apportionment cannot reasonably be determined or agreed upon among the affected Guarantors, in proportion to their respective net worths determined on or about the date hereof (or such later date as such Guarantor becomes party hereto). In the event that any Guarantor, in its capacity as a guarantor, pays an amount with respect to the Credit Obligations in excess of its proportionate share as set forth in this Section 6.9, each other Guarantor shall, to the extent consistent with the Credit Documents, make a contribution payment to such Guarantor in an amount such that the aggregate amount paid by each Guarantor reflects its proportionate share of the Credit Obligations. In the event of any default by any Guarantor under this Section 6.9, each other Guarantor will bear, to the extent consistent with the Credit Documents, its proportionate share of the defaulting Guarantor's obligation under this Section 6.9. This Section 6.9 is intended to set forth only the rights and obligations of the Guarantors among themselves and shall not in any way affect the obligations of any Guarantor to the Lenders under the Credit Documents (which obligations shall at all times constitute the joint and several obligations of all the Guarantors).

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6.10. Future Subsidiaries; Further Assurances. The Borrower and each Guarantor shall from time to time cause any present or future Subsidiary not designated as an Excluded Company to join this Agreement as a Restricted Company and a Guarantor pursuant to a joinder agreement in form and substance reasonably satisfactory to the Administrative Agent. Each Guarantor will, promptly upon the request of the Administrative Agent from time to time, execute, acknowledge and deliver, and file and record, all such instruments, and take all such action, as the Administrative Agent reasonably deems necessary or advisable to carry out the intent and purposes of this Section 6.

6.11. Release of Guarantor. If any Guarantor is the subject of a merger or a sale or disposition of its stock or of substantially all of its assets in a transaction permitted under Section 7.11, the Guarantee of such Person under this Section 6 shall be automatically terminated as of the closing of such merger, sale or disposition and the application of any proceeds thereof as required by this Agreement. The Guarantee under this Section 6 of any Person that is subsequently designated as an Excluded Company in accordance with this Agreement shall be automatically terminated as of the effectiveness of such designation.

7. General Covenants. Each of the Restricted Companies covenants that, until all of the Credit Obligations shall have been paid in full and until the Lenders' commitments to extend credit under this Agreement and any other Credit Document shall have been irrevocably terminated (except for indemnification and other customary provisions that survive termination), it will comply with such of the following provisions as are applicable to it:

7.1. Taxes and Other Charges; Accounts Payable.

7.1.1. Taxes and Other Charges. Each of the Restricted Companies will duly pay and discharge, or cause to be paid and discharged, before the same shall become in arrears, all material taxes, assessments and other governmental charges imposed upon such Person and its properties, sales or activities, or upon the income or profits therefrom, as well as all material claims for labor, materials or supplies which if unpaid might by law become a Lien upon any of its property; provided, however, that any such tax, assessment, charge or claim need not be paid if the validity or amount thereof shall at the time be contested in good faith by appropriate proceedings (or if all such unpaid taxes, assessments, charges or claims do not exceed $500,000 in the aggregate) and if such Person shall, in accordance with GAAP, have set aside on its books adequate reserves with respect thereto; and provided further, that each of the Restricted Companies will pay or bond, or cause to be paid or bonded, all such taxes, assessments, charges or other governmental claims immediately upon the commencement of proceedings to foreclose any Lien which may have attached as security therefor (except to the extent such proceedings have been dismissed or stayed).

7.1.2. Accounts Payable. Each of the Restricted Companies will promptly pay when due, or in conformity with customary trade terms, all other material Indebtedness incident to the operations of such Person; provided, however, that any such Indebtedness need not be paid if the validity or amount thereof shall at the time be contested in good faith and if such Person shall, in accordance with GAAP, have set aside on its books adequate reserves with respect thereto.

7.2. Conduct of Business, etc.

7.2.1. Types of Business. The Restricted Companies will engage only in (a) those businesses in which the Restricted Companies are significantly engaged on the Restatement Effective

Date and (b) businesses which are reasonably similar or related thereto or reasonable extensions thereof but not, in the case of this clause (b), in the aggregate, material to the overall business of the Restricted Companies, provided, that, in any event, the Restricted Companies will continue to be primarily engaged in the businesses in which they are primarily engaged on the Restatement Effective Date; and provided, further, that Investments permitted by Section 7.9.8 will not be prohibited by this Section 7.2.1.

7.2.2. Maintenance of Properties. Each Restricted Company:

(a) will keep its properties in such repair, working order and condition, and will from time to time make such repairs, replacements, additions and improvements thereto for the efficient operation of its businesses in management's reasonable business judgment and will comply at all times in all material respects with all Franchises, FCC Licenses and leases to which it is party so as to prevent any loss or forfeiture thereof or thereunder, unless (i) compliance is at the time being contested in good faith by appropriate proceedings or (ii) the management of the Restricted Company reasonably determines that compliance is not in the best interests of the Restricted Company and that such loss or forfeiture will not result in a Material Adverse Change; and

(b) except to the extent permitted under Section 7.11, will do all things necessary to preserve, renew and keep in full force and effect and in good standing its legal existence and authority necessary to continue its business (other than in the case of an inactive subsidiary that does not own material assets).

7.2.3. Compliance with Material Agreements; Amendments of Material Agreements. Each of the Restricted Companies will comply with the provisions of the Material Agreements to which they are a party or bound (to the extent not inconsistent with this Agreement or any other Credit Document), except to the extent that failure to comply therewith could not, in the aggregate, reasonably be expected to result in a Material Adverse Change. Without the prior written consent of the Required Lenders, which may not be unreasonably withheld, no Material Agreement shall be amended, modified, waived or terminated in any manner that would have in any material respect an adverse effect on the interests of the Lenders; provided, however, that notwithstanding the foregoing, (a) in the case of the New Falcon I Debentures and the New Falcon I Debentures Indenture, the consent of the Required Lenders shall be required only with respect to an increase in the interest rate applicable to the Debentures currently outstanding under such Indenture and (b) notwithstanding clause (a) above, approval of any Indenture Modifications shall require only the consent of two of the Specified Agents rather than the consent of the Required Lenders.

7.2.4. Statutory Compliance. Each of the Restricted Companies will comply in all material respects with the Communications Act, including the rules and regulations of the FCC relating to the carriage of television signals, and all other valid and applicable statutes, laws, ordinances, zoning and building codes and other rules and regulations of the United States of America, of the states and territories thereof and their counties, municipalities and other subdivisions and of any foreign country or other jurisdictions applicable to such Person, except where compliance therewith shall at the time be contested in good faith by appropriate proceedings or the failure so to comply is not reasonably likely to result in a Material Adverse Change.

7.3. Insurance. Each of the Restricted Companies will maintain with financially sound and reputable insurers insurance in such amounts and against such risks as are customarily maintained by companies engaged in the same or similar businesses operating in the same general locations as the Restricted Companies. The Restricted Companies will from time to time provide such information

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regarding such insurance arrangements as the Administrative Agent may reasonably request. The Agents and the Lenders acknowledge that the existing self-insurance programs of the Restricted Companies, as they may be modified from time to time in a manner that does not materially change the nature and relative scale of such programs, comply with the requirements of this Section 7.3.

7.4. Financial Statements and Reports. Each of the Restricted Companies will maintain a system of accounting in which entries will be made in their books and records of all transactions in relation to their business and affairs in accordance with GAAP. The fiscal year of the Restricted Companies will end on December 31 in each year.

7.4.1. Annual Reports. The Restricted Companies will furnish to the Administrative Agent (with sufficient copies for each Lender) as soon as available, and in any event within 105 days after the end of each fiscal year, the Consolidated and Consolidating balance sheet of New Falcon I and its Subsidiaries as at the end of such fiscal year, the Consolidated and Consolidating statements of earnings, changes in equity and cash flows of New Falcon I and its Subsidiaries for such fiscal year (all in reasonable detail and, in such Consolidating financial statements, showing the financial condition and performance of the Restricted Companies as a group), and together with comparative figures for the preceding fiscal year, all accompanied by:

(a) Unqualified reports of Ernst & Young LLP (or, if they cease to be auditors of the Restricted Companies, independent certified public accountants of recognized national standing reasonably satisfactory to the Administrative Agent), to the effect that they have audited such Consolidated financial statements in accordance with generally accepted auditing standards and that such Consolidated financial statements present fairly, in all material respects, the financial position of the Restricted Companies at the dates thereof and the results of their operations for the periods covered thereby in conformity with GAAP.

(b) The statement of such accountants that they have caused Section 7.5 to be reviewed and that in the course of their audit of the Restricted Companies no facts have come to their attention that cause them to believe that any Default under such Section exists or, if such is not the case, specifying such Default and the nature thereof. This statement is furnished by such accountants with the understanding that the examination of such accountants cannot be relied upon to give such accountants knowledge of any such Default except as it relates to accounting or auditing matters within the scope of their audit.

(c) A certificate of a Financial Officer to the effect that such officer has caused this Agreement to be reviewed and has no knowledge of any Default, or if such officer has such knowledge, specifying such Default and the nature thereof, and what action the Restricted Companies have taken, are taking or propose to take with respect thereto.

(d) In the event of a material change in GAAP after the date hereof, computations, certified by a Financial Officer, reconciling the financial statements referred to above with financial statements prepared in accordance with GAAP as applied to the other covenants in Section 7 and related definitions.

(e) Computations demonstrating, as of the end of such fiscal year, compliance with the Computation Covenants.

(f) A supplement to Exhibit 8.1 showing any changes in the information set forth in such

Exhibit during the last quarter of such fiscal year.

7.4.2. Quarterly Reports. The Restricted Companies will furnish to the Administrative Agent (with sufficient copies for each Lender) as soon as available and, in any event, within 60 days after the end of each of the first three calendar quarters of each fiscal year, the internally prepared Consolidated balance sheet as of the end of such quarter and the Consolidated statements of income, changes in equity and cash flows of New Falcon I and its Subsidiaries for such quarter and for the portion of the fiscal year then ending (all in reasonable detail and, in such Consolidating financial statements, showing the financial condition and performance of the Restricted Companies as a group), together with comparative figures for the same period in the preceding fiscal year, all accompanied by:

(a) A certificate signed by a Financial Officer to the effect that such financial statements have been prepared in accordance with GAAP and present fairly, in all material respects, the financial position of the Restricted Companies covered thereby at the dates thereof and the results of their operations for the periods covered thereby, subject only to normal year-end audit adjustments and the addition of footnotes.

(b) Computations demonstrating, as of the end of such quarter, compliance with the Computation Covenants.

(c) For each quarter, a supplement to Exhibit 8.1 showing any changes in the information set forth in such Exhibit during such fiscal quarter.

(d) A certificate signed by a Financial Officer to the effect that such officer has caused this Agreement to be reviewed and has no knowledge of any Default, or if such officer has such knowledge, specifying such Default and the nature thereof and what action the Restricted Companies have taken, are taking or propose to take with respect thereto.

7.4.3. Other Reports. Upon request by the Administrative Agent, the Restricted Companies will promptly furnish to the Administrative Agent (with sufficient copies for each Lender) such registration statements, proxy statements and reports, including Forms S-1, S-2, S-3, S-4, 10-K, 10-Q and 8-K, as may be filed for New Falcon I or any Restricted Company with the Securities and Exchange Commission. In addition, the Borrower shall notify the Administrative Agent promptly after any of the foregoing become available.

7.4.4. Notice of Litigation; Notice of Defaults. The Restricted Companies will promptly furnish to the Administrative Agent notice of any litigation or any administrative or arbitration proceeding to which any Restricted Company may hereafter become a party which involves the risk of any judgment which resulted, or poses a material risk of resulting, after giving effect to any applicable insurance, of the payment by the Restricted Companies of at least $10,000,000. Promptly upon acquiring knowledge thereof, the Restricted Companies will notify the Lenders of the existence of any Default, specifying the nature thereof and what action the Restricted Companies have taken, are taking or propose to take with respect thereto.

7.4.5. Franchise Matters. The Restricted Companies will promptly furnish to the Administrative Agent notice of any action by any federal, state or local governmental authority of the institution of proceedings to revoke, terminate or suspend any Franchise now or hereafter held by any Restricted Company, and any abandonment or expiration (without renewal) of a Franchise now or hereafter held by any Restricted Company, in either case, which would result, or be reasonably likely to

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result, in a Material Adverse Change.

7.4.6. ERISA Reports. The Restricted Companies will furnish to the Administrative Agent as soon as available the following items with respect to any Plan:

(a) any request for a waiver of the funding standards or an extension of the amortization period,

(b) any reportable event (as defined in section 4043 of ERISA), unless the notice requirement with respect thereto has been waived by regulation,

(c) any notice received by any ERISA Group Person that the PBGC has instituted or intends to institute proceedings to terminate any Plan, or that any Multiemployer Plan is insolvent or in reorganization,

(d) notice of the possibility of the termination of any Plan by its administrator pursuant to section 4041 of ERISA, and

(e) notice of the intention of any ERISA Group Person to withdraw, in whole or in part, from any Multiemployer Plan.

7.4.7. Other Information. From time to time upon request of any authorized officer of any Agent, each of the Restricted Companies will furnish to the Administrative Agent (with sufficient copies for each Lender) such other information regarding the business, assets, financial condition, income or prospects of the Restricted Companies as such officer may reasonably request, including copies of all tax returns, licenses, agreements, contracts, leases and instruments to which any of the Restricted Companies is party. The authorized officers and representatives of any Agent or, after the occurrence and during the continuation of an Event of Default, of any Lender (coordinated through the Administrative Agent) shall have the right during normal business hours upon reasonable notice and at reasonable intervals to examine the books and records of the Restricted Companies, to make copies, notes and abstracts therefrom and to make an independent examination of its books and records, for the purpose of verifying the accuracy of the reports delivered by any of the Restricted Companies pursuant to this Section 7.4 or otherwise and ascertaining compliance with or obtaining enforcement of this Agreement or any other Credit Document.

7.5. Certain Financial Tests.

7.5.1. Consolidated Total Debt to Consolidated Annualized Operating Cash Flow. Consolidated Total Debt shall not as of the end of any fiscal quarter exceed the percentage indicated in the table below of Consolidated Annualized Operating Cash Flow for such fiscal quarter:

Date	Percentage
Initial Closing Date through March 30, 2001	600%
March 31, 2001 through December 30, 2001	575%
December 31, 2001 through	

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June 29, 2002	550%
June 30, 2002 through June 29, 2003	500%
June 30, 2003 through June 29, 2004	450%
June 30, 2004 through June 29, 2005	350%
June 30, 2005 through June 29, 2006	275%
June 30, 2006 and thereafter	200%

7.5.2. Consolidated Interest Coverage Ratio. For each fiscal quarter of the Restricted Companies, the Consolidated Interest Coverage Ratio shall exceed the percentage indicated below: (a) from the Initial Closing Date through December 31, 2000, 140%, (b) from January 1, 2001 through December 31, 2002, 150% and (c) thereafter, 200%.

7.5.3. Consolidated Annualized Operating Cash Flow to Consolidated Pro Forma Debt Service. On the last day of each fiscal quarter of the Restricted Companies, Consolidated Annualized Operating Cash Flow for the three-month period then ending shall exceed 110% of Consolidated Pro Forma Debt Service for the 12-month period beginning immediately after such date.

7.6. Indebtedness. The Restricted Companies shall not create, incur, assume or otherwise become or remain liable with respect to any Indebtedness other than the following:

7.6.1. The Credit Obligations.

7.6.2. Guarantees permitted by Section 7.7.

7.6.3. Current liabilities existing from time to time, other than for Financing Debt, incurred in the ordinary course of business.

7.6.4. To the extent that payment thereof shall not at the time be required by Section 7.1, Indebtedness in respect of taxes, assessments, governmental charges and claims for labor, materials and supplies.

7.6.5. Indebtedness secured by Liens of carriers, warehousemen, mechanics and landlords permitted by Sections 7.8.5 and 7.8.6.

7.6.6. Indebtedness in respect of judgments or awards not in excess of $10,000,000 in the aggregate at any time outstanding (a) which have been in force for less than the applicable appeal period, so long as execution is not levied, or (b) in respect of which any Restricted Company shall at the time in good faith be prosecuting an appeal or proceedings for review, so long as execution thereof shall have been stayed pending such appeal or review and the Restricted Companies shall have taken appropriate reserves therefor consistent with GAAP.

7.6.7. Indebtedness in respect of Capitalized Lease Obligations or secured by purchase money security interests to the extent Liens securing such Indebtedness are permitted by Section 7.8.10; provided, however, that the aggregate principal amount of all Indebtedness permitted by

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this Section 7.6.7 at any one time outstanding shall not exceed $25,000,000.

7.6.8. Indebtedness in respect deferred taxes arising in the ordinary course of business.

7.6.9. Indebtedness in respect of inter-company loans and advances among the Restricted Companies which are not prohibited by Section 7.9.

7.6.10. Indebtedness outstanding on the Initial Closing Date and described in Exhibit 7.6.10, except that only the Indebtedness under the heading "Post-Closing Financing Debt" on Exhibit 7.6.10 is permitted by this Section 7.6.10 to remain outstanding after the Initial Closing Date.

7.6.11. Indebtedness on account of security deposits of Subscribers held by the Restricted Companies to secure the return of equipment placed by the Restricted Companies with Subscribers in the ordinary course of its business.

7.6.12. Binding obligations of the Restricted Companies to make acquisitions and Investments permitted by Section 7.9.

7.6.13. The MONY Subordinated Debt.

7.6.14. Minority interests in Subsidiaries and equity in losses of affiliated partnerships in excess of investment.

7.6.15. Indebtedness of the Borrower (but not any Subsidiary of the Borrower) incurred on any Threshold Transaction Date so long as (a) no Default shall have occurred and be continuing or would result therefrom, (b) such Indebtedness shall have no scheduled amortization prior to the date that is one year after the final maturity of the latest-maturing Loan outstanding on the date such Indebtedness is incurred and (c) the covenants and default provisions applicable to such Indebtedness shall be no more restrictive than those contained in this Agreement, provided that the requirement that such Indebtedness be incurred on a Threshold Transaction Date shall not apply in the case of any refinancing of Indebtedness previously incurred pursuant to this Section 7.6.15 so long as the interest rate and cash-pay characteristics applicable to such refinancing Indebtedness are no more onerous than those applicable to such refinanced Indebtedness.

7.6.16. Indebtedness of any Person that becomes a Subsidiary pursuant to an Investment permitted by Section 7.9, so long as (a) no Default shall have occurred and be continuing or would result therefrom, (b) such Indebtedness existed at the time of such Investment and was not created in anticipation thereof, (c) the Borrower shall use its best efforts to cause such Indebtedness to be repaid no later than 120 days after the date of such Investment, (d) if such Indebtedness is not repaid within such period then, until such Indebtedness is repaid, the operating cash flow of the relevant Subsidiary shall be excluded for the purposes of calculating Consolidated Operating Cash Flow (whether or not distributed to the Borrower or any other Restricted Company) and (e) the aggregate outstanding principal amount of Indebtedness incurred pursuant to this Section 7.6.16 shall not exceed $150,000,000.

7.6.17. Other Indebtedness of the Restricted Companies not in excess of $50,000,000 in the aggregate at any one time outstanding.

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7.7. Guarantees; Letters of Credit. The Restricted Companies shall not become or remain liable with respect to any Guarantee, including reimbursement obligations under letters of credit and other financial guarantees by third parties, except the following:

7.7.1. Guarantees of the Credit Obligations.

7.7.2. Guarantees by the Restricted Companies of Indebtedness incurred by any other Restricted Company and permitted by Section 7.6.

7.7.3. Guarantees to governmental authorities in respect of performance under Franchises and to Obligors upon indemnity, performance or similar bonds or letters of credit made in the ordinary course of business, not involving Guarantees of Financing Debt, and not exceeding $50,000,000 in aggregate principal amount at any one time outstanding.

7.7.4. Guarantees by the Restricted Companies of the MONY Subordinated Debt, which Guarantees shall be subordinated on the same terms as the MONY Subordinated Debt.

7.8. Liens. The Restricted Companies shall not create, incur or enter into, or suffer to be created or incurred or to exist, any Lien, except the following:

7.8.1. Liens on any Credit Security which secure the Credit Obligations and restrictions on transfer contained in the Credit Documents.

7.8.2. Liens to secure taxes, assessments and other governmental charges, to the extent that payment thereof shall not at the time be required by Section 7.1.

7.8.3. Deposits or pledges made (a) in connection with, or to secure payment of, workers' compensation, unemployment insurance, old age pensions or other social security, (b) in connection with casualty insurance maintained in accordance with Section 7.3, (c) to secure the performance of bids, tenders, contracts (other than contracts relating to Financing Debt) or leases, (d) to secure statutory obligations or surety or appeal bonds, (e) to secure indemnity, performance or other similar bonds in the ordinary course of business, (f) in connection with claims contested to the extent that payment thereof shall not at that time be required by Section 7.1 or (g) as acquisition or sale contract escrows in connection with transactions permitted under Sections 7.9 or 7.11.

7.8.4. Liens in respect of judgments or awards, to the extent that such judgments or awards are permitted by Section 7.6.6.

7.8.5. Liens of carriers, warehousemen, mechanics and similar Liens, in each case (a) in existence less than 90 days from the date of creation thereof or (b) being contested in good faith by any Restricted Company in appropriate proceedings (so long as the Restricted Company shall, in accordance with GAAP, have set aside on its books adequate reserves with respect thereto).

7.8.6. Encumbrances in the nature of (a) zoning restrictions, (b) easements, (c) restrictions of record on the use of real property, (d) landlords' and lessors' Liens on rented premises and (e) restrictions on transfers or assignment of leases, which in each case do not materially detract from the value of the encumbered property or impair the use thereof in the

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business of any Restricted Company.

7.8.7. Restrictions under federal and state securities laws on the transfer of securities.

7.8.8. Restrictions under the Communications Act, specific Franchises, pole agreements, leases and other documents entered into in the ordinary course of business on the transfer or licensing of certain assets of the Restricted Companies.

7.8.9. Set-off rights of depository institutions with which any Restricted Company maintains deposit accounts.

7.8.10. Liens constituting (a) purchase money security interests (including mortgages, conditional sales, Capitalized Leases and any other title retention or deferred purchase devices) in real property, interests in leases or tangible personal property existing or created on the date on which such property is acquired, and (b) the renewal, extension or refunding of any security interest referred to in the foregoing clause (a) in an amount not to exceed the amount thereof remaining unpaid immediately prior to such renewal, extension or refunding; provided, however, that each such security interest shall attach solely to the particular item of property so acquired, and the principal amount of Indebtedness (including Indebtedness in respect of Capitalized Lease Obligations) secured thereby shall not exceed the cost (including all such Indebtedness secured thereby, whether or not assumed) of such item of property; and provided, further, that the aggregate principal amount of all Indebtedness secured by Liens permitted by this Section 7.8.10 shall not exceed the amount permitted by Section 7.6.7.

7.8.11. Liens as of the Initial Closing Date described in Exhibit 7.6.10.

7.8.12. Arrangements constituting a qualified escrow account, qualified trust or qualified intermediary for funds included in an Asset Reinvestment Reserve Amount to facilitate a deferred like-kind exchange exempt from taxation under the Code.

7.8.13. Liens on the Equity Interests of any Person that is not a Restricted Company to secure loans from banks and other institutional lenders to such Person or Affiliates of such Person that are not Restricted Companies.

7.8.14. Liens not otherwise permitted by this Section 7.8 so long as neither (a) the aggregate outstanding principal amount of the obligations secured thereby nor (b) the aggregate fair market value (determined as of the date such Lien is incurred) of the assets subject thereto exceeds (as to all Restricted Companies) $10,000,000 at any one time.

7.9. Investments and Acquisitions. The Restricted Companies shall not have outstanding, acquire, commit to acquire under a binding contract or a contract not conditioned on the receipt of customary Lenders' consents or hold any Investment (including any Investment consisting of the acquisition of any business) except for the following:

7.9.1. Investments of the Restricted Companies in other Restricted Companies.

7.9.2. Investments in Cash Equivalents.

7.9.3. Loans and other advances to employees, officers and directors in an aggregate

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principal amount at any one time outstanding not to exceed $10,000,000.

7.9.4. Prepaid royalties and fees paid in the ordinary course of business.

7.9.5. Guarantees permitted by Section 7.7.

7.9.6. Investments as of the Initial Closing Date described in Exhibit 7.6.10.

7.9.7. Investments consisting of loans from the Restricted Companies to Holding, L.P. or New Falcon I that constitute Distributions permitted by Section 7.10.

7.9.8. Contributions by any Restricted Company of cable systems to any Permitted Joint Venture so long as (a) such Disposition is permitted pursuant to Section 7.11.3, (b) no Default shall have occurred and be continuing or would result therefrom, (c) after giving effect thereto, the Reference Leverage Ratio shall be equal to or lower than the Reference Leverage Ratio in effect immediately prior thereto and (d) the Equity Interests received by any Restricted Company in connection therewith shall be pledged as Credit Security (either directly or through a holding company parent of such Permitted Joint Venture so long as such parent is a Wholly Owned Guarantor).

7.9.9. Investments not otherwise permitted by this Section 7.9 at any one time outstanding not exceeding $100,000,000, except with the prior written consent of the Required Lenders; provided, however, that in no event will the book value of Margin Stock owned by the Restricted Companies exceed 20% of the Consolidated assets of the Restricted Companies determined in accordance with GAAP.

7.9.10. Investments consisting of the acquisition of Systems or assets in exchange transactions permitted by Section 7.11.5.

7.9.11. Acquisitions by the Borrower or any Wholly Owned Guarantor of Operating Assets (substantially all of which consist of Systems), directly through an asset acquisition or indirectly through the acquisition of 100% of the Equity Interests of a Person substantially all of whose assets consist of Systems, provided, that (a) no Default shall have occurred and be continuing or would result therefrom and (b) the aggregate Consideration (excluding Consideration paid with the proceeds of contributions described in Section 7.9.12) paid in connection with such acquisitions, other than acquisitions consummated on a Threshold Transaction Date, shall not exceed $200,000,000 since the Restatement Effective Date.

7.9.12. So long as immediately before and after giving effect thereto no Default exists and is continuing, acquisitions or Investments (other than acquisitions and Investments of the type described in Section 7.9.8) by the Restricted Companies with the proceeds of cash equity contributions specified by written notice to the Administrative Agent at the time of receipt of such proceeds for the purpose of effecting such acquisition or Investment.

7.9.13. Acquisition deposits and deposits with a qualified intermediary in connection with transactions permitted by this Section 7.9.

7.10. Distributions. The Restricted Companies shall not make any Distribution except for the following:

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7.10.1. The Restricted Companies may make Distributions to other Restricted Companies.

7.10.2. Any Restricted Company may declare and pay dividends payable in common stock (or similar common equity) of such Restricted Company.

7.10.3. So long as immediately before and after giving effect thereto no Event of Default exists and is continuing, the Restricted Companies may make:

(a) Distributions on or about April 15 and October 15 in each year in an amount on each such date not exceeding mandatory scheduled cash payments then due of accrued interest on the New Falcon I Debentures, which Distributions are used exclusively for the obligor thereunder to pay such interest.

(b) Distributions to New Falcon I in an amount necessary for it to make mandatory, scheduled payments of principal and interest on Indebtedness (including Indebtedness owed to the Restricted Companies) of New Falcon I not elsewhere described in this Section 7.10; provided, however, that (i) at least three Banking Days prior to such Distribution the Administrative Agent shall receive a certificate signed by a Financial Officer demonstrating pro forma compliance as of the end of the most recent fiscal quarter of the Restricted Companies with Sections 7.5.2 and 7.5.3 after giving effect to such Distribution, and (ii) the proceeds of such Indebtedness are or were used to (A) prepay the Loan pursuant to Section 4.6 or (B) make equity Investments or subordinated debt Investments (in the form of Specified Subordinated Debt) in any Restricted Company for its own business purposes (other than Investments in Excluded Companies).

(c) Distributions to New Falcon I in an amount necessary for it to make mandatory, scheduled payments of interest on Indebtedness (including Indebtedness owed to the Restricted Companies) of New Falcon I; provided, however, that (i) at least three Banking Days prior to such Distribution the Administrative Agent shall receive a certificate signed by a Financial Officer demonstrating that such Distribution shall be made on a Threshold Transaction Date and (ii) each such Distribution shall be made no earlier than three Banking Days prior to the date the relevant interest payment is due.

7.10.4. The Restricted Companies may make Distributions on account of management services to the extent permitted by Section 7.17.

7.10.5. So long as immediately before and after giving effect thereto no Event of Default exists and is continuing, the Restricted Companies that are partnerships or limited liability companies may, in any calendar year, pay Distributions to all the holders of the Equity Interests of such Restricted Companies, in proportion to their ownership interests, sufficient to permit each such holder to pay income taxes that may be required to be paid by it with respect to its equity in the Restricted Companies for the prior calendar year, as estimated by such Restricted Company in good faith.

7.10.6. Investments permitted by Sections 7.9.7 and 7.9.9 and Affiliate transactions permitted by Section 7.14 or described in the second sentence of Section 7.14.

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7.10.7. So long as immediately before and after giving effect thereto no Event of Default exists and is continuing, the Borrower may make Distributions for any purpose; provided, however, that, after giving effect to any such Distribution on a pro forma basis, the Reference Leverage Ratio shall not exceed 400%.

7.10.8. So long as immediately before and after giving effect thereto no Event of Default exists and is continuing, the Borrower may make Distributions for any purpose; provided, however, that if, after giving effect to any such Distribution on a pro forma basis, the Reference Leverage Ratio exceeds 400%, the cumulative, aggregate amount of all Distributions under this Section 7.10.8 (excluding any such Distributions made for the purpose of paying fees approved by the Agents in connection with the Indenture Modifications) made since the Restatement Effective Date shall not exceed the sum of (a) $25,000,000, plus (b) the net proceeds of cash equity contributions (and, with the written consent of at least two Specified Agents, which consent shall not be unreasonably withheld, the net equity value of non-cash equity contributions) made to the Borrower after the Restatement Effective Date (to the extent not specified for acquisitions pursuant to Section 7.9.12) plus (c) 25% of Consolidated Excess Cash Flow for the most recently completed fiscal year for which financial statements have been furnished to the Lenders in accordance with Section 7.4.1 (commencing with the fiscal year ended December 31, 1999).

7.10.9. So long as immediately before and after giving effect thereto no Event of Default exists and is continuing, the Restricted Companies may make Distributions constituting the purchase, redemption, acquisition, cancellation or other retirement for value of Equity Interests in any Holding Company, options on any such interests or related equity appreciation rights or similar securities held by officers or employees or former officers or employees of such Holding Company (or their estates or beneficiaries under their estates), upon death, disability, retirement or termination of employment; provided, however, that the aggregate consideration paid for such purchase, redemption, acquisition, cancellation or other retirement (excluding any such consideration paid prior to the Restatement Effective Date) does not in any one fiscal year of the Restricted Companies exceed $7,500,000 in the aggregate.

7.10.10. So long as immediately before and after giving effect thereto no Event of Default exists and is continuing, the Restricted Companies may make Distributions in respect of loans and other advances to employees, officers and directors permitted by Section 7.9.3.

7.10.11. The Restricted Companies may make required scheduled payments of principal and accrued interest with respect to the MONY Subordinated Debt in accordance with the terms thereof as in effect on the Initial Closing Date and as subsequently amended in accordance with Section 7.2.3, including the subordination terms, and, so long as immediately before and after giving effect thereto no Default exists and is continuing, the Restricted Companies may make voluntary prepayments of principal (together with accrued interest thereon and any premium with respect thereto) on the MONY Subordinated Debt, and special principal prepayments (together with accrued interest thereon) on such debt on account of risk-based capital requirements.

7.11. Merger, Consolidation and Dispositions of Assets. The Restricted Companies shall not merge or enter into a consolidation or sell, lease, sell and lease back, sublease or otherwise dispose of any of its assets (each, "Fundamental Transaction"), except the following:

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7.11.1. Any Restricted Company may sell or otherwise dispose of (a) inventory in the ordinary course of business, (b) tangible assets to be replaced in the ordinary course of business by other tangible assets of equal or greater value, (c) tangible assets that are no longer used or useful in the business of the Restricted Companies, the fair market value (or book value if greater) of which shall not be material in any fiscal year and (d) cash and Cash Equivalents.

7.11.2. Any Restricted Company may (i) merge or be liquidated into, or transfer or make dispositions of assets to, any other Restricted Company or (ii) enter into a transaction solely for the purpose of changing its organizational form so long as any Fundamental Transaction related thereto does not involve any third party other than another Restricted Company.

7.11.3. Subject to Section 4.4, so long as no Event of Default exists and is continuing on the date a binding contract with respect to such sale is entered into and the Restricted Companies have furnished prior written notice of such sale to the Administrative Agent, the Restricted Companies may sell Systems or other assets for fair market value in transactions not constituting Permitted Asset Swaps (it being understood that Swap Excess Amounts (other than Excluded Swap Excess Amounts) shall be deemed to constitute usage of availability in respect of sales pursuant to this Section 7.11.3); provided, however, that the sum of the aggregate percentages of Consolidated Annualized Operating Cash Flow for the period of three consecutive months most recently ended prior to each such sale for which financial statements have been (or are required to have been) furnished in accordance with Section 7.4.2 properly allocable to all such Systems or other assets so sold on or after the Restatement Effective Date shall not exceed 30%.

7.11.4. So long as immediately before and after giving effect thereto no Event of Default exists and is continuing, the Restricted Companies may contribute Systems and other assets to Permitted Joint Ventures as Investments permitted by Section 7.9.8.

7.11.5. The Restricted Companies may consummate Permitted Asset Swaps; provided that (a) on the date of such Permitted Asset Swap, no Default shall have occurred and be continuing or would result therefrom, (b) in the event that the Annualized Asset Cash Flow Amount attributable to the assets being transferred exceeds the annualized asset cash flow amount (determined in a manner comparable to the manner in which Annualized Asset Cash Flow Amounts are determined hereunder) of the assets received in connection with such Permitted Asset Swap (such excess amount, a "Swap Excess Amount"), then, unless such Swap Excess Amount is an Excluded Swap Excess Amount, the Disposition of such Swap Excess Amount is permitted by Section 7.11.3 and (c) the Net Cash Proceeds of such Permitted Asset Swap, if any, shall be applied in the manner contemplated by Section 4.4.

7.11.6. The Restricted Companies may consummate mergers or consolidations necessary to effect acquisitions and Investments permitted by Section 7.9.

7.11.7. The Restricted Companies may sell property acquired after the Restatement Effective Date (other than property acquired in connection with Permitted Asset Swaps involving property owned on the Restatement Effective Date), so long as (a) no Default shall have occurred and be continuing or would result therefrom, (b) a definitive agreement to consummate such sale is executed no later than twelve months after the date on which relevant property is acquired and (c) such sale is

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consummated within eighteen months after the date on which the relevant property is acquired.

7.12. Issuance of Stock by Subsidiaries; Subsidiary Distributions.

7.12.1. Issuance of Stock by Subsidiaries. No Subsidiary (other than an Excluded Company) of a Restricted Company shall issue or sell any of its Equity Interests to any Person other than a Restricted Company unless (a) in the case of a stock dividend or other distribution of Equity Interests, such dividend or distribution is pro rata among existing equity owners or (b) in the case of purchased equity, the sale of such equity is on an arm's length basis.

7.12.2. No Restrictions on Subsidiary Distributions. Except for restrictions contained in the Credit Documents, the Restricted Companies shall not enter into or be bound by any agreement (including covenants requiring the maintenance of specified amounts of net worth or working capital) restricting the right of any Subsidiary to make Distributions or extensions of credit to the Borrower (directly or indirectly through another Subsidiary).

7.13. ERISA, etc. Each of the Restricted Companies will comply, and will cause all of their Subsidiaries to comply, in all material respects, with the provisions of ERISA and the Code applicable to each Plan. Each of the Restricted Companies will meet, and will cause all of their Subsidiaries to meet, all minimum funding requirements applicable to them with respect to any Plan pursuant to section 302 of ERISA or Section 412 of the Code, without giving effect to any waivers of such requirements or extensions of the related amortization periods which may be granted. At no time shall the Accumulated Benefit Obligations under any Plan that is not a Multiemployer Plan exceed the fair market value of the assets of such Plan allocable to such benefits by more than $10,000,000. After the Restatement Effective Date, the Restricted Companies will not withdraw, and will cause all of their Subsidiaries not to withdraw, in whole or in part, from any Multiemployer Plan so as to give rise to withdrawal liability exceeding $10,000,000 in the aggregate. At no time shall the actuarial present value of unfunded liabilities for post-employment health care benefits, whether or not provided under a Plan, calculated in a manner consistent with Statement No. 106 of the Financial Accounting Standards Board, exceed $10,000,000.

7.14. Transactions with Affiliates. Other than the Material Agreements, none of the Restricted Companies shall effect any transaction with any of their respective Affiliates on a basis less favorable to the Restricted Companies than would be the case if such transaction had been effected with a non-Affiliate. This Section 7.14 shall not apply to: (a) customary directors' fees, indemnification and similar arrangements and payments in respect thereof, consulting fees, employee salaries, bonuses or employment agreements, compensation or employee benefit arrangements and incentive arrangements with any officer, or employee of a Restricted Company entered into in the ordinary course of business (including customary benefits thereunder), (b) the organizational agreements of New Falcon I and Holding, L.P., including any amendments or extensions thereof that do not otherwise violate any other covenant set forth in this Agreement, and any transactions undertaken or to be undertaken pursuant to any of such agreements or pursuant to any other contractual obligations in the ordinary course of business in existence on the Restatement Effective Date (as in effect on the Restatement Effective Date) or as set forth on Exhibit 7.14, (c) the issuance and sale by any Restricted Company to its partners, members or stockholders of Equity Interests (other than Redeemable Capital Stock), (d) loans and advances to officers, directors and employees of the Restricted Companies in the ordinary course of business, (e) customary commercial banking, investment banking, underwriting, placement agent, financial advisory, legal, accounting or regulatory fees paid in connection with services rendered to the

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Restricted Companies in the ordinary course of business, (f) so long as no Default shall have occurred and be continuing, the payment (either directly or by way of a distribution to New Falcon I) of amounts not in excess of 1.0% of the aggregate enterprise value of Investments permitted hereby to certain members of the Charter Group, (g) the incurrence of intercompany indebtedness that does not otherwise violate any other provision of this Agreement, (h) repayments of Specified Subordinated Debt with the proceeds of Loans or Specified Long-Term Indebtedness, (i) the pledge of Equity Interests of Excluded Companies to support the Indebtedness thereof, (j) the payment of management fees permitted by Section 7.17, and (k) programming agreements, marketing and promotional agreements and other billing services, equipment agreements and agreements for other goods and services related to the business of the Restricted Companies entered into between members of the Charter Group and the Restricted Companies. Holding, L.P. shall deliver to the Administrative Agent as soon as reasonably practicable copies of all documents delivered pursuant to clause (ii) of the first sentence of section 4.13 of the New Falcon I Debentures Indenture in connection with Affiliate transactions.

7.15. Interest Rate Protection. Within 30 days after the Initial Closing Date, the Borrower will obtain and thereafter keep in effect one or more Interest Rate Protection Agreements conforming to International Securities Dealers Association standards with any Lender or Affiliate of a Lender or other financial institution reasonably satisfactory to the Administrative Agent protecting against increases in interest rates, each in form and substance reasonably satisfactory to the Administrative Agent, covering a notional amount of at least 50% of the Financing Debt of New Falcon I, Holding, L.P. and the Restricted Companies for a two year period at rates reasonably satisfactory to the Administrative Agent; provided, however, that Financing Debt with a fixed interest rate for a period of at least two years shall be deemed to be covered by an Interest Rate Protection Agreement for purposes of this Section 7.15.

7.16. Compliance with Environmental Laws. Each of the Restricted Companies will:

7.16.1. Use and operate all of its facilities and properties in compliance with all Environmental Laws, keep all necessary permits, approvals, certificates, licenses and other authorizations relating to environmental matters in effect and remain in compliance therewith, and handle all Hazardous Materials in compliance with all applicable Environmental Laws, except where the failure to comply with, or keep in effect, as applicable, such laws, permits, approvals, certificates, licenses and authorizations would not reasonably be expected to result in a Material Adverse Change.

7.16.2. Immediately notify the Administrative Agent, and provide copies upon receipt, of all written claims or complaints from governmental authorities relating to the condition of its facilities and properties or compliance with Environmental Laws, and in the case of potential liability in excess of $10,000,000 shall promptly cure and have dismissed with prejudice to the satisfaction of the Administrative Agent any actions and proceedings relating to compliance with Environmental Laws, except where contested in good faith by appropriate proceedings and sufficient reserves with respect thereto as required by GAAP have been established.

7.16.3. Provide such information and certifications which the Administrative Agent may reasonably request from time to time to evidence compliance with this Section 7.16.

7.17. No Outside Management Fees. The Restricted Companies shall not pay in cash any management fees or other amounts in respect of management services to any Person other than another Restricted Company, except that the Borrower may pay management fees to its Affiliates (either

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directly or by way of a Distribution to New Falcon I) so long as (a) no Default shall have occurred and be continuing or would result therefrom, (b) the aggregate amount of such payments expensed during any fiscal year of the Borrower shall not exceed 3.50% of Consolidated Revenues for the immediately preceding fiscal year (provided that, in addition, payments of management fees may be made in respect of amounts that have been accrued, but were not paid, during any preceding fiscal year of the Borrower ending on or after December 31, 1999, so long as the aggregate amount of payments made pursuant to this parenthetical during any fiscal year of the Borrower (other than any such payments made on a Threshold Management Fee Date), when added to the aggregate amount of non-deferred management fees otherwise paid pursuant to this clause (b) during such fiscal year, shall not exceed 5.0% of Consolidated Revenues for the immediately preceding fiscal year) and (c) each such payment shall be made no earlier than three Banking Days prior to the date such payment is due for Distributions; provided, however, that this Section 7.17 shall not prohibit the payment of fees to non-Affiliates for services rendered to the Restricted Companies on an arm's length basis in the ordinary course of business.

7.18. Derivative Contracts. None of the Restricted Companies nor any of their Subsidiaries shall enter into any Interest Rate Protection Agreement, foreign currency exchange contract or other financial or commodity derivative contracts except to provide hedge protection for an underlying economic transaction in the ordinary course of business.

7.19. Negative Pledge Clauses. None of the Restricted Companies nor any of their Subsidiaries shall enter into any agreement, instrument, deed or lease which prohibits or limits the ability of the Restricted Companies or any of their Subsidiaries to create, incur, assume or suffer to exist any Lien upon any of their respective properties, assets or revenues, whether now owned or hereafter acquired, or which requires the grant of any collateral for such obligation if collateral is granted for another obligation, except the following:

7.19.1. This Agreement and the other Credit Documents.

7.19.2. Covenants in documents creating Liens permitted by Section 7.8 prohibiting further Liens on the assets encumbered thereby.

7.19.3. Covenants in the note purchase agreement relating to the MONY Subordinated Debt prohibiting certain of the Restricted Companies from granting Liens, but in any event permitting the Liens provided by the Credit Documents.

7.19.4. Restrictions on transfer and pledges imposed in the ordinary course of business pursuant to Franchises, pole agreements, leases and other operating agreements.

8. Representations and Warranties. In order to induce the Lenders to extend credit to the Borrower hereunder, each of the Restricted Companies jointly and severally represents and warrants to each Lender that:

8.1. Organization and Business.

8.1.1. The Borrower. The Borrower is a duly organized and validly existing limited liability company, in good standing under the laws of the jurisdiction in which it is organized, with all limited liability company power and authority necessary to (a) enter into and perform this Agreement and each other Credit Document to which it is party, (b) borrow and guarantee the Credit Obligations, (c)

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grant the Lenders security interests in any Credit Security owned by it to secure the Credit Obligations and (d) own its properties and carry on the business now conducted or proposed to be conducted by it. Certified copies of the Charter and By-laws of the Borrower have been previously delivered to the Administrative Agent and are correct and complete. Exhibit 8.1, as from time to time hereafter supplemented in accordance with Sections 7.4.1 and 7.4.2, sets forth (i) the jurisdiction of organization of the Borrower, (ii) the address of the Borrower's principal executive office and chief place of business and (iii) the number of authorized and issued shares and ownership of the Borrower.

8.1.2. Other Guarantors. Each Restricted Company (other than the Borrower) is duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is organized, with all organizational power and authority necessary to (a) enter into and perform this Agreement and each other Credit Document to which it is party, (b) guarantee the Credit Obligations, (c) grant the Lenders a security interest in Credit Security owned by such Restricted Company to secure the Credit Obligations and (d) own its properties and carry on the business now conducted or proposed to be conducted by it. Certified copies of the Charter and By-laws of each such Restricted Company have been previously delivered to the Administrative Agent and are correct and complete. Exhibit 8.1, as from time to time hereafter supplemented in accordance with Sections 7.4.1 and 7.4.2, sets forth (i) the name and jurisdiction of organization of each Restricted Company, (ii) the address of the chief executive office and principal place of business of each Restricted Company, and (iii) the number of authorized and issued Equity Interests and ownership of each Restricted Company.

8.1.3. Qualification. Except as set forth on Exhibit 8.1 as from time to time supplemented in accordance with Sections 7.4.1 and 7.4.2, each Restricted Company is duly and legally qualified to do business as a foreign limited partnership or other entity and is in good standing in each state or jurisdiction in which such qualification is required and is duly authorized, qualified and licensed under all laws, regulations, ordinances or orders of public authorities, or otherwise, to carry on its business in the places and in the manner in which it is conducted, except for failures to be so qualified, authorized or licensed which would not in the aggregate result, or pose a material risk of resulting, in any Material Adverse Change.

8.1.4. Capitalization. Except as set forth in Exhibit 8.1, as from time to time supplemented in accordance with Sections 7.4.1 and 7.4.2, no options, warrants, conversion rights, preemptive rights or other statutory or contractual rights to purchase Equity Interests of any Restricted Company now exist, nor has any Restricted Company authorized any such right, nor is any Restricted Company obligated in any other manner to issue its Equity Interests.

8.2. Financial Statements and Other Information; Material Agreements.

8.2.1. Financial Statements and Other Information. The Restricted Companies have previously furnished to the Lenders copies of the unaudited Consolidated balance sheet of the Borrower and its Subsidiaries, and the audited Consolidated balance sheet of Holding, L.P. as at December 31, 1998 and the unaudited Consolidated statements of income and changes in equity and cash flows of the Borrower and its Subsidiaries, and the audited Consolidated statements of income and changes in equity and cash flows of Holding, L.P., for the fiscal year then ended.

The audited Consolidated financial statements (including the notes thereto) referred to above were prepared in accordance with GAAP and fairly present the financial position of the Restricted Companies covered thereby on a Consolidated basis at the respective dates thereof and the results of their operations for the periods covered thereby. No Restricted Company has any known contingent liability material to the Restricted Companies on a Consolidated basis that is required to be reflected by GAAP

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which is not reflected in the sheet referred to above (or delivered pursuant to Sections 7.4.1 or 7.4.2) or the notes thereto.

8.2.2. Material Agreements. The Restricted Companies have previously furnished to the Administrative Agent correct and complete copies, including all exhibits, schedules and amendments thereto, of the agreements set forth in Exhibit 8.2.2, each as in effect on the date hereof (or, if such agreement is not in effect on the date hereof, in the form of the most recent draft as indicated in such Exhibit).

8.3. Changes in Condition. No Material Adverse Change has occurred.

8.4. Title to Assets. The Restricted Companies have good and valid title to all material assets necessary for the operations of their business as now conducted by them and reflected in the most recent balance sheet referred to in Section 8.2.1(a) (or the balance sheet most recently tarnished to the Lenders pursuant to Sections 7.4.1 or 7.4.2), and to all material assets necessary for the operations of such business acquired subsequent to the date of such balance sheet, subject to no Liens except for those permitted by Section 7.8 and except for assets disposed of as permitted by Section 7.11.

8.5. Licenses, etc. The Restricted Companies have all patents, patent applications, patent licenses, patent rights, trademarks, trademark rights, trade names, trade name rights, copyrights, licenses, FCC Licenses, Franchises, permits, authorizations and other rights including agreements with public utilities and microwave transmission companies, pole use, access or rental agreements and utility easements the lack, loss or termination of which would result, or is reasonably likely to result, in a Material Adverse Change. All of the foregoing are in full force and effect except as would not result in, or be reasonably likely to result in, a Material Adverse Change, and each of the Restricted Companies is in substantial compliance with the foregoing without any known conflict with the valid rights of others which has resulted, or poses a material risk of resulting, in any Material Adverse Change. No event has occurred which permits, or after notice or lapse of time or both would permit, the revocation or termination of any such license, Franchise or other right or affect the rights of any of the Restricted Companies thereunder so as to result in any Material Adverse Change. Except as would not result, or create a material risk of resulting, in a Material Adverse Change:

8.5.1. Franchises; FCC Licenses. Each Franchise and FCC License held by any Restricted Company is validly issued, and no Restricted Company is in violation of the terms of any of its Franchises or FCC Licenses.

8.5.2. FCC and Other Matters. Each Restricted Company has filed all cable television registration statements and other filings which are required to be filed by it under the Communications Act. Each Restricted Company is in all material respects in compliance with the Communications Act, including the rules and regulations of the FCC relating to the carriage of television signals. The execution, delivery and performance by the Restricted Companies of this Agreement does not require the approval of the FCC and will not result in any violation of the Communications Act. Each Restricted Company has recorded or deposited with and paid to the federal Copyright Office and the Register of Copyright all notices, statements of account, royalty fees and other documents and instruments required under Title 17 of the United States Code and all rules and regulations thereunder (collectively and as from time to time in effect, the "Copyright Act"), including such of the foregoing required by section 111(d) of the Copyright Act by virtue of such Restricted Company having made any secondary transmission subject to compulsory licensing pursuant to section 111(c) of the Copyright Act.

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8.6. Litigation. No litigation, at law or in equity, or any proceeding before any court, board or other governmental or administrative agency or any arbitrator, including the litigation described in Exhibit 8.6, is pending or, to the knowledge of the Restricted Companies, threatened which, in either case, involves any material risk of any final judgment, order or liability which, after giving effect to any applicable insurance, has resulted, or poses a material risk of resulting, in any Material Adverse Change or which seeks to enjoin (and poses a material risk of enjoining) the consummation, or which (except for litigation which does not pose a material risk of impairing the validity or effectiveness of the transactions contemplated by this Agreement or any other Credit Document) questions the validity, of any of the transactions contemplated by this Agreement or any other Credit Document. No judgment, decree or order of any court, board or other governmental or administrative agency or any arbitrator has been issued against or binds any Restricted Company which has resulted, or poses a material risk of resulting, in any Material Adverse Change.

8.7. Tax Returns. Except as would not result, or create a material risk of resulting, in a Material Adverse Change, each of the Restricted Companies has filed all material tax and information returns which are required to be filed by it and has paid, or made adequate provision for the payment of, all taxes which have or may become due pursuant to such returns or to any assessment received by it (except for taxes being disputed in good faith and for which sufficient reserves have been established) and no Restricted Company knows of any material additional assessments or any basis therefor and the Restricted Companies reasonably believe that the charges, accruals and reserves on the books of the Restricted Companies in respect of taxes or other governmental charges are adequate.

8.8. Authorization and Enforceability. The Borrower and each Guarantor has taken all organizational action required to execute, deliver and perform this Agreement and each other Credit Document to which it is party. Each of this Agreement and each other Credit Document constitutes the legal, valid and binding obligation of each Restricted Company party thereto and is enforceable against such Person in accordance with its terms.

8.9. No Legal Obstacle to Agreements. Neither the execution and delivery of this Agreement or any other Credit Document, nor the making of any borrowings hereunder, nor the guaranteeing of the Credit Obligations, nor the securing of the Credit Obligations with any Credit Security, has constituted or resulted in or will constitute or result in:

(a) any breach or termination of the provisions of any material agreement, instrument, deed or lease to which any Holding Company is a party or by which it is bound, or of the Charter or By-laws of any Holding Company;

(b) the violation of any law, statute, judgment, decree or governmental order, rule or regulation applicable to any Holding Company;

(c) the creation under any agreement, instrument, deed or lease of any Lien (other than Liens on Credit Security which secure the Credit Obligations) upon any of the assets of any Holding Company; or

(d) any redemption, retirement or other repurchase obligation of any Holding Company under any Charter or By-law or of any material agreement, instrument, deed or lease.

No approval, authorization or other action by, or declaration to or filing with, any governmental or administrative authority or any other Person that has not been obtained or made is required to be

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obtained or made by any Holding Company in connection with the execution, delivery and performance of this Agreement, the Notes or any other Credit Document, the making of any borrowing hereunder, the guaranteeing of the Credit Obligations or the securing of the Credit Obligations with the Credit Security.

8.10. Defaults. No Restricted Company is in default under any provision of its Charter or By-laws or of this Agreement or any other Credit Document. No Restricted Company is in default under any provision of any agreement, instrument, deed or lease to which it is party or by which it or its property is bound, or has violated any law, judgment, decree or governmental order, rule or regulation, in each case so as to result, or creates a material risk of resulting, in any Material Adverse Change.

8.11. Certain Business Representations.

8.11.1. Labor Relations. No dispute or controversy between any Restricted Company and any of its employees has resulted, or is reasonably likely to result, in any Material Adverse Change, and no Restricted Company anticipates that its relationships with its unions or employees will result, or are reasonably likely to result, in any Material Adverse Change. Each Restricted Company is in compliance in all material respects with all federal and state laws with respect to (a) non-discrimination in employment with which the failure to comply, in the aggregate, has resulted in, or poses a material risk of resulting in, a Material Adverse Change and (b) the payment of wages, the failure of which to pay, in the aggregate, has resulted in, or creates a material risk of resulting in, a Material Adverse Change.

8.11.2. Antitrust. Each of the Restricted Companies is in compliance in all material respects with all federal and state antitrust laws relating to its business and the geographic concentration of its business.

8.11.3. Consumer Protection. No Restricted Company is in violation of any rule, regulation, order, or interpretation of any rule, regulation or order of the Federal Trade Commission (including truth-in-lending), with which the failure to comply, in the aggregate, has resulted in, or poses a material risk of resulting in, a Material Adverse Change.

8.11.4. Year 2000 Issues. Based on a review of the operations of the Restricted Companies as they relate to the processing, storage and retrieval of data, the Restricted Companies do not believe that a Material Adverse Change is reasonably likely to occur as a result of computer software and hardware that will not function with respect to periods commencing January 1, 2000 at least as effectively as with respect to periods ending on or prior to December 31, 1999.

8.12. Environmental Regulations.

8.12.1. Environmental Compliance. Each of the Restricted Companies is in compliance in all material respects with the Clean Air Act, the Federal Water Pollution Control Act, the Marine Protection Research and Sanctuaries Act, the Resource Conservation and Recovery Act, CERCLA and any similar state or local statute or regulation in effect in any jurisdiction in which any properties of any Restricted Company are located or where any of them conducts its business, and with all applicable published rules and regulations (and applicable standards and requirements) of the federal Environmental Protection Agency and of any similar agencies in states or foreign countries in which any Restricted Company conducts its business, other than any noncompliance which in the aggregate has not resulted in, and could not reasonably be expected to result in, a Material Adverse Change.

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8.12.2. Environmental Litigation. Except as would not result in, or could not reasonably be expected to result in, a Material Adverse Change, no suit, claim, action or proceeding of which any Restricted Company has been given notice or otherwise to its knowledge is now pending before any court, governmental agency or board or other forum, or to any Restricted Company's knowledge, threatened by any Person (nor to any Restricted Company's knowledge, does any factual basis exist therefor) for, and the Restricted Companies have received no written correspondence from any federal, state or local governmental authority with respect to any of the following that has resulted in, or creates a material risk of resulting in, a Material Adverse Change:

(a) noncompliance in any material respect by any Restricted Company with any such environmental law, rule or regulation;

(b) material liabilities for personal injury, wrongful death or other tortious conduct relating to materials, commodities or products used, generated, sold, transferred or manufactured by any Restricted Company (including products made of, containing or incorporating asbestos, lead or other hazardous materials, commodities or toxic substances); or

(c) the release into the environment by any Restricted Company of any material amount of Hazardous Material generated by any Restricted Company whether or not occurring at or on a site owned, leased or operated by any Restricted Company.

8.12.3. Hazardous Material. The Restricted Companies have provided to the Lenders a written list as of the Initial Closing Date of all waste disposal or dump sites at which a material amount of Hazardous Material generated by any Restricted Company has been disposed of directly by the Restricted Companies and all independent contractors to whom the Restricted Companies have delivered Hazardous Material, or to any Restricted Company's knowledge, finally came to be located, and indicates all such sites which are or have been included (including as a potential or suspect site) in any published federal, state or local "superfund" or other list of hazardous or toxic waste sites. Any waste disposal or dump sites at which Hazardous Material generated by any Restricted Company has been disposed of directly by the Restricted Companies and all independent contractors to whom the Restricted Companies have delivered Hazardous Material, or to any Restricted Company's knowledge, finally came to be located, has not resulted in, and could not reasonably be expected to result in, a Material Adverse Change.

8.12.4. Environmental Condition of Properties. Except as would not result in, or could not reasonably be expected to result in, a Material Adverse Change, none of the properties owned or, to its knowledge, leased by any Restricted Company has been used as a treatment, storage or disposal site. No Hazardous Material is present in any real property currently or formerly owned or operated by any Restricted Company except that which would not reasonably be expected to result in a Material Adverse Change.

8.13. Pension Plans. Each Plan is in material compliance with the applicable provisions of ERISA and the Code. No Plan is a Multiemployer Plan or a "defined benefit plan" (as defined in ERISA). Each ERISA Group Person has met all of the funding standards applicable to all Plans, and no condition exists which would permit the institution of proceedings to terminate any Plan under section 4042 of ERISA.

8.14. Government Regulation; Margin Stock.

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8.14.1. Government Regulation. No Restricted Company, nor any Person controlling any Restricted Company or under common control with any Restricted Company is subject to regulation under the Public Utility Holding Company Act of 1935, the Federal Power Act, the Investment Company Act, the Interstate Commerce Act or any similar federal or state statutes. Each Lender is aware that various aspects of the business conducted by Restricted Companies, including the nature of the services required to be furnished and the rates which may be charged therefor, are subject to regulation by federal, state and local governmental authorities.

8.14.2. Margin Stock. The Restricted Companies do not own Margin Stock having a book value exceeding 20% of the Consolidated assets of the Restricted Companies determined in accordance with GAAP.

8.15. Disclosure. Neither this Agreement nor any other Credit Document to be furnished to the Lenders by or on behalf of any Restricted Company in connection with the transactions contemplated hereby or by such Credit Document contains any untrue statement of material fact or omits to state a material fact necessary in order to make the statements contained herein or therein not misleading in light of the circumstances under which they were made.

9. Defaults.

9.1. Events of Default. The following events are referred to as "Events of Default":

9.1.1. Non-Payment. The Borrower shall fail to make any payment in respect of: (a) interest or any fee on or in respect of any of the Credit Obligations owed by it as the same shall become due and payable, and such failure shall continue for a period of five days, or (b) principal of any of the Credit Obligations owed by it as the same shall become due, whether at maturity or by acceleration or otherwise.

9.1.2. Breach of Designated Covenants. Any Restricted Company shall fail to perform or observe any of the provisions of Sections 7.5 through 7.12, 7.14, 7.17, 7.18 or 7.19.

9.1.3. Breach of Other Covenants. Any Restricted Company or any of its Affiliates party to any Credit Document shall fail to perform or observe any other covenant, agreement or provision to be performed or observed by it under this Agreement or any other Credit Document, and such failure shall not be rectified or cured to the reasonable satisfaction of the Required Lenders within 30 days after notice thereof by the Administrative Agent to the Company.

9.1.4. Misrepresentation. Any representation or warranty of or with respect to any Restricted Company or any of its Affiliates party to any Credit Document made to the Lenders in, pursuant to or in connection with this Agreement or any other Credit Document or in any financial statement, report, notice, mortgage, assignment or certificate delivered to the Agent or any of the Lenders by any Restricted Company or any other Obligor in connection herewith or therewith, shall be materially false or misleading on the date as of which it was made.

9.1.5. Cross-Default, etc.

(a) Holding, L.P., New Falcon I or any Restricted Company shall fail to make any payment when due (after giving effect to any applicable grace periods) in respect of any Material Financing Debt (including, in any event, the New Falcon I Debentures and the MONY Subordinated Debt);

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(b) Holding, L.P., New Falcon I or any Restricted Company shall fail to perform or observe the terms of any agreement relating to any Material Financing Debt, and such failure shall continue, without having been duly cured, waived or consented to, beyond the period of grace, if any, specified in such agreement, and such failure shall permit the acceleration of such Material Financing Debt;

(c) all or any part of any Material Financing Debt of Holding, L.P., New Falcon I or any Restricted Company shall be accelerated or become due or payable prior to its stated maturity for any reason whatsoever (other than voluntary prepayments or any mandatory prepayment not resulting from a Default thereof);

(d) any Lien on any property of Holding, L.P., New Falcon I or any Restricted Company securing any Material Financing Debt shall be enforced by foreclosure or similar action; or

(e) any holder of any Material Financing Debt shall exercise any right of rescission with respect to the issuance thereof, or put or repurchase rights against any Obligor with respect to such Material Financing Debt (other than any such rights that may be satisfied with "payment in kind" notes or other similar securities).

9.1.6. Change of Control, etc. Any of the following events shall occur:

(a) the Paul Allen Group shall cease to have the power, directly or indirectly, to vote or direct the voting of Equity Interests having at least 51% (determined on a fully diluted basis) of the ordinary voting power for the management of the Borrower;

(b) the Paul Allen Group shall cease to own of record and beneficially, directly or indirectly, Equity Interests of the Borrower representing at least 51% (determined on a fully diluted basis) of the economic interests therein (provided that such percentage shall be reduced to 25% after the consummation of an Initial Public Offering);

(c) a Specified Change of Control shall occur; or

(d) less than 100% of the outstanding Equity Interests of the Borrower shall be pledged to the Administrative Agent pursuant to the Pledge and Subordination Agreement or otherwise as security for the Credit Obligations.

9.1.7. Enforceability, etc. Any Credit Document shall cease, for any reason (other than the scheduled or other agreed termination thereof in accordance with its terms), to be in full force and effect; or any Restricted Company or any of its Affiliates party thereto shall so assert in a judicial or similar proceeding; or the security interests created by this Agreement and the other Credit Documents shall cease to be enforceable and of the same effect and priority purported to be created hereby, except to the extent expressly agreed by the Required Lenders.

9.1.8. Judgments, etc. A final judgment (a) which with other outstanding final judgments against the Restricted Companies, exceeds an aggregate of $10,000,000 (in excess of applicable insurance coverage) shall be rendered against any Restricted Company or its Affiliates party to any Credit Document, or (b) which grants injunctive relief that results in, or poses a material risk of resulting in, a Material Adverse Change, and if, within 30 days after entry thereof, such judgment shall

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not have been discharged or execution thereof stayed pending appeal, or if, within 30 days after the expiration of any such stay, such judgment shall not have been discharged.

9.1.9. Franchise Revocation, etc. Except as would not result in, or be reasonably likely to result in, a Material Adverse Change, Franchises covering a number of Subscribers greater than 25% of the Subscriber Measurement Base shall have been revoked, or terminated with a notice from the applicable franchising authority that such Franchises will not be renewed. As used in this Section 9.1.9, "Subscriber Measurement Base" refers to, at any date of determination, the total number of Subscribers of the Restricted Companies on the Restatement Effective Date adjusted upwards or downwards, as applicable, to reflect any additions to or subtractions from such number after the Restatement Effective Date and prior to such date of determination, other than as a result of the circumstances described in this Section.

9.1.10. ERISA. (a) ERISA Group Persons shall fail to pay when due amounts (other than amounts being contested in good faith through appropriate proceedings) for which they shall have become liable under Title IV of ERISA to pay to the PBGC or to a Plan, (b) the PBGC shall institute proceedings under Title IV of ERISA to terminate or to cause a trustee to be appointed to administer any Plan or a proceeding shall be instituted by a fiduciary of any Plan against any ERISA Group Person to enforce sections 515 or 4219(c)(5) of ERISA and such proceeding shall not have been dismissed within 30 days thereafter, or (c) a condition shall exist which would require the PBGC to obtain a decree adjudicating that any Plan must be terminated; and in each case in clauses (a) through (c) above, such event or condition, together with all other such events or conditions, if any, could, in the sole judgment of the Required Lenders, reasonably be expected to result in a Material Adverse Change.

9.1.11. Bankruptcy, etc. Any Restricted Company, New Falcon I, Holding, L. P., Holding, Inc. or any other Obligor shall:

(a) commence a voluntary case under the Bankruptcy Code or authorize, by appropriate proceedings of its board of directors or other governing body, the commencement of such a voluntary case;

(b) have filed against it a petition commencing an involuntary case under the Bankruptcy Code which shall not have been dismissed within 60 days after the date on which such petition is filed; or file an answer or other pleading within such 60-day period admitting or failing to deny the material allegations of such a petition or seeking, consenting to or acquiescing in the relief therein provided;

(c) have entered against it an order for relief in any involuntary case commenced under the Bankruptcy Code;

(d) seek relief as a debtor under any applicable law, other than the Bankruptcy Code of any jurisdiction relating to the liquidation or reorganization of debtors or to the modification or alteration of the rights of creditors, or consent to or acquiesce in such relief;

(e) have altered against it an order by a court of competent jurisdiction (i) finding it to be bankrupt or insolvent, (ii) ordering or approving its liquidation, reorganization or ally modification or alteration of the rights of its creditors or (iii) assuming custody of, or appointing a receiver or other custodian for, all or a substantial portion of its property; or

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(f) make an assignment for the benefit of, or enter into a composition with, its creditors, or appoint, or consent to the appointment of, or suffer to exist a receiver or other custodian for, all or a substantial portion of its property.

9.2. Certain Actions Following an Event of Default. If any one or more Events of Default shall occur and be continuing, then in each and every such case:

9.2.1. No Obligation to Extend Credit. The Administrative Agent may (and upon written request of such Lenders as own a majority of the Percentage Interests in the Revolving Loan shall) suspend or terminate the obligations of the Revolving Lenders to make any further extensions of credit under the Credit Documents by furnishing notice thereof to the Borrower. The Administrative Agent may (and upon written request of such Lenders as own a majority of the Percentage Interests in the Supplemental Restatement Revolving Loan shall) suspend or terminate the obligations of the Supplemental Restatement Revolving Lenders to make any further extensions of credit under the Credit Documents by furnishing notice thereof to the Borrower.

9.2.2. Specific Performance; Exercise of Rights. The Administrative Agent may (and upon written request of the Required Lenders shall) proceed to protect and enforce the Lenders' rights by suit in equity, action at law and/or other appropriate proceeding, either for specific performance of any covenant or condition contained in this Agreement or any other Credit Document or in any instrument or assignment delivered to the Lenders pursuant to this Agreement or any other Credit Document, or in aid of the exercise of any power granted in this Agreement or any other Credit Document or any such instrument or assignment.

9.2.3. Acceleration. The Administrative Agent on behalf of the Lenders may (and upon written request of the Required Lenders shall) by notice in writing to the Borrower declare all or any part of the unpaid balance of the Credit Obligations then outstanding to be immediately due and payable, and thereupon such unpaid balance or part thereof shall become so due and payable without presentation, protest or further demand or notice of any kind, all of which are hereby expressly waived; provided, however, that if a Bankruptcy Default shall have occurred, the unpaid balance of the Credit Obligations shall automatically become immediately due and payable.

9.2.4. Enforcement of Payment; Credit Security; Setoff. The Administrative Agent may (and upon written request of the Required Lenders shall) proceed to enforce payment of the Credit Obligations in such manner as it may elect (or have been instructed by the Required Lenders) and to realize upon any and all rights in any Credit Security. The Lenders may offset and apply toward the payment of the Credit Obligations (and/or toward the curing of any Event of Default) any Indebtedness from the Lenders to the respective Obligors, including any Indebtedness represented by deposits in any account maintained with the Lenders, regardless of the adequacy of any security for the Credit Obligations. The Lenders shall have no duty to determine the adequacy of any such security in connection with any such offset.

9.2.5. Cumulative Remedies. To the extent not prohibited by applicable law which cannot be waived, all of the Lenders' rights hereunder and under each other Credit Document shall be cumulative.

9.3. Annulment of Defaults. Any Default or Event of Default shall be deemed to exist and to be continuing for any purpose of this Agreement until the Required Lenders or the Administrative Agent (with the consent of the Required Lenders) shall have waived such Default or Event of Default in writing, stated in writing that the same has been cured to such Lenders' reasonable satisfaction or entered

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into an amendment to this Agreement which by its express terms cures such Default or Event of Default or until such Default or Event of Default is actually cured. No such action by the Lenders or the Administrative Agent shall extend to or affect any subsequent Default or Event of Default or impair any rights of the Lenders upon the occurrence thereof. The making of any extension of credit during the existence of any Default or Event of Default shall not constitute a waiver thereof.

9.4. Waivers. Each of the Restricted Companies waives to the extent not prohibited by the provisions of applicable law that cannot be waived:

(a) all presentments, demands for performance, notices of nonperformance (except to the extent required by the provisions of this Agreement or any other Credit Document), protests, notices of protest and notices of dishonor;

(b) any requirement of diligence or promptness on the part of any Lender in the enforcement of its rights under this Agreement, the Notes or any other Credit Document;

(c) any and all notices (other than notices required by any other provision of this Agreement) of every kind and description which may be required to be given by any statute or rule of law; and

(d) any defense (other than indefeasible payment in full or dispute of facts) which it may now or hereafter have with respect to its liability under this Agreement, the Notes or any other Credit Document or with respect to the Credit Obligations.

10. Expenses; Indemnity.

10.1. Expenses. Whether or not the transactions contemplated hereby shall be consummated, the Obligors jointly and severally will pay:

(a) all reasonable out-of-pocket expenses of the Administrative Agent (including reasonable fees and disbursements of the special counsel to the Administrative Agent) in connection with the preparation and duplication of this Agreement, each other Credit Document, examinations by, and reports of, commercial financial examiners selected by the Administrative Agent, the transactions contemplated hereby and thereby and operations and amendments hereunder and thereunder, subject to the acceptance of the Obligors, which acceptance shall not be unreasonably withheld;

(b) all recording and filing fees and transfer and documental stamp and similar taxes at any time payable in respect of this Agreement, any other Credit Document, any Credit Security or the incurrence of the Credit Obligations; and

(c) to the extent not prohibited by applicable law that cannot be waived, all other reasonable out-of-pocket costs and expenses (including a reasonable allowance for the hourly cost of attorneys employed by any of the Lenders on a salaried basis and any special counsel to the Lenders) incurred by the Lenders or the holder of any Credit Obligation in connection with the enforcement of any rights hereunder or under any other Credit Document, including such reasonable costs and expenses incurred after the occurrence of an Event of Default (i) in enforcing any Credit Obligation or in foreclosing against the Credit Security, or exercising or enforcing any other right or remedy available by reason of such Event of Default; (ii) in

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connection with any refinancing or restructuring of the credit arrangements provided under this Agreement or any other Credit Document in the nature of a workout or in any insolvency or bankruptcy proceeding; (iii) in commencing, defending or intervening in any litigation or in filing a petition, complaint, answer, motion or other pleadings in any legal proceeding; (iv) in taking any other action in or with respect to any suit or proceeding (bankruptcy or otherwise); and (v) in protecting, preserving, collecting, leasing, selling, taking possession of or liquidating any of the Credit Security; provided, however, that the foregoing indemnity in this paragraph (c) shall not apply (A) to litigation commenced by the Borrower against the Lenders which seeks enforcement of any of the rights of the Borrower hereunder or under any other Credit Document and is determined adversely to the Lenders in a final nonappealable judgment and (B) to the extent such claims, damages, liabilities and expenses result from a Lender's gross negligence or willful misconduct.

10.2. General Indemnity. The Obligors will, jointly and severally, indemnify the Lenders and hold them harmless from any claims, damages, liabilities, losses and reasonable expenses (including reasonable fees and disbursements of counsel with whom any Indemnified Party may consult in connection therewith and all reasonable expenses of litigation or preparation therefor) resulting from the violation by the Borrower of Section 2.5. The Obligors will also, jointly and severally, indemnify each Lender, each of the Lenders' directors, officers and employees, and each Person, if any, who controls any Lender (each Lender and each of such directors, officers, employees and control Persons is referred to as an "Indemnified Party") and hold each of them harmless from and against any and all claims, damages, liabilities, losses and reasonable expenses (including reasonable fees and disbursements of counsel with whom any Indemnified Party may consult in connection therewith and all reasonable expenses of litigation or preparation therefor) which any Indemnified Party may incur or which may be asserted against any Indemnified Party in connection with (a) the Indemnified Party's compliance with or contest of any subpoena or other process issued against it in any proceeding involving any Restricted Company or Affiliates, (b) any litigation or investigation involving the Restricted Companies or their Affiliates, or any officer, director or employee thereof, (c) the existence or exercise of any security rights with respect to the Credit Security in accordance with the Credit Documents or (d) this Agreement, any other Credit Document or any transactions contemplated hereby or thereby, other than (i) litigation commenced by the Borrower against the Lenders which seeks enforcement of any of the rights of the Borrower hereunder or under any other Credit Document and is determined adversely to the Lenders in a final nonappealable judgment and (ii) to the extent such claims, damages, liabilities, losses and expenses result from a Lender's gross negligence or willful misconduct.

11. Operations.

11.1. Interests in Credits. The Percentage Interest of each Lender in the Loan and each Lender's related Commitments shall be computed based on the maximum principal amount for each lender as set forth in the Register, as from time to time in effect.

11.2. Agents' Authority to Act, etc. Each of the Lenders appoints and authorizes the Agents (other than the Co-Agents) to act for the Lenders as the Lenders' Agents in connection with the transactions contemplated by this Agreement and the other Credit Documents or the terms set forth herein. In acting hereunder, each Agent (other than the Co-Agents) is acting for its own account to the extent of its Percentage Interest and for the account of each other Lender to the extent of the Lenders' respective Percentage Interests, and all action in connection with the enforcement of, or the exercise of any remedies (other than the Lenders' rights of set-off as provided in Section 9.2.4 or in any Credit Document) in respect of the Credit Obligations and Credit Documents shall be taken by the

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Administrative Agent. The Co-Agents shall have no duties or responsibilities under this Agreement or the other Credit Documents except to the extent subsequently expressly agreed in writing by the Co-Agents and the Borrower.

11.3. Borrower to Pay Agent, etc. The Borrower and each Guarantor shall be fully protected in making all payments in respect of the Credit Obligations to the Administrative Agent, in relying upon consents, modifications and amendments executed by the Administrative Agent purportedly on the Lenders' behalf, and in dealing with the Agents as herein provided. The Administrative Agent shall charge the account of the Borrower, on the dates when the amounts thereof become due and payable, with the amounts of the principal of and interest on the Loan, commitment fees and all other fees and amounts owing under any Credit Document. All payments of any Credit Obligation shall be made in United States Funds.

11.4. Lender Operations for Advances, etc.

11.4.1. Advances. On each Closing Date, each Lender shall advance to the Administrative Agent in immediately available funds such Lender's Percentage Interest in the portion of the Loan advanced on such Closing Date prior to noon (New York time). If such funds are not received at such time, but all the conditions set forth in Section 5 have been satisfied, each Lender authorizes and requests the Administrative Agent to advance for the Lender's account, pursuant to the terms hereof, the Lender's respective Percentage Interest in such portion of the Loan and agrees to reimburse the Administrative Agent in immediately available funds for the amount thereof prior to 2:00 p.m. (New York time) on the day any portion of the Loan is advanced hereunder; provided, however, that the Administrative Agent is not authorized to make any such advance for the account of any Lender who has previously notified the Administrative Agent in writing that such Lender will not be performing its obligations to make further advances hereunder.

11.4.2. Administrative Agent to Allocate Payments, etc. All payments of principal and interest in respect of the extensions of credit made pursuant to this Agreement, commitment fees and other fees under this Agreement shall, as a matter of convenience, be made by the Borrower and the Guarantors to the Administrative Agent in immediately available funds. The share of each Lender shall be credited to such Lender by the Administrative Agent in immediately available funds in such manner that the principal amount of the Credit Obligations to be paid shall be paid proportionately in accordance with the Lenders' respective Percentage Interests in such Credit Obligations. Under no circumstances shall any Lender be required to produce or present its Notes as evidence of its interests in the Credit Obligations in any action or proceeding relating to the Credit Obligations.

11.4.3. Delinquent Lenders; Nonperforming Lenders. In the event that any Lender fails to reimburse the Administrative Agent pursuant to Section 11.4.1 for the Percentage Interest of such Lender (a "Delinquent Lender") in any credit advanced by the Administrative Agent pursuant hereto, overdue amounts (the "Delinquent Payment") due from the Delinquent Lender to the Administrative Agent shall bear interest, payable by the Delinquent Lender on demand, at a per annum rate equal to (a) the Federal Funds Rate for the first three days overdue and (b) the sum of 2% plus the Federal Funds Rate for any longer period. Such interest shall be payable to the Administrative Agent for its own account for the period commending on the date the Delinquent Payment was due and ending on the date the Delinquent Lender reimburses the Administrative Agent on account of the Delinquent Payment (to the extent not paid by a Restricted Company as provided below) and the accrued interest thereon (the "Delinquency Period"), whether pursuant to the assignments referred to below or otherwise. Within five Banking Days after the request by the Administrative Agent, the Borrower will pay to the Administrative

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Agent the principal (but not the interest) portion of the Delinquent Payment. During the Delinquency Period, in order to make reimbursements for the Delinquent Payment and accrued interest thereon, the Delinquent Lender shall be deemed to have assigned to the Administrative Agent all payments made by the Borrower under Section 4 which would have thereafter otherwise been payable under the Credit Documents to the Delinquent Lender. During any other period in which any Lender is not performing its obligations to extend credit under Section 2 (a "Nonperforming Lender"), the Nonperforming Lender shall be deemed to have assigned to each Lender that is not a Nonperforming Lender (a "Performing Lender") all payments made by the Borrower under Section 4 which would have thereafter otherwise been payable under the Credit Documents to the Nonperforming Lender, and the Administrative Agent shall credit a portion of such payments to each Performing Lender in an amount equal to the Percentage Interest of such Performing Lender divided by one minus the Percentage Interest of the Nonperforming Lender until the respective portions of the Loan owed to all the Lenders are the same as the Percentage Interests of the Lenders immediately prior to the failure of the Nonperforming Lender to perform its obligations under Section 2. The foregoing provisions shall be in addition to any other remedies the Administrative Agent, the Performing Lenders or the Borrower may have under law or equity against the Delinquent Lender as a result of the Delinquent Payment or against the Nonperforming Lender as a result of its failure to perform its obligations under Section 2.

11.5. Sharing of Payments, etc. Each Lender agrees that (a) if by exercising any right of set-off or counterclaim or otherwise, it shall receive payment of a proportion of the aggregate amount of principal and interest due with respect to its Percentage Interest in the Loan which is greater than the proportion received by any other Lender in respect of the aggregate amount of principal and interest due with respect to the Percentage Interest in the Loan of such other Lender and (b) if such inequality shall continue for more than 10 days, the Lender receiving such proportionately greater payment shag purchase participations in the Percentage Interests in the Loan held by the other Lenders, and such other adjustments shall be made from time to time (including rescission of such purchases of participations in the event the unequal payment originally received is recovered from such Lender through bankruptcy proceedings or otherwise), as may be required so that all such payments of principal and interest with respect to the Loan held by the Lenders shall be shared by the Lenders pro rata in accordance with their respective Percentage Interests, provided, however, that this Section 11.5 shall not impair the right of any Lender to exercise any right of set-off or counterclaim it may have and to apply the amount subject to such exercise to the payment of Indebtedness of any Obligor other than such Obligor's Indebtedness with respect to the Loan. Each Obligor agrees, to the fullest extent permitted by applicable law, that any Credit Participant and any Lender purchasing a participation from another Lender pursuant to this Section 11.5 may exercise all rights of payment (including the right of set-off), and shall be obligated to share payments under this Section 11.5, with respect to its participation as fully as if such Credit Participant or such Lender were the direct creditor of the Obligors and a Lender hereunder in the amount of such participation.

11.6. Agent's Resignation or Removal. Any Agent may resign at any time by giving at least 60 days' prior written notice of its intention to do so to each of the other Lenders and the Borrower pending the appointment by the Borrower of a successor Agent reasonably satisfactory to the Required Lenders. If in the event of the resignation of any Agent, no successor Agent shall have been so appointed and shall have accepted such appointment within 45 days after the retiring Agent's giving of such notice of resignation, then the retiring Agent may with the consent of the Borrower, which shall not be unreasonably withheld, appoint a successor Agent which shall be a bank or a trust company organized, or having a branch that is licensed, under the laws of the United States of America or any state thereof and having a combined capital, surplus and undivided profit of at least $100,000,000; provided, however, that any successor Agent appointed under this sentence may be removed upon the written request of the Required Lenders, which request shall also appoint a successor Agent reasonably satisfactory to the Borrower. Any Agent may be removed upon the written request of such Lenders as own at least two thirds of the Percentage Interests, which request shall also appoint a successor Agent reasonably satisfactory to the Borrower. Upon the appointment of a new Agent hereunder, the term "Agent" shall for all purposes of this Agreement thereafter include such applicable successor Agent. Upon the resignation or removal of the Documentation Agent, the Administrative Agent shall take over the duties of the Documentation Agent. In the event of the resignation or removal of any Agent that is not a Specified Agent, no successor need be appointed. After any retiring Agent's resignation hereunder as Agent, or the removal hereunder of any Agent, the provisions of this Agreement shall continue to inure to the benefit of such Agent as to any actions taken or omitted to be taken by it while it was an Agent under this Agreement.

11.7. Concerning the Agents.

11.7.1. Action in Good Faith, etc. Each Agent and its officers, directors, employees and agents shall be under no liability to any of the Lenders or to any future holder of any interest in the Credit Obligations for any action or failure to act taken or suffered in good faith, and any action or failure to act in accordance with an opinion of its counsel shall conclusively be deemed to be in good faith; provided, however, that the foregoing shall not extend to actions or omissions which are taken by an Agent with gross negligence or willful misconduct. Each Agent shall in all cases be entitled to rely, and shall be fully protected in relying, on instructions given to the Agent by the required holders of Credit Obligations as provided in this Agreement.

11.7.2. No Implied Duties, etc. Each Agent shall have and may exercise such powers as are specifically delegated to the Agent under this Agreement or any other Credit Document together with all other powers incidental thereto. Each Agent shall have no implied duties to any Person or any obligation to take any action under this Agreement or any other Credit Document except for action specifically provided for in this Agreement or any other Credit Document to be taken by such Agent. Before taking any action under this Agreement or any other Credit Document, each Agent may request an appropriate specific indemnity satisfactory to it from each Lender in addition to the general indemnity provided for in Section 11.10. Until the Agent has received such specific indemnity, Agent shall not be obligated to take (although it may in its sole discretion take) any such action under this Agreement or any other Credit Document. Each Lender confirms that the Agents do not have a fiduciary relationship to it under the Credit Documents. Each of the Restricted Companies confirms that neither of the Agents nor any other Lender has a fiduciary relationship to it under the Credit Documents.

11.7.3. Validity, etc. Subject to Section 11.7.1, the Agents shall not be responsible to any Lender or any future holder of any interest in the Credit Obligations (a) for the legality, validity, enforceability or effectiveness of this Agreement or any other Credit Document, (b) for any recitals, reports, representations, warranties or statements contained in or made in connection with this Agreement or any other Credit Document, (c) for the existence or value of any assets included in any security for the Credit Obligations, (d) for the perfection or effectiveness of any Lien purported to be included in such security or (e) for the specification or failure to specify any particular assets to be included in such security.

11.7.4. Compliance. The Agents shall not be obligated to ascertain or inquire as to the performance or observance of any of the terms of this Agreement or any other Credit Document; and in connection with any extension of credit under this Agreement or any other Credit Document, the Agents shall be fully protected in relying on a certificate of the Borrower or any Guarantor as to the fulfillment

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by the Borrower of any conditions to such extension of credit.

11.7.5. Employment of Agents and Counsel. The Agents may execute any of their duties as Agent under this Agreement or any other Credit Document by or through employees, agents and attorney-in-fact and shall not be responsible to any of the Lenders, any Restricted Company or any other Obligor (except as to money or securities received by the Agent or the Agent's authorized agents) for the default or misconduct of any such agents or attorneys-in-fact selected by the Agent with reasonable care. The Agents shall be entitled to advice of counsel concerning all matters pertaining to the agency hereby created and its duties hereunder or under any other Credit Document.

11.7.6. Reliance on Documents and Counsel. Each Agent shall be entitled to rely, and shall be fully protected In relying, upon any affidavit, certificate, cablegram, consent, instrument, letter, notice, order, document, statement, telecopy, telegram, telex or teletype message or writing reasonably believed in good faith by the Agent to be genuine and correct and to have been signed, sent or made by the Person in question, including any telephonic or oral statement made by such Person, and, with respect to legal matters, upon the opinion of counsel selected by the Agent.

11.7.7. Agent's Reimbursement. Each of the Lenders severally agrees to reimburse the Agents in the amount of such Lender's Percentage Interest, for any reasonable expenses not reimbursed by the Borrower or the other Guarantors (without limiting the obligation of the Borrower or the other Guarantors to make such reimbursement): (a) for which the Agents are entitled to reimbursement by the Borrower or the other Guarantors under this Agreement or any other Credit Document, and (b) after the occurrence of a Default, for any other reasonable expenses incurred by the Agents on the Lenders' behalf in connection with the enforcement of the Lenders' rights under this Agreement or any other Credit Document; provided that the Agents shall not be reimbursed for any such expenses arising as a result of their gross negligence or willful misconduct.

11.8. Rights as a Lender. With respect to any credit extended by it hereunder, each of BankBoston, Toronto Dominion and the other financial institutions serving as Agents hereunder shall have the same rights, obligations and powers hereunder as any other Lender and may exercise such rights and powers as though it were not an Agent, and unless the context otherwise specifies, each of BankBoston, Toronto Dominion and such other financial institutions shall be treated in its individual capacity as though it were not an Agent hereunder. Without limiting the generality of the foregoing, the Percentage Interest of BankBoston, Toronto Dominion and such other financial institutions shall be included in any computations of Percentage Interests. BankBoston, Toronto Dominion, such other financial institutions and their Affiliates may accept deposits from, lend money to, act as trustee for and generally engage in any kind of banking or trust business with the Restricted Companies or any Affiliate Of any of them and any Person who may do business with or own an Equity Interest in the Restricted Companies or any Affiliate of any of them, all as if BankBoston, Toronto Dominion or such other financial institutions were not an Agent and without any duty to account therefor to the other Lenders.

11.9. Independent Credit Decision. Each of the Lenders acknowledges that it has independently and without reliance upon the Agents, based on the financial statements and other documents referred to in Section 8.2, on the other representations and warranties contained herein and on such other information with respect to the Restricted Companies as such Lender deemed appropriate, made such Lender's own credit analysis and decision to enter into this Agreement and to make the extensions of credit provided for hereunder. Each Lender represents to the Agents that such Lender will continue to make its own independent credit and other decisions in taking or not taking action under this Agreement or any other Credit Document. Each Lender expressly acknowledges that neither the Agents

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nor any of their officers, directors, employees, agents, attorneys-in-fact or Affiliates has made any representations or warranties to such Lender, and no act by the Agents taken under this Agreement or any other Credit Document; including any review of the affairs of the Restricted Companies, shall be deemed to constitute any representation or warranty by the Agents. Except for notices, reports and other documents expressly required to be furnished to each Lender by the Agents under this Agreement or any other Credit Document, the Agents shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, operations, property, condition, financial or otherwise, or credit worthiness of any Restricted Company which may come into the possession of the Agents or any of their officers, directors, employees, agents, attorneys-in-fact or Affiliates.

11.10. Indemnification. The holders of the Credit Obligations agree to indemnify the Agents (to the extent not reimbursed by the Obligors and without limiting the obligation of any of the Obligors to do so), pro rata according to their respective aggregate Percentage Interests, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits and reasonable costs, expenses or disbursements of any kind whatsoever which may at any time be imposed on, incurred by or asserted against the Agents in their capacity as Agents hereunder relating to or arising out of this Agreement, any other Credit Document, the transactions contemplated hereby or thereby, or any action taken or omitted by the Agents in connection with any of the foregoing; provided, however, that the foregoing shall not extend to (a) litigation commenced by the holders of the Credit Obligations against the Agents which seeks enforcement of any of the rights of such holders hereunder or under any other Credit Document and is determined adversely to the Agents in a final nonappealable judgment or (b) actions or omissions which are taken by the Agents with gross negligence or willful misconduct.

12. Successors and Assigns; Lender Assignments and Participations. Any reference in this Agreement to any of the parties hereto shall be deemed to include the successors and assigns of such party, and all covenants and agreements by or on behalf of the Borrower, the other Guarantors, the Agents or the Lenders that are contained in this Agreement or any other Credit Document shall bind and inure to the benefit of their respective successors and assigns; provided, however, that (a) the Restricted Companies may not assign their rights or obligations under this Agreement except for mergers or liquidations permitted by Section 7.11.2, and (b) the Lenders shall be not entitled to assign their respective Percentage Interests in the Loan hereunder except as set forth below in this Section 12.

12.1. Assignments by Lenders.

12.1.1. Assignees and Assignment Procedures. Each Lender may (a) without the consent of the Administrative Agent or the Borrower if the proposed assignee is already a Lender hereunder, a Related Fund, Affiliate or a Subsidiary of the same corporate parent of which the assigning Lender or any other Lender is a Subsidiary, or (b) otherwise with the consents of the Administrative Agent and (so long as no Event of Default has occurred and is continuing) the Borrower (which consents will not be unreasonably withheld) in compliance with applicable laws in connection with such assignment, assign to one or more commercial banks or other financial institutions or other entity reasonably acceptable to the Borrower (each, an "Assignee") all or a portion of its interests, rights and obligations under this Agreement and the other Credit Documents, including all or a portion of its Commitment, the portion of the Loan at the time owing to it and the Notes held by it; provided, however, that:

(i) the aggregate amount of the Commitment of the assigning Lender subject to each assignment described in clause (b) above (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agents shall be

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not less than $5,000,000 and in increments of $1,000,000 (or, if smaller, the entire Commitment of such assigning Lender); and

(ii) the parties to each such assignment shall execute and deliver to the Administrative Agent an Assignment and Acceptance (the "Assignment and Acceptance") substantially in the form of Exhibit 12.1.1, together with the Note or Notes subject to such assignment and, in the case of an assignment described in clause (b) above, a processing and recordation fee of $3,500.

Upon acceptance and recording pursuant to Section 12.1.4, from and after the effective date specified in each Assignment and Acceptance (which effective date shall be at least five Banking Days after the execution thereof unless waived by the Administrative Agent):

(1) the Assignee shall be a party hereto and, to the extent provided in such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement and

(2) the assigning Lender shall, to the extent provided in such assignment, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 3.2.4, 3.4, 3.5, 3.6 and 10, as well as to any fees accrued for its account hereunder and not yet paid).

12.1.2. Terms of Assignment and Acceptance. By executing and delivering an Assignment and Acceptance, the assigning Lender and Assignee shall be deemed to confirm to and agree with each other and the other parties hereto as follows:

(a) other than the representation and warranty that it is the legal and beneficial owner of the interest being assigned thereby free and clear of any adverse claim, such assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement, any other Credit Document or any other instrument or document furnished pursuant hereto;

(b) such assigning Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Restricted Companies or the performance or observance by the Borrower or any Guarantor of any of its obligations under this Agreement, any other Credit Document or any other instrument or document furnished pursuant hereto;

(c) such Assignee confirms that it has received a copy of this Agreement, together with copies of the most recent financial statements delivered pursuant to Section 8.2 and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance;

(d) such Assignee will independently and without reliance upon the Agents, such assigning Lender or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement;

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(e) such Assignee appoints and authorizes the Agents to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Agents by the terms hereof, together with such powers as are reasonably incidental thereto; and

(f) such Assignee agrees that it will perform in accordance with the terns of this Agreement all the obligations which are required to be performed by it as a Lender.

12.1.3. Register. The Administrative Agent shall maintain at the Houston Office a register (the "Register") for the recordation of (a) the names and addresses of the Lenders and the Assignees which assume rights and obligations pursuant to an assignment under Section 12.1.1, (b) the Percentage Interest of each such Lender as set forth in Section 11.1 and (c) the amount of the Loan owing to each Lender from time to time. The entries in the Register shall be conclusive, in the absence of manifest error, and the Borrower, the Agents and the Lenders may treat each Person whose name is registered thrown for the purposes as a party to this Agreement. The Register shall be available for inspection by the Borrower or any Lender at any reasonable time and from time to time upon reasonable prior notice.

12.1.4. Acceptance of Assignment and Assumption. Upon its receipt of a completed Assignment and Acceptance executed by an assigning Lender and an Assignee together with the Note or Notes subject to such assignment, and the processing and recordation fee referred to in Section 12.1.1, the Administrative Agent shall (a) accept such Assignment and Acceptance, (b) record the information contained therein in the Register and (c) give prompt notice thereof to the Borrower. Within five Banking Days after receipt of notice, the Borrower, at its own expense, shall execute and deliver to the Administrative Agent, in exchange for the surrendered Note or Notes, a new Note or Notes to the order of such Assignee in a principal amount equal to the applicable Commitment and Loan assumed by it pursuant to such Assignment and Acceptance and, if the assigning Lender has retained a Commitment and Loan, a new Note to the order of such assigning Lender in a principal amount equal to the applicable Commitment and Loan retained by it. Such new Note or Notes shall be in an aggregate principal amount equal to the aggregate principal amount of such surrendered Note or Notes, and shall be dated the date of the surrendered Notes which they replace.

12.1.5. Pledges. Notwithstanding the foregoing provisions of this Section 12, any Lender may at any time pledge or assign all or any portion of such Lender's rights under this Agreement and the other Credit Documents to any representative of its creditors (including a Federal Reserve Bank); provided, however, that no such pledge or assignment shall release such Lender from such Lender's obligations hereunder or under any other Credit Document.

12.1.6. Further Assurances. The Restricted Companies shall sign such documents and take such other actions from time to time reasonably requested by an Assignee to enable it to share in the benefits of the rights created by the Credit Documents.

12.2. Credit Participants. Each Lender may, without the consent of the Borrower or any Agent, in compliance with applicable laws in connection with such participation, sell to one or more Qualified Institutional Buyers (each a "Credit Participant") participations in all or a portion of its interests, rights and obligations under this Agreement and the other Credit Documents (including all or a portion of its Commitment and the Loan owing to it and the Notes held by it); provided, however, that:

(a) such Lender's obligations under this Agreement shall remain unchanged;

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(b) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations;

(c) the Credit Participant shall be entitled to the benefit of the cost protection provisions contained in Sections 3.2.4, 3.4, 3.5, 3.6 and 10, but shall not be entitled to receive any greater payment thereunder than the selling Lender would have been entitled to receive with respect to the interest so sold if such interest had not been sold; and

(d) the Borrower, the Agents and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement, and such Lender shall retain the sole right to enforce the obligations of the Borrower relating to the Loan and to approve any amendment, modification or waiver of any provision of this Agreement (other than amendments, modifications or waivers with respect to any fees payable hereunder or the amount of principal of or the rate at which interest is payable on the Loan, or the final maturity date of any portion of the Loan).

12.3. Replacement of Lender. In the event that any Lender or, to the extent applicable, any Credit Participant (the "Affected Lender"):

(a) fails to perform its obligations to fund any portion of the Loan on any Closing Date when required to do so by the terms of the Credit Documents, or fails to provide its portion of any Eurodollar Pricing Option on account of a Legal Requirement as contemplated by Section 3.2.5 or the unavailability of Eurodollar deposits as contemplated by the last sentence of Section 3.2.1;

(b) demands payment under the Tax provisions of Section 3.4, the capital adequacy provisions of Section 3.5 or the regulatory change provisions in Section 3.6 in an amount the Restricted Companies deem materially in excess of the amounts with respect thereto demanded by the other Lenders; or

(c) refuses to consent to a proposed amendment, modification, waiver or other action that is consented to by Lenders holding at least 80% of the Percentage Interests the consent of which is requested in connection with the proposed amendment, modification, waiver or other action;

then, so long as no Event of Default exists, the Restricted Companies shall have the right to seek a replacement lender or lenders reasonably satisfactory to the Administrative Agent (the "Replacement Lender"). The Replacement Lender shall purchase the interests of the Affected Lender in the Loan and its Commitment and shall assume the obligations of the Affected Lender hereunder and under the other Credit Documents upon execution by the Replacement Lender of an Assignment and Acceptance and the tender by it to the Affected Lender of a purchase price agreed between it and the Affected Lender (or, if they are unable to agree, a purchase price in the amount of the Affected Lender's Percentage Interest in the Loan and all other outstanding Credit Obligations then owed to the Affected Lender). Such assignment by the Affected Lender shall be deemed an early termination of any Eurodollar Pricing Option to the extent of the Affected Lender's portion thereof, and the Restricted Companies will pay to the Affected Lender any resulting amounts due under Section 3.2.4. Upon consummation of such assignment, the Replacement Lender shall become party to this Agreement as a signatory hereto and shall have all the rights and obligations of the Affected Lender under this Agreement and the other Credit Documents with a Percentage Interest equal to the Percentage Interest of the Affected Lender, the

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Affected Lender shall be released from its obligations hereunder and under the other Credit Documents, and no further consent or action by any party shall be required. Upon the consummation of such assignment, the Restricted Companies, the Agent and the Affected Lender shall make appropriate arrangements so that new Notes are issued to the Replacement Lender. The Restricted Companies shall sign such documents and take such other actions reasonably requested by the Replacement Lender to enable it to share in the benefits of the rights created by the Credit Documents Until the consummation of an assignment in accordance with the foregoing provisions of this Section 12.3, the Restricted Companies shall continue to pay to the Affected Lender (or to the Administrative Agent for the account of the Affected Lender, as applicable) any Credit Obligations as they become due and payable.

13. Confidentiality. Each Lender agrees that it will make no disclosure of confidential information furnished to it by any Restricted Company unless such information shall have become public, except:

(a) in connection with operations under or the enforcement of this Agreement or any other Credit Document;

(b) pursuant to any statutory or regulatory requirement or any mandatory court order, subpoena or other legal process;

(c) to any parent or corporate Affiliate of such Lender or to any Credit Participant, proposed Credit Participant or proposed Assignee; provided, however, that any such Person shall agree to comply with the restrictions set forth in this Section 13 with respect to such information;

(d) to its independent counsel, auditors and other professional advisors with an instruction to such Person to keep such information confidential; and

(e) to any direct or indirect contractual counterparty in swap agreements with the same professional advisor as the Lender or such contractual counterparty's professional advisor (so long as such contractual counterparty or professional advisor agrees to be bound by the provisions of this Section 13); and

(f) with the prior written consent of the Borrower, to any other Person.

14. Foreign Lenders. If any Lender is not created or organized in, or under the laws of, the United States of America or any state thereof, such Lender, to the extent it may legally do so, shall deliver to the Borrower and the Administrative Agent the forms described in one of the following two clauses:

(a) two fully completed and duly executed United States Internal Revenue Service Forms 1001 or 4224 or any successor forms, as the case may be, certifying that such Lender is entitled to receive payments of the Credit Obligations payable to it without deduction or withholding of any United States federal income taxes; or

(b) a statement, executed by such Lender under penalty of perjury, certifying that such Lender is not a "bank" within the meaning of section 881(c)(3)(A) of the Code and two fully completed and duly executed United States Internal Revenue Service Forms W-8 or any successor forms certifying that such Lender is not a "United States person" within the meaning of section 7701(a)(30) of the Code.

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Each Lender that delivers any form or statement pursuant to this Section 14 further undertakes to renew such forms and statements by delivering to the Borrower and the Administrative Agent any updated forms, successor forms or other certification, as the case may be, on or before the date that any form or statement previously delivered pursuant to this Section 14 expires or becomes obsolete or after the occurrence of any event requiring a change in such most recent form or statement. If at any time the Borrower and the Administrative Agent have not received all forms and statements (including any renewals thereof) required to be provided by any Lender pursuant to this Section 14, Section 3.4 shall not apply with respect to any amount of United States federal income taxes required to be withheld from payments of the Credit Obligations to such Lender.

15. Notices. Except as otherwise specified in this Agreement, any notice required to be given pursuant to this Agreement shall be given in writing. Any notice, demand or other communication in connection with this Agreement shall be deemed to be given if given in writing (including telecopy or similar teletransmission) addressed as provided below (or to the addressee at such other address as the addressee shall have specified by notice actually received by the addressor), and if either (a) actually delivered in fully legible form to such address or (b) in the case of a letter, five days shall have elapsed after the same shall have been deposited in the United States mails, with first-class postage prepaid and registered or certified.

If to any Restricted Company, to it at its address set forth in Exhibit 8.1 (as supplemented pursuant to Sections 7.4.1 and 7.4.2), to the attention of the chief financial officer.

If to any Lender, to it at its address as notified to the Administrative Agent, with copies to the Administrative Agent.

16. Limited Recourse Against Partners. The remedies of the holders of the Credit Obligations, including any remedy which could be exercised upon the occurrence of an Event of Default, shall be limited to the extent that none of the partners, members or shareholders of any Obligor shall have any personal liability as a general partner or limited partner of any Obligor with respect to the Credit Obligations, and in no event shall any such partner be personally liable as a general partner or limited partner for any deficiency judgment for any Credit Obligation; provided, however, that the provisions of this Section 16 shall not impair the ability of any holder of any Credit Obligation (a) to realize on the assets of any Obligor or any of its Subsidiaries or on any other security, including any personal property or Capital Stock pledged to secure the Credit Obligations or (b) to pursue any remedy against any guarantor of the Credit Obligations or (c) to recover any Distribution made in violation of Section 7.10.

17. Amendments, Consents, Waivers, etc.

17.1. Lender Consents for Amendments. Except as otherwise set forth herein, the Administrative Agent may (and upon the written request of the Required Lenders the Administrative Agent shall) take or refrain from taking any action under this Agreement or any other Credit Document, including giving its written consent to any modification of or amendment to and waiving in writing compliance with any covenant or condition in this Agreement or any other Credit Document (other than an Interest Rate Protection Agreement) or any Default or Event of Default, all of which actions shall be binding upon all of the Lenders; provided, however, that:

(a) Except as provided below, without the written consent of the Lenders owning at least a majority of the Aggregate Percentage Interests (disregarding the Percentage Interest of any

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Delinquent Lender during the existence of a Delinquency Period or of any Nonperforming Lender so long as such Lender is treated equally with the other Lenders with respect to any actions enumerated below), no written modification of, amendment to, consent with respect to, waiver of compliance with or waiver of a Default under, any of the Credit Documents (other than an Interest Rate Protection Agreement) shall be made.

(b) Without the written consent of such Lenders as own 100% of the Percentage Interests (disregarding the Percentage Interest of any Delinquent Lender during the existence of a Delinquency Period or of any Nonperforming Lender so long as such Lender is treated equally with the other Lenders with respect to any actions enumerated below):

(i) No release of all or substantially all of the Credit Security or release of the Borrower or any material Guarantor shall be made (in any event, without the written consent of the Lenders, the Administrative Agent may release particular items of Credit Security or particular Guarantors whose equity has been sold in dispositions permitted by Section 7.11, as modified by amendments thereto approved by the Required Lenders, and may release all Credit Security pursuant to Section 18.1 upon payment in full of the Credit Obligations and termination of the Commitments).

(ii) No alteration shall be made of the Lenders' rights of set-off contained in Section 9.2.4.

(iii) No amendment to or modification of this Section 17.1 or the definition of "Required Lenders" shall be made.

(c) Without the written consent of each Lender that is directly affected thereby and of such Lenders as own at least a majority of the Percentage Interests (disregarding the Percentage Interest of any Delinquent Lender during the existence of a Delinquency Period of or any Nonperforming Lender so long as such Lender is treated equally with the other Lenders with respect to any actions enumerated below):

(i) No reduction shall be made in (A) the amount of principal of the Loan owing to such Lender or (B) the interest rate on or fees with respect to the portion of the Loan owing to such Lender (other than amendments and waivers approved by the Required Lenders that modify defined terms used in calculating the Applicable Margin or Consolidated Excess Cash Flow or that waive an increase in the Applicable Rate as a result of an Event of Default).

(ii) No change shall be made in the stated, scheduled time of payment of any portion of the Loan owing to such Lender under Sections 4.1 or 4.2 or interest thereon or fees relating to any of the foregoing payable to such Lender, and no waiver shall be made of any Default under Section 9.1.1 with respect to such Lender (other than amendments and waivers approved by the Required Lenders that modify defined terms used in calculating the Applicable Margin or Consolidated Excess Cash Flow).

(iii) No increase shall be made in the amount, or extension of the term, of the stated Commitments of such Lender beyond that provided for under Section 2.

(d) Without the written consent of such Lenders owning at least a majority of the

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Percentage Interests in a particular Tranche (disregarding the Percentage Interest of any Delinquent Lender during the existence of a Delinquency Period or of any Nonperforming Lender so long as such Lender is treated equally with the other Lenders with respect to any actions enumerated below) voting as a separate class, no change may be made in the time of payment of any portion of such Tranche under Sections 4.3, 4.4 or 4.5 or in the allocation of mandatory prepayments under Sections 4.3, 4.4 or 4.5 between the respective Tranches.

(e) Without the written consent of the Administrative Agent or the Documentation Agent, as the case may be, no amendment or modification of any Credit Document shall affect the rights or duties of the Administrative Agent or the Documentation Agent, as the case may be, under the Credit Documents.

17.2. Course of Dealing; No Implied Waivers. No course of dealing between any Lender, on the one hand, and any Restricted Company or its Affiliates, on the other hand, shall operate as a waiver of any of the Lenders' rights under this Agreement or any other Credit Document or with respect to the Credit Obligations. In particular, no delay or omission on the part of any Lender or any Agent in exercising any right under this Agreement or any other Credit Document or with respect to the Credit Obligations shall operate as a waiver of such right or any other right hereunder or thereunder. A waiver on any one occasion shall not be construed as a bar to or waiver of any right or remedy on any future occasion. No waiver, consent or amendment with respect to this Agreement or any other Credit Document shall be binding unless it is in writing and signed by the Administrative Agent or the Required Lenders, as appropriate.

18. General Provisions.

18.1. Defeasance. When all Credit Obligations have been paid, performed and reasonably determined by the Agent to have been indefeasibly discharged in full, and if at the time no Lender continues to be committed to extend any credit to the Company hereunder or under any other Credit Document, this Agreement and the other Credit Documents shall terminate and, at the Company's written request, accompanied by such certificates and other items as the Agent shall reasonably deem necessary, any Credit Security shall revert to the Obligors and the right, title and interest of the Administrative Agent and the Lenders therein shall terminate. Thereupon, on the Obligors' demand and at their cost and expense, the Agent shall execute proper instruments, acknowledging satisfaction of and discharging this Agreement and the other Credit Documents, and shall redeliver to the Obligors any Credit Security then in its possession; provided, however, that Sections 3.2.4, 3.5, 10, 11.7.7, 11.10, 12 and 18 shall survive the termination of this Agreement.

18.2. No Strict Construction. The parties have participated jointly in the negotiation and drafting of this Agreement and the other Credit Documents with counsel sophisticated in financing transactions. In the event an ambiguity or question of intent or interpretation arises, this Agreement and the other Credit Documents shall be construed as if drafted jointly by the parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Agreement and the other Credit Documents.

18.3. Certain Obligor Acknowledgments. Each of the Restricted Companies and the other Obligors acknowledges that:

(a) it has been advised by counsel in the negotiation, execution and delivery of this Agreement and the other Credit Documents;

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(b) neither the Agents nor any Lender has any fiduciary relationship with or duty to the Obligors arising out of or in connection with this Agreement or any other Credit Document, and the relationship between the Agents and Lenders, on one hand, and the Restricted Companies and the Obligors, on the other hand, in connection herewith or therewith is solely that of debtor and creditor, and

(c) no joint venture is created hereby or by the other Credit Documents or otherwise exists by virtue of the transactions contemplated hereby or thereby among the Obligors, the Restricted Companies and the Lenders.

18.4. Venue; Service of Process; Certain Waivers. Each of the Restricted Companies, the other Obligors, the Agents and the Lenders:

(a) Irrevocably submits to the nonexclusive jurisdiction of the state courts of the State of New York and to the nonexclusive jurisdiction of the United States District Court for the Southern District of New York for the purpose of any suit, action or other proceeding arising out of or based upon this Agreement or any other Credit Document or the subject matter hereof or thereof;

(b) Waives to the extent not prohibited by applicable law that cannot be waived, and agrees not to assert, by way of motion, as a defense or otherwise, in any such proceeding brought in any of the above-named courts, any claim that it is not subject personally to the jurisdiction of such court, that its property is exempt or immune from attachment or execution, that such proceeding is brought in an inconvenient forum, that the venue of such proceeding is improper, or that this Agreement or any other Credit Document, or the subject matter hereof or thereof, may not be enforced in or by such court;

(c) Agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to such Restricted Company at its address referred to in Section 15; and

(d) Waives to the extent not prohibited by applicable law that cannot be waived any right it may have to claim or recover in any such proceeding any special, exemplary, punitive or consequential damages.

18.5. WAIVER OF JURY TRIAL. TO THE EXTENT NOT PROHIBITED BY APPLICABLE LAW THAT CANNOT BE WAIVED, EACH OF THE RESTRICTED COMPANIES, THE OTHER OBLIGORS, THE AGENTS AND THE LENDERS WAIVES, AND COVENANTS THAT IT WILL NOT ASSERT (WHETHER AS PLAINTIFF, DEFENDANT OR OTHERWISE), ANY RIGHT TO TRIAL BY JURY IN ANY FORUM IN RESPECT OF ANY ISSUE, CLAIM OR PROCEEDING ARISING OUT OF THIS AGREEMENT OR ANY OTHER CREDIT DOCUMENT OR THE SUBJECT MATTER HEREOF OR THEREOF OR ANY CREDIT OBLIGATION OR IN ANY WAY CONNECTED WITH THE DEALINGS OF THE LENDERS, THE AGENTS, THE RESTRICTED COMPANIES OR ANY OTHER OBLIGOR IN CONNECTION WITH ANY OF TO ABOVE, IN EACH CASE WITHER NOW EXISTING OR HEREAFTER ARISING AND WHETHER IN CONTRACT, TORT OR OTHERWISE. Each of the Restricted Companies and the other Obligors acknowledges that it has been informed by the Administrative Agent that the foregoing sentence constitutes a material inducement upon which each of the Lenders has relied and will rely in entering

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into this Agreement and any other Credit Document. Any Lender, the Agents, the Borrower or any other Obligor may file an original counterpart or a copy of this Agreement with any court as written evidence of the consent of the Restricted Companies, the other Obligors, the Agents and the Lenders to the waiver of their rights to trial by jury.

18.6. Interpretation; Governing Law; etc. Time is (and shall be) of the essence in this Agreement and the other Credit Documents. All covenants, agreements, representations and warranties made in this Agreement or any other Credit Document or in certificates delivered pursuant hereto or thereto shall be deemed to have been relied on by each Lender, notwithstanding any investigation made by any Lender on its behalf, and shall survive the execution and delivery to the Lenders hereof and thereof. The invalidity or unenforceability of any provision hereof shall not affect the validity or enforceability of any other provision hereof, and any invalid or unenforceable provision shall be modified so as to be enforced to the maximum extent of its validity or enforceability. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof. This Agreement and the other Credit Documents constitute the entire understanding of the parties with respect to the subject matter hereof and thereof and supersede all prior and contemporaneous understandings and agreements, whether written or oral. This Agreement may be executed in any number of counterparts which together shall constitute one instrument. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

18.7. Amendment and Restatement of Pledge and Subordination Agreement. The parties hereto hereby consent to the amendment and restatement of the Pledge and Subordination Agreement in the form attached as Exhibit 18.7.

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Each of the undersigned has caused this Agreement to be executed and delivered by its duly authorized officer as an agreement under seal as of the date first above written.

FALCON CABLE MEDIA, A CALIFORNIA
LIMITED PARTNERSHIP
FALCON CABLE SYSTEMS COMPANY II, L.P.
FALCON CABLEVISION, A CALIFORNIA
LIMITED PARTNERSHIP
FALCON COMMUNITY CABLE, L.P.
FALCON COMMUNITY VENTURES I
LIMITED PARTNERSHIP
FALCON TELECABLE, A CALIFORNIA
LIMITED PARTNERSHIP
FALCON COMMUNITY INVESTORS, L.P.
FALCON INVESTORS GROUP, LTD., A
CALIFORNIA LIMITED PARTNERSHIP
FALCON MEDIA INVESTORS GROUP, A
CALIFORNIA LIMITED PARTNERSHIP
FALCON TELECABLE INVESTORS GROUP,
A CALIFORNIA LIMITED PARTNERSHIP
FALCON TELECOM, L.P.

By FALCON HOLDING GROUP, INC.,
as general partner,
or general partner of the
general partner, of each
of the foregoing Restricted
Companies

By ______________________________
Title:

FALCON FIRST, INC.

By ____
Title:

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FALCON CABLE COMMUNICATIONS, LLC

By FALCON HOLDING GROUP, INC., as general partner of the managing general partner of its sole member

By ______________________________________
Title:

ATHENS CABLEVISION, INC.
AUSABLE CABLE TV, INC.
CEDAR BLUFF CABLEVISION, INC.
DALTON CABLEVISION, INC.
EASTERN MISSISSIPPI CABLEVISION, INC.
FALCON FIRST CABLE OF NEW YORK, INC.
FALCON FIRST CABLE OF THE SOUTHEAST, INC.
FALCON FIRST HOLDINGS, INC.
FF CABLE HOLDINGS, INC.
LAUDERDALE CABLEVISION, INC.
MULTIVISION NORTHEAST, INC.
MULTIVISION OF COMMERCE, INC.
PLATTSBURG CABLEVISION, INC.
SCOTTSBORO CABLEVISION, INC.
SCOTTSBORO TV CABLE, INC.

By ______________________________________
As an authorized officer of each of the foregoing corporations

TORONTO DOMINION (TEXAS), INC., as Administrative Agent

By ______________________________________
Title:

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EXHIBIT 10.38

GOLDMAN SACHS CREDIT PARTNERS L.P.

C/O GOLDMAN, SACHS & CO.
85 BROAD STREET
NEW YORK, NEW YORK 10004

COMMITMENT LETTER

PERSONAL AND CONFIDENTIAL

October 15, 1999

Mr. Kent Kalkwarf
Chief Financial Officer
Charter Communications, Inc.
12444 Powerscourt Drive
St. Louis, Missouri 63131

Ladies and Gentlemen:

We are pleased to confirm the arrangements under which Goldman Sachs Credit Partners L.P. ("GSCP" or the "ADMINISTRATIVE AGENT") is exclusively authorized by Charter Communications, Inc. ("CHARTER") to act as the sole arranger and sole syndication agent in connection with the bridge loans described herein, and, together with any other entities that become lenders in accordance with the syndication arrangements set forth below (collectively with the Administrative Agent, the "LENDERS"), commits (severally and not jointly) to provide the bridge loans described herein, in each case on the terms and subject to the conditions set forth in this letter, the attached Annex A and Annex B (together, the "COMMITMENT LETTER") and the Fee Letter (as defined below).

We understand that Charter has signed an agreement (the "ACQUISITION AGREEMENT") to acquire (the "ACQUISITION") all of the outstanding partnership interests in Falcon Communications, L.P. (together with its successor by merger, "FALCON") from Falcon Holding Group, L.P. and certain of its affiliates. Furthermore, you have advised us that following the Acquisition, Falcon may require funds on an interim basis, in the form of bridge loans, to repurchase certain of its outstanding bonds pursuant to certain mandatory repurchase offers triggered by the Acquisition. Falcon intends to repay borrowings under these bridge loans through an offering of Debt Securities (as defined) pursuant to the terms of the Engagement Letter referred to below (the "PERMANENT DEBT SECURITIES").

1. Commitment. GSCP is pleased to confirm its commitment (the "COMMITMENT") to provide Falcon $750 million in aggregate principal amount of Senior Increasing Rate Bridge Loans (the "BRIDGE LOANS"), or such lesser amount as Falcon may specify, having the terms set forth on Annex B on the terms and subject to the conditions contained in this Commitment Letter. Each Lender's Commitment is subject to the conditions set forth in this Commitment Letter, including without limitation the conditions precedent set forth in Annex B hereto, and to

the negotiation, execution and delivery of definitive documentation, including, without limitation, a bridge loan agreement (the "BRIDGE LOAN AGREEMENT"), consistent with the terms of Annex B hereto and satisfactory to each of Falcon, the Lenders and their counsel and the satisfaction of the terms, conditions and covenants contained therein. The terms of this Commitment Letter are intended as an outline of certain of the material terms of the Bridge Loans, but do not include all of the terms, conditions, covenants, representations, warranties, default clauses and other provisions that will be contained in the Bridge Loan Agreement.

2. Fees and Expenses. The fees for these services are set forth in a separate letter (the "FEE LETTER"), entered into by the Lenders and Charter. In addition, pursuant to an engagement letter (the "ENGAGEMENT Letter"), dated as of the date hereof, between Charter and Goldman, Sachs & Co. ("GOLDMAN SACHS"), Charter has offered Goldman Sachs the right to act as sole book-running and sole lead placement agent, sole book-running and sole lead purchaser or sole book-running and sole lead underwriter in connection with the sale of the Permanent Debt Securities.

3. Syndication. The Administrative Agent intends and reserves the right to syndicate the Commitments and/or the Bridge Loans to other Lenders. The Administrative Agent will lead the syndication, including determining the timing of all offers to potential Lenders and the acceptance of commitments, any title of agent or similar designations awarded to Lenders, the amounts offered and the compensation provided to each Lender from the amounts to be paid to the Administrative Agent pursuant to the terms of this Commitment Letter and the Fee Letter. The Administrative Agent will determine the identity of the Lenders and the final commitment allocations subject to the consent of Charter, which will not be unreasonably withheld, and will notify Charter of such determinations. Pursuant to the syndication process described herein, the rights and obligations of each Lender, including the right and obligation to make any Bridge Loan, may (with the consent of the Administrative Agent, in its sole discretion, and subject to the consent of Charter in the case of transfers to non-affiliates, which consent will not be unreasonably withheld) be assigned by such Lender, in whole or in part, to any other bank, financial institution or other investor and upon such assignment, the assignee shall become a Lender hereunder and the assigning Lender will be relieved from all obligations with respect to any Commitment assigned. To ensure an orderly and effective syndication of the Bridge Loans, you agree that, from the closing of the Acquisition until the later of the termination of the syndication as determined by the Administrative Agent and 90 days following the date of initial funding under the Bridge Loans, Charter will not permit Falcon or any of its subsidiaries to, and Falcon will not, syndicate or issue, attempt to syndicate or issue, announce or authorize the announcement of the syndication or issuance of, or engage in discussions concerning the syndication or issuance of, any debt facility or debt or preferred equity security (other than the Bridge Loans), including any renewals or refinancings of any existing debt facility or debt or preferred equity security, without the prior written consent of the Administrative Agent. You also agree that the Administrative Agent shall be entitled, but not obligated, after consultation with you, to change the terms, conditions, pricing and/or structure of the Bridge Loans if the Administrative Agent determines in its discretion that such changes are advisable to insure the successful syndication of all of the Bridge Loans; provided that the total amount of the Bridge Loans remains unchanged. The Lenders acknowledge that neither Charter nor Falcon has any obligation to utilize the financing offered hereby and can terminate this Commitment Letter at

any time.

4. Cooperation. Charter agrees to cooperate, and to cause Falcon and its affiliates to cooperate, with the Administrative Agent in connection with (i) the preparation of an information package regarding the business, operations and prospects of Falcon including, without limitation, the delivery of all information relating to the transactions contemplated hereunder and all other information deemed reasonably necessary by the Administrative Agent to complete the syndication of the Commitment and/or Bridge Loans and (ii) the presentation of such information package in lender meetings and other communications with prospective Lenders in connection with the syndication of the Bridge Loans. Charter agrees to make its representatives and senior management and the representatives and senior management of Falcon reasonably available to meet with prospective Lenders and rating agencies and to make customary "road show" presentations at such locations as the Administrative Agent may reasonably suggest. Charter and Falcon shall be solely responsible for the contents of any such information package and presentation (other than information concerning GSCP and the syndication process by GSCP) and acknowledge that the Administrative Agent will be using and relying upon the information contained in such information package and presentation without independent verification thereof. In addition, Charter and Falcon represent and covenant that all information provided by Charter and Falcon or its agents to the Administrative Agent in connection with the transactions contemplated hereunder is and will be complete and correct in all material respects and does not and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading. Charter and Falcon agree to supplement such information from time to time until the Closing Date (as defined in Annex B) and, if requested by the Administrative Agent in writing, for a reasonable period thereafter (not to exceed six months) necessary to complete the syndication of the Bridge Loans, so that the representations and covenants contained in the preceding sentence remain correct.

5. Annex A. In connection with arrangements such as this, it is our policy to receive indemnification. Charter and Falcon agree to the provisions with respect to our indemnity and other matters set forth in Annex A which is incorporated by reference into this Commitment Letter.

6. Confidentiality. Please note that this Commitment Letter, the Fee Letter and any written or oral advice provided by the Lenders in connection with this arrangement is exclusively for the information of the Board of Directors of Charter and Falcon and may not be disclosed to any other party or circulated or referred to publicly without the Lenders' prior written consent, except, after providing written notice to the Administrative Agent, pursuant to a subpoena or order issued by a court of competent jurisdiction or by a judicial, administrative or legislative body or committee. In addition, we hereby consent to your disclosure of such advice to your officers, directors, agents and advisors who are directly involved in the consideration of the Bridge Loans to the extent such persons are obligated to hold such advice in confidence and to the filing of this Commitment Letter with the SEC and the description of this Commitment Letter in any SEC filing.

7. Company to Become a Party. Charter agrees to cause Falcon to become jointly and

severally liable for the obligations and liabilities of Charter under this Commitment Letter (including Annex A and Annex B) upon the consummation of the Acquisition. The obligations and liabilities of Charter under Annex A to this Commitment Letter and pursuant to Section 1 of the Fee Letter shall terminate when the Acquisition has been consummated and Falcon has expressly assumed such obligations and liabilities.

8. Additional Matters. Except as provided in Section 7 above, you may not assign any of your rights or be relieved of any of your obligations hereunder without the prior written consent of each of the Lenders. As you know, each of Goldman Sachs and GSCP is a full service securities firm and as such may from time to time effect transactions, for its own account or the account of customers, and hold positions in securities or options on securities of Charter, Falcon, and their subsidiaries and other companies that may be the subject of this arrangement. In addition, the Administrative Agent may employ the services of its affiliates in providing certain services hereunder and may exchange with such affiliates information concerning Charter, Falcon, and their subsidiaries and other companies that may be the subject of this arrangement. Nothing in this Commitment Letter shall be construed to render this Commitment an "investment" of West Street Fund I, L.L.C. under the terms of the ERISA "Plan Assets" regulation.

The Lenders' commitment hereunder shall terminate 120 days from the date hereof unless the closing of the Bridge Loans, on the terms and subject to the conditions contained herein, shall have been consummated.

Please confirm that the foregoing is in accordance with your understanding by signing and returning to GSCP the enclosed copies of this Commitment Letter, together, if not previously executed and delivered, with the Fee Letter on or before the close of business, on October 22, 1999, whereupon this Commitment Letter and the Fee Letter shall become binding agreements between us. If not signed and returned as described in the preceding sentence by such date, this offer will terminate on such date. We look forward to working with you on this transaction.

Very truly yours,

GOLDMAN SACHS CREDIT PARTNERS L.P.

By:
Authorized Signatory

GOLDMAN SACHS CREDIT PARTNERS L.P.

Confirmed as of the date above:

CHARTER COMMUNICATIONS, INC.

By: /s/ Kent D. Kalkwarf

Name: Kent D. Kalkwarf
Title: Senior Vice President and
Chief Financial Officer

The undersigned agrees to be bound by the terms and conditions of this Commitment Letter as if it were an original addressee hereof:

CCVII, L.L.C., the successor by merger to FALCON COMMUNICATIONS, L.P.

By: Kent D. Kalkwarf

Name: Kent D. Kalkwarf
Title: Senior Vice President and
Chief Financial Officer

ANNEX A

In the event that any of the Lenders or the Administrative Agent (each, an "INDEMNIFIED PARTY") becomes involved in any capacity in any action, proceeding or investigation brought by or against any person, including stockholders of Charter in connection with or as a result of either this arrangement or any matter referred to in this Commitment Letter or the Fee Letter (together, the "LETTERS"), Charter periodically will reimburse such Indemnified Party for its legal and other expenses (including the cost of any investigation and preparation) incurred in connection therewith; provided, however, that if it is found in any such action, proceeding or investigation that any loss, claim, damage, or liability of an Indemnified Party has resulted from the gross negligence, willful misconduct or bad faith of such Indemnified Party in performing the services that are the subject of this letter, such Indemnified Party will repay such portion of the reimbursed amounts that are attributable to expenses incurred in relation to the act or omission of such Indemnified Party that is the subject of such finding. Charter also will indemnify and hold each Indemnified Party harmless against any and all losses, claims, damages or liabilities to any such person in connection with or as a result of either this arrangement or any matter referred to in the Letters except to the extent that any such loss, claim, damage or liability results from the gross negligence, willful misconduct or bad faith of such Indemnified Party in performing the services that are the subject of the Letters. If for any reason the foregoing indemnification is unavailable to any Indemnified Party or insufficient to hold it harmless, then Charter shall contribute to the amount paid or payable by such Indemnified Party as a result of such loss, claim, damage or liability in such proportion as is appropriate to reflect the relative economic interests of Charter and its stockholders on the one hand and such Indemnified Party on the other hand in the matters contemplated by the Letters as well as the relative fault of Charter, on the one hand, and such Indemnified Party, on the other hand, with respect to such loss, claim, damage or liability and any other relevant equitable considerations. The reimbursement, indemnity and contribution obligations of Charter under this paragraph shall be in addition to any liability which Charter may otherwise have, shall extend upon the same terms and conditions to any affiliate of any Indemnified Party and the partners, directors, agents, employees and controlling persons (if any), as the case may be, of such Indemnified Party and any such affiliate, and shall be binding upon and inure to the benefit of any successors, assigns, heirs and personal representatives of Charter, such Indemnified Party, any such affiliate and any such person. Charter also agrees that neither any Indemnified Party nor any of such affiliates, partners, directors, agents, employees or controlling persons shall have any liability to Charter, any person asserting claims on behalf of or in right of Charter, or any other person in connection with or as a result of either this arrangement or any matter referred to in the Letters except to the extent that any losses, claims, damages, liabilities or expenses incurred by Charter, result from the gross negligence, willful misconduct or bad faith of such Indemnified Party in performing the services that are the subject of the Letters; provided, however, that in no event shall such Indemnified Party or such other parties have any liability for any indirect, consequential or punitive damages in connection with or as a result of such Indemnified Party's or such other parties' activities related to the Bridge Loans. ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO ANY ACTION OR PROCEEDING ARISING IN CONNECTION WITH OR AS A RESULT OF EITHER THIS ARRANGEMENT OR ANY MATTER REFERRED TO IN THE LETTERS IS HEREBY WAIVED BY THE PARTIES HERETO. THE PROVISIONS OF THIS ANNEX A SHALL SURVIVE ANY TERMINATION OR

COMPLETION OF THE ARRANGEMENT PROVIDED BY THE LETTERS, AND THIS COMMITMENT LETTER SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS.

ANNEX B

FALCON HOLDING GROUP, L.P.

SUMMARY OF TERMS AND CONDITIONS OF BRIDGE LOANS

This Summary of Terms and Conditions outlines certain terms of the Bridge Loans and the Bridge Loan Agreement referred to in the Commitment Letter, of which this Annex B is a part. Certain capitalized terms used herein are defined in the Commitment Letter.

BORROWER	CCVII, L.L.C. as the successor by merger to Falcon Communications, L.P. ("FALCON" or the "COMPANY").
LOANS	$750 million in aggregate principal amount of Senior Increasing Rate Loans (the "BRIDGE LOANS").
MATURITY	One year from the date of the making of the Bridge Loans (the "MATURITY DATE"). If, upon the Maturity Date, any Bridge Loan has not been previously repaid in full, and provided no "CONVERSION DEFAULT" (as defined below) has occurred and is continuing, such Bridge Loan shall be automatically converted into a Term Loan (each A "TERM LOAN") due on the nine-year anniversary of the Maturity Date. At any time on or after the Maturity Date, at the option of the applicable Lender, the Term Loans may be exchanged in whole or in part for Senior Exchange Notes due on the nine-year anniversary of the Maturity Date (the "EXCHANGE NOTES") having an equal principal amount. The initial date of issuance of the Bridge Loans is hereinafter referred to as the "CLOSING DATE."
	"CONVERSION DEFAULT" shall mean any material default under the Bridge Loan Agreement, any payment default under the Credit Facility (the "CREDIT FACILITY") of Falcon Cable Communications LLC, a wholly owned subsidiary of Falcon, or any other material indebtedness, a bankruptcy default (as defined) or any default under the Engagement Letter or the Fee Letter.
	The Term Loans will be governed by the provisions of the Bridge Loan Agreement and will have the same terms as the Bridge Loans except as expressly set forth on Exhibit 1 to this Annex B. The Exchange Notes will be issued pursuant to an Indenture that will have the terms set forth on Exhibit 1 to this Annex B.

INTEREST	The Bridge Loans will initially bear interest at a rate per annum equal to (a) the one-month London interbank offered rate, adjusted for actual reserve costs calculated on the basis of the actual number of days elapsed in a year of 360 days, plus (b) a spread (the "SPREAD") of 400 basis points. If the Bridge Loans are not repaid in whole within three months following the Closing Date, the Spread will increase by 25 basis points at the end of such three-month period and will increase by an additional 25 basis points at the end of each three-month period thereafter. Notwithstanding the foregoing, at no time will the interest rate in effect on the Bridge Loans be less than 9% per annum or exceed 15% per annum and to the extent that the interest payable on the Bridge Loans on any interest payment date on or prior to the Maturity Date is at a rate that exceeds 13% per annum, the Company will have the option to pay such excess interest by capitalizing it to principal on the Bridge Loans. Notwithstanding the foregoing, after the occurrence and during the continuance of a Default or an Event of Default, interest will accrue on the Bridge Loans at the then-applicable rate plus 200 basis points per annum. Interest will be payable at the end of each interest period in arrears and on the date of any prepayment of the Bridge Loans.
MANDATORY REPAYMENT	The net proceeds from (i) any direct or indirect public offering or private placement of any debt or equity securities by the Company or any subsidiary of the Company, (ii) any future bank borrowings other than under the Credit Facility as in effect on the Closing Date and (iii) any future asset sales (subject to certain ordinary course exceptions and other exceptions to be agreed) by the Company or any subsidiary of the Company will be used to redeem the Bridge Loans in each case at 100% of the principal amount of the Bridge Loans redeemed plus accrued interest to the date of the redemption subject, in the case of clauses (ii) and (iii) only, to the required prepayment of any amounts outstanding under the Credit Facility.

CHANGE OF CONTROL	Each holder of Bridge Loans will be entitled to require the Company, and the Company must offer, to repay the Bridge Loans held by such holder at a price of 101% of principal amount, plus accrued interest, upon the occurrence of a Change of Control (as defined) of the Company or Charter, subject to the optional redemption provisions described below.
OPTIONAL REPAYMENT	The Bridge Loans may be prepaid, in whole or in part, at the option of the Company at any time upon three business days' written notice at a price equal to 100% of the principal amount thereof plus accrued interest to the date of redemption.
PAYMENTS	Payments by the Company will be made by wire transfer of immediately available funds.
TRANSFERABILITY AND PARTICIPATIONS	Each of the Lenders will be free (with the consent of the Administrative Agent, in its sole discretion) to sell or transfer all or any part of or any participation in any of the Bridge Loans to any third party and to pledge any or all of the Bridge Loans to any commercial bank or other institutional lender, to the extent permitted by law.
MODIFICATION OF THE BRIDGE LOANS	Modification of the Bridge Loans may be made with the consent of Lenders holding greater than 50% of the Bridge Loans then outstanding, except that no modification or change may extend the maturity of any Bridge Loan or time of payment of interest of any Bridge Loan, reduce the rate of interest or the principal amount of any Bridge Loan, alter the redemption provisions of any Bridge Loan or reduce the percentage of holders necessary to modify or change the Bridge Loans without the consent of Lenders holding 100% of the Bridge Loans affected thereby.

COST AND YIELD PROTECTION	The Lenders will receive cost and yield protection customary for facilities and transactions of this type, including, but not limited to, LIBOR break funding costs, taxes (including but not limited to gross-up provisions for withholding taxes imposed by the United States or any State thereof as a result of a change in law, and income taxes associated with all gross-up payments), changes in capital requirements, guidelines or policies or their interpretation or application, illegality, change in circumstances, reserves and other provisions deemed necessary by the Lenders to provide customary protection for U.S. and non-U.S. financial institutions.

CONDITIONS PRECEDENT

The several obligations of the Lenders to make, or cause one of their respective affiliates to make, the Bridge Loans will be subject to closing conditions deemed appropriate by the Lenders for financings of this kind generally and for this transaction in particular, including, without limitation, the following closing conditions:

1. Concurrent Transactions. The Acquisition shall have been consummated and Falcon shall have become a wholly owned subsidiary of Charter. There shall not exist any default or event of default under the Credit Facility, the Bridge Loans, the Bridge Loan Agreement or any of the other Loan Documents, or under other material Indebtedness of the Company or its subsidiaries. Charter shall have completed its initial public offering and obtained at least $2.5 billion of net proceeds therefrom.

2. Due Diligence. Each of the Lenders shall have conducted a due diligence review in form, scope and substance satisfactory to each of the Lenders and shall be satisfied with the results thereof. Such review may include but may not be limited to an examination of (i) the capitalization, corporate and ownership structure of the Company before and after giving effect to the Acquisition, (ii) accounting, legal, regulatory, tax, labor, insurance, pension and environmental liabilities, actual or contingent (which, at the request of the Lenders, shall include an environmental audit satisfactory to the Lenders and their counsel), (iii) material contracts, leases and debt agreements and (iv) the general business, operations, financial condition, management, prospects and value of the Company.

   The Lenders shall not have become aware of any information relating to conditions or events not previously described to the Lenders or constituting new information or additional developments concerning conditions or events previously disclosed to the Lenders which they, in their judgment, believe may have a material adverse effect on the condition (financial or otherwise), assets, liabilities (contingent or otherwise), properties, solvency, business, management or prospects of Charter.

3. Absence of Certain Changes. No material change in the capital stock or long-term debt of the

Company and its subsidiaries or any material adverse change, or any development involving a prospective material adverse change, in or affecting the general affairs, management, financial position, stockholders' equity, results of operations or prospects of the Company or Charter, shall have occurred since June 30, 1999 (the date of the most recent financial statements that have been delivered to the Lenders as of the date hereof) and no material inaccuracy in such financial statements shall exist. The Company or Charter shall have no material liabilities except those set forth on the balance sheet dated June 30, 1999 and those incurred in the ordinary course of business since such date in amounts that are consistent with past practice. On or after the date hereof (i) no downgrading shall have occurred in the rating accorded the Company's or Charter's debt securities by any "nationally recognized statistical rating organization," as that term is defined by the Securities and Exchange Commission for purposes of Rule 436(g)(2) under the Act, and (ii) no such organization shall have publicly announced that it has under surveillance or review, with possible negative implications, its rating of any of the Company's or Charter's debt securities.

4. Documentation, Legal Matters, etc. The Bridge Loan Agreement and the other definitive documentation evidencing the Bridge Loans shall be prepared by counsel to the Administrative Agent and shall be in form and substance reasonably satisfactory to the Lenders and the Company. All other matters relating to the Acquisition, the Bridge Loan Agreement, the Credit Facility and the transactions contemplated thereby shall be reasonably satisfactory to the Company and the Lenders in all respects and the Lenders shall have received such additional certificates, legal and other opinions, including a third-party opinion with respect to the solvency of the Company, in form and substance reasonably satisfactory to each of the Lenders and their counsel, and such other documentation as they shall request.

5. Market Disruption. There shall not have occurred any disruption or adverse change, as determined by Goldman, Sachs & Co. in its sole discretion, in the financial or capital markets generally, or in the markets for bridge loan syndication, high yield debt or equity securities in particular or affecting the syndication or funding of bridge loans (or the refinancing thereof) that may have a material adverse impact on the ability to sell or place the Permanent Debt Securities or to syndicate the Bridge Loans.

6. Financial Statements. At least 10 days prior to the Closing Date, each of the Lenders shall have received audited financial statements for the three-year period immediately preceding the Acquisition and any appropriate unaudited financial statements for any interim period or periods of the Company and all other recent, probable or pending acquisitions (including pro forma financial statements), all meeting the requirements of Regulation S-X for Form S-1 registration statements and all such financial statements shall be satisfactory in form and substance to each of the Lenders. Such financial statements shall show actual consolidated operating cash flow of the Company (calculated in accordance with Regulation S-X and including only those adjustments that the Administrative Agent agrees are appropriate) for the three-month period ended September 30, 1999 and for the latest three-month period for which statements are available, of not less than $48.5 million.

7. Approvals and Consents. All governmental, shareholder and third-party approvals and consents necessary or desirable in connection with the Acquisition and the financing thereof shall have been received and shall be in full force and effect, and all applicable waiting periods shall have expired without any action being taken by any applicable authority.

8. Litigation, etc.. There shall not exist any action, suit, investigation, litigation or proceeding pending or threatened in any court or before any arbitrator or governmental authority that, in the opinion of the Lenders, affects the Acquisition, the financing thereof or any of the other transactions contemplated hereby, or that could have a material adverse effect on the Company, Charter, the Acquisition, the financing thereof, or any of the transactions contemplated hereby.

9. Availability under Credit Facility. After giving effect to the consummation of the Acquisition, the Company shall have adequate availability under the Credit Facility, in the sole judgment of the Administrative Agent.

10. Payment of Fees and Expenses. All fees and expenses due to the Lenders, GSCP, Goldman Sachs or the Administrative Agent on or before the closing date in connection with the Bridge Loans, pursuant to the Commitment Letter, the Fee Letter, the Engagement Letter or otherwise shall have been paid in full.

COVENANTS	The Bridge Loan Agreement will contain such covenants by the Company (with respect to the Company and its subsidiaries) as are usual and customary for financings of this kind or as otherwise deemed appropriate by the Lenders for this transaction in particular (in their sole discretion), based upon the covenants in the Credit Facility, together with such special rights as may be required to comply with the ERISA "Plan Assets" regulation.
EVENTS OF DEFAULT	The Bridge Loan Agreement will include such events of default (and, as appropriate, grace periods) as are usual and customary for financings of this kind or as otherwise deemed appropriate by the Lenders for this transaction in particular (in their sole discretion), based upon the events of default in the Credit Facility.
REPRESENTATIONS AND WARRANTIES	The Bridge Loan Agreement will contain such representations and warranties by the Company (with respect to the Company and its subsidiaries) as are usual and customary for financings of this kind or as are otherwise deemed appropriate by each of the Lenders for this transaction in particular (in their sole discretion).

TAXES, RESERVE REQUIREMENTS AND INDEMNITIES	The Bridge Loan Agreement will provide that all payments will be made free and clear of any taxes (other than franchise taxes and taxes on overall net income), imposts, assessments, withholdings or other deductions whatsoever assessed by the United States or any State thereof and resulting from a change in law. Foreign Lenders will be required to furnish to the Administrative Agent appropriate certificates or other evidence of exemption from U.S. federal tax withholding.
	The Company will indemnify the Lenders against all increased costs of capital resulting from reserve requirements or otherwise imposed, in each case subject to customary increased costs, capital adequacy and similar provisions to the extent not taken into account in the calculation of the LIBOR Rate.
INDEMNITY	The Bridge Loan Agreement will contain customary and appropriate provisions relating to indemnity and related matters in a form reasonably satisfactory to the Administrative Agent and the Lenders and acceptable to the Company.
GOVERNING LAW AND JURISDICTION	The Bridge Loan Agreement will provide that the Company will submit to the non-exclusive jurisdiction and venue of the federal and state courts of the State of New York and will waive any right to trial by jury. New York law will govern the Loan Documents.

The foregoing is intended to summarize certain basic terms of the Bridge Loans. It is not intended to be a definitive list of all of the requirements of the Lenders in connection with the Bridge Loans.

EXHIBIT 1 TO ANNEX B

SUMMARY OF TERMS AND CONDITIONS OF TERM LOANS AND EXCHANGE NOTES

Capitalized terms used herein have the meanings assigned to them in the Summary of Terms and Conditions of Bridge Loans to which this Exhibit 1 is attached.

TERM LOANS

On the Maturity Date, so long as no Conversion Default has occurred and is continuing, the outstanding Bridge Loans will be automatically converted into Term Loans. The Term Loans will be governed by the provisions of the Bridge Loan Agreement and, except as expressly set forth below, will have the same terms as the Bridge Loans.

MATURITY	The Term Loans will mature on the ninth anniversary of the Maturity Date.
INTEREST RATE	The Term Loans will bear interest at a rate per annum equal to (a) the three-month London interbank offered rate, adjusted for reserves calculated on the basis of the actual number of days elapsed in a year of 360 days, plus (b) the Conversion Spread (as defined below). Notwithstanding the foregoing, at no time will the interest rate in effect on the Term Loans exceed 15% per annum and to the extent that the interest payable on the Term Loans on any interest payment date is at a rate that exceeds 13% per annum, the Company will have the option to pay such excess interest by capitalizing it to principal on the Term Loans.
	"Conversion Spread" with respect to any Term Loans shall mean 500 basis points during the three-month period commencing on the Maturity Date and shall increase by 50 basis points per annum at the beginning of each subsequent three-month period.
	Notwithstanding the foregoing, after the occurrence and during the continuance of a Default or an Event of Default, interest will accrue on the Term Loans at the then-applicable rate plus 200 basis points per annum. Interest will be payable in arrears at the end of each fiscal quarter of the Company and on the maturity date of the Term Loans.

EXCHANGE NOTES

At any time on or after the Maturity Date, upon five or more business days prior notice, the Term Loans may, at the option of a Lender, be exchanged for a principal amount of Exchange Notes equal to 100% of the aggregate principal amount of the Term Loan so exchanged (plus any accrued interest thereon not required to be paid in cash) in connection with a transfer of Exchange Notes to an unaffiliated third party. No Exchange Notes will be issued until the Company receives requests to issue at least $25.0 million in aggregate principal amount of Exchange Notes. The Company will issue Exchange Notes under an indenture which complies with the Trust Indenture Act of 1939, as amended (the "INDENTURE"). The Company will appoint a trustee reasonably acceptable to the holders of the Exchange Notes. The Indenture will be fully executed and delivered on the Closing Date and the Exchange Notes will be fully executed and deposited into escrow on the Closing Date.

MATURITY	The Exchange Notes will mature on the ninth anniversary of the Maturity Date.
INTEREST RATE	Each Exchange Note will bear interest at a fixed rate equal to the greater of (x) the interest rate on the Term Loans on the date exchanged or (y) if Falcon continues to be a wholly-owned subsidiary of Charter, the bid side yield on Charter's currently outstanding 8.625% Senior Notes due 2009 (the "CHARTER NOTES"), on the date prior to the date of issuance of the Exchange Notes, plus, in the case of each of clause (x) and (y), 50 basis points; provided that in no event will the interest rate in effect on the Exchange Notes exceed 15% per annum and to the extent that the interest payable on the Exchange Notes exceeds 13% per annum the Company will have the option to pay such excess interest by issuing additional Exchange Notes.
OPTIONAL REDEMPTION	Exchange Notes will be non-callable until the fifth anniversary of the Closing Date. Thereafter, each Exchange Note will be callable at par plus accrued interest plus a premium equal to one half of the coupon on such Exchange Note, which premium shall decline ratably on each yearly anniversary of the Closing Date to zero on the date that is two years prior to the maturity of the Exchange Notes.

DEFEASANCE PROVISIONS OF EXCHANGE NOTES	Customary.
MODIFICATION	Customary.
REGISTRATION RIGHTS	The Company will file within 300 days after the Closing Date and will use all commercially reasonable efforts to cause to become effective as soon thereafter as practicable, a shelf registration statement with respect to the Exchange Notes (a "SHELF REGISTRATION STATEMENT"). If a Shelf Registration Statement is filed, the Company will keep such registration statement effective and available (subject to customary exceptions) until it is no longer needed to permit unrestricted resales of the Exchange Notes. If within 90 days from the Maturity Date (the "EFFECTIVENESS DATE") a Shelf Registration Statement for the Exchange Notes has not been declared effective because the Company has failed to use its best efforts to become effective, then the Company will pay liquidated damages in the form of increased interest of 50 basis points per annum on the principal amount of Exchange Notes and Term Loans outstanding to holders of such Exchange Notes and Term Loans who are unable freely to transfer Exchange Notes from and including the 91st day after the Maturity Date to but excluding the effective date of such Shelf Registration Statement. On the 90th day after the Effectiveness Date, the liquidated damages shall increase by 50 basis points per annum, and on each 90 day anniversary of the Effectiveness Date thereafter, shall increase by 50 basis points per annum, to a maximum increase in interest of 100 basis points (such damages to be payable by capitalizing principal on Term Loans or in the form of additional Bridge Loans or Exchange Notes, as applicable, if the interest rate thereon exceeds 13%). The Company will also pay such liquidated damages for any period of time (subject to customary exceptions) following the effectiveness of a Shelf Registration Statement that such Shelf Registration Statement is not available for sales thereunder. All accrued liquidated damages will be paid on each quarterly interest payment date.

COVENANTS	The indenture relating to the Exchange Notes will include covenants that are substantially similar to those contained in the indenture governing the Charter Notes, but more restrictive in certain limited respects.
EVENTS OF DEFAULT	The indenture relating to the Exchange Notes will provide for Events of Default similar to those contained in the indenture governing the Charter Notes.
COUNSEL FOR THE LENDERS	Latham & Watkins.

The foregoing is intended to summarize certain basic terms of the Term Loans and Exchange Notes. It is not intended to be a definitive list of all of the requirements of the Lenders in connection with the Term Loans and Exchange Notes.

Exhibit 21.1

Subsidiaries

Charter Communications Holding Company, LLC
Charter Communications Holdings, LLC
Charter Communications Holdings Capital Corporation
Charter Communications Operating, LLC
Charter Communications Properties LLC
Cencom Cable Entertainment, LLC
Charter Communications Entertainment, LLC
Charter Communications Entertainment II, LLC
American Cable Entertainment Company, LLC
Charter Communications Entertainment I, LLC
Cable Advertising St. Louis, L.L.C.
Long Beach, LLC
Charter Communications Services, LLC
Charter Cable Operating Company, LLC
Marcus Cable Partners, L.L.C.
Marcus Cable, Inc.
Marcus Cable Associates, L.L.C.
Marcus Cable of Alabama, L.L.C.
Marcus Fiberlink, L.L.C.
Charter Communications, LLC
Peachtree Cable TV, LLC
Peachtree Cable TV, L.P.
CF Finance LaGrange, Inc.
Charter-LaGrange, L.L.C.
Charter RMG, LLC
Renaissance Media Group, LLC
Renaissance Media Capital Corporation Renaissance Media (Tennessee), LLC
Renaissance Media (Louisiana), LLC
Renaissance Media, LLC
Charter-Helicon, LLC
Helicon Partners I, LP
HPI Acquisitions Co., LLC
Vista Broadband Communications, LLC
Interlink Communications Partners, LLC
Rifkin Acquisition Partners, L.L.C.
Rifkin Acquisition Capital Corp.
CCO Property, LLC
CCO Purchasing, LLC
Robin Media Group, Inc.
The Helicon Group, L.P.
Helicon Network Solutions, L.P.
Helicon Online, L.P.
Helicon Capital Corp.
Cable Equities of Colorado Management Corp.
Cable Equities Colorado L.L.C.

Exhibit 23.2

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the use of our reports covering the audited financial statements of Charter Communications, Inc., Charter Communications Holding Company, LLC, CCA Group, CharterComm Holdings, L.P., Long Beach Acquisition Corp., Sonic Communications Cable Television Systems, and Greater Media Cablevision Systems (and to all references to our Firm) included in or made a part of this registration statement.

/s/ ARTHUR ANDERSEN LLP

St. Louis, Missouri

October 15, 1999

Exhibit 23.3

INDEPENDENT AUDITORS' CONSENT

The Board of Directors
Charter Communications, Inc.:

We consent to the use of our report on the consolidated balance sheets of Marcus Cable Holdings, LLC and subsidiaries as of December 31, 1998 and 1997 and the related consolidated statements of operations, members' equity/partners' capital and cash flows for each of the years in the three-year period ended December 31, 1998 included herein and to the reference to our firm under the heading "Experts" in the registration statement, as amended (Amendment No. 3).

/s/ KPMG LLP

Dallas, Texas

October 15, 1999

Exhibit 23.4

CONSENT OF INDEPENDENT AUDITORS

We consent to the reference to our firm under the caption "Experts" and to the use of our report dated February 22, 1999 (except for Note 11, as to which the date is February 24, 1999), with respect to the consolidated financial statements of Renaissance Media Group LLC included in Amendment No. 3 to the Registration Statement on Form S-1 (No. 333-83887) and related Prospectus of Charter Communications, Inc. for the registration of shares of its Class A Common Stock.

/s/ ERNST & YOUNG LLP

New York, New York

October 15, 1999

Exhibit 23.5

CONSENT OF INDEPENDENT AUDITORS

We consent to the reference to our firm under the caption "Experts" and to the use of our report dated February 22, 1999, with respect to the combined financial statements of the Picayune MS, Lafourche LA, St. Tammany LA, St. Landry LA, Pointe Coupee LA and Jackson TN cable television systems included in Amendment No. 3 to the Registration Statement on Form S-1 (No. 333-83887) and related Prospectus of Charter Communications, Inc. for the registration of shares of its Class A Common Stock.

/s/ ERNST & YOUNG LLP

New York, New York

October 15, 1999

Exhibit 23.6

INDEPENDENT AUDITORS' CONSENT

The Board of Directors
Charter Communications, Inc.:

We consent to the inclusion in the registration statement on Form S-1, as amended (Amendment No. 3) of Charter Communications, Inc. of our report relating to the combined balance sheets of Helicon Partners I, L.P. and affiliates as of December 31, 1997 and 1998 and the related combined statements of operations, changes in partners' deficit, and cash flows for each of the years in the three-year period ended December 31, 1998 included herein and to the reference to our firm under the heading "Experts" in the registration statement.

/s/ KPMG LLP

New York, New York

October 15, 1999

Exhibit 23.7

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the use in this Registration Statement on Form S-1 of Charter Communications, Inc. of our report dated April 20, 1999, relating to the combined financial statements of InterMedia Cable Systems, which appear in such Registration Statement. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

/s/ PRICEWATERHOUSECOOPERS LLP

San Francisco, California

October 15, 1999

Exhibit 23.8

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the use in this Registration Statement on Form S-1 of Charter Communications, Inc. of our reports dated March 19, 1999, relating to the financial statements of Rifkin Acquisition Partners, L.L.L.P., and Rifkin Cable Income Partners LP, which appear in such Registration Statement. We also consent to the references to us under the headings "Experts" in such Registration Statement.

/s/ PRICEWATERHOUSECOOPERS LLP
Denver, Colorado

October 15, 1999

Exhibit 23.9

CONSENT OF INDEPENDENT AUDITORS

We consent to the reference to our firm under the caption "Experts" and to use of our reports dated February 19, 1999, with respect to the consolidated financial statements of R/N South Florida Cable Management Limited Partnership and Indiana Cable Associates, Ltd. included in Amendment No. 3 to the Registration Statement on Form S-1 and related Prospectus of Charter Communications, Inc. for the registration of Class A common stock.

/s/ ERNST & YOUNG LLP

Denver, Colorado

October 15, 1999

Exhibit 23.10

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the use in this Registration Statement on Amendment No. 3 to Form S-1 for Charter Communications, Inc. (i) of our report dated March 30, 1999, except as to the agreement with Charter Communications, Inc. under which Charter Communications, Inc. agreed to purchase Avalon Cable LLC's cable television systems and assume some of their debt described in Note 12 which is as of May 13, 1999, relating to the financial statements of Avalon Cable LLC as of December 31, 1998 and 1997 and for the year ended December 31, 1998 and for the period from September 4, 1997 (inception) through December 31, 1997; (ii) of our report dated March 30, 1999, except as to the agreement with Charter Communications, Inc. under which Charter Communications, Inc. agreed to purchase Avalon Cable LLC's cable television systems and assume some of their debt described in Note 13 which is as of May 13, 1999, relating to the financial statements of Avalon Cable of Michigan Holdings, Inc., as of December 31, 1998 and 1997 and for the year ended December 31, 1998 and for the period from September 4, 1997 (inception) through December 31, 1997; and (iii) of our report dated March 30, 1999 relating to the consolidated financial statements of Cable Michigan, Inc. and Subsidiaries as of December 31, 1997 and November 5, 1998 and for each of the two years in the period ended December 31, 1997 and for the period from January 1, 1998 through November 5, 1998 which appear in such Registration Statement. We also consent to the references to us under the headings "Experts" in such Registration Statement.

/s/ PricewaterhouseCoopers LLP

New York, New York

October 15, 1999

Exhibit 23.11

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the use in this Registration Statement on Amendment No. 3 to Form S-1 for Charter Communications, Inc. of our report dated September 11, 1998, relating to the financial statements of Amrac Clear View, a Limited Partnership, as of May 28, 1998 and for the period from January 1, 1998 through May 28, 1998 which appear in such Registration Statement. We also consent to the references to us under the headings "Experts" in such Registration Statement.

/s/ PricewaterhouseCoopers LLP

Boston, Massachusetts

October 15, 1999

Exhibit 23.12

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the use in this Registration Statement on Amendment No. 3 to Form S-1 for Charter Communications, Inc. of our report dated February 13, 1998, relating to the financial statements of Amrac Clear View, a Limited Partnership, as of December 31, 1997 and 1996 and for the three years in the period ended December 31, 1997 which appear in such Registration Statement. We also consent to the references to us under the headings "Experts" in such Registration Statement.

/s/ Greenfield, Altman, Brown, Berger & Katz, P.C.

Canton, Massachusetts

October 14, 1999

Exhibit 23.13

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the use in this Registration Statement on Amendment No. 3 to Form S-1 of Charter Communications, Inc. of our report dated March 30, 1999 relating to the combined financial statements of the Combined Operations of Pegasus Cable Television of Connecticut, Inc. and the Massachusetts Operations of Pegasus Cable Television, Inc. as of December 31, 1996, and 1997 and June 30, 1998 and for each of the three years in the period ended December 31, 1997 and the period from January 1, 1998 through June 30, 1998 which appear in such Registration Statement. We also consent to the references to us under the headings "Experts" in such Registration Statement.

/s/ PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania

October 15, 1999

Exhibit 23.14

CONSENT OF INDEPENDENT AUDITORS

We consent to the reference to our firm under the caption "Experts" and to the use of our report dated March 5, 1999, with respect to the consolidated financial statements of Falcon Communications, L.P. included in Amendment No. 3 to the Registration Statement on Form S-1 and related Prospectus of Charter Communications, Inc. for the registration of its Class A common stock.

/s/ ERNST & YOUNG LLP

Los Angeles, California

October 15, 1999

Exhibit 23.15

CONSENT OF INDEPENDENT AUDITORS

The Board of Directors
Tele-Communications, Inc.:

We consent to the inclusion in the registration statement on Form S-1, as amended (Amendment No. 3) of Charter Communications, Inc. of our report, dated June 21, 1999, relating to the combined balance sheets of the TCI Falcon Systems (as defined in Note 1 to the combined financial statements) as of September 30, 1998 and December 31, 1997, and the related combined statements of operations and parent's investment, and cash flows for the nine-month period ended September 30, 1998 and for each of the years in the two-year period ended December 31, 1997 included herein and to the reference to our firm under the heading "Experts" in the registration statement.

/s/ KPMG LLP

Denver, Colorado

October 15, 1999

Exhibit 23.16

CONSENT OF INDEPENDENT AUDITORS

The Board of Directors
Tele-Communications, Inc.:

We consent to the inclusion in the registration statement on Form S-1, as amended (Amendment No. 3) of Charter Communications, Inc. of our report dated April 2, 1999, with respect to the combined balance sheets of Bresnan Communications Group Systems (as defined in Note 1 to the combined financial statements) as of December 31, 1997 and 1998, and the related combined statements of operations and parents' investment and cash flows for each of the years in the three-year period ended December 31, 1998 included herein and to the reference to our firm under the heading "Experts" in the registration statement.

/s/ KPMG LLP

Denver, Colorado

October 15, 1999

Exhibit 23.17

CONSENT OF INDEPENDENT AUDITORS

We consent to the reference to our firm under the caption "Experts" and to the use of our report dated March 11, 1999, except for Notes 1 and 8, as to which the dates are May 12, 1999 and June 22, 1999, respectively, with respect to the combined financial statements of Fanch Cable Systems (comprised of components of TWFanch-one Co. and TWFanch-two Co.) included in Amendment No. 3 to the Registration Statement on Form S-1 and related Prospectus of Charter Communications, Inc. for the registration of Class A common stock.

/s/ ERNST & YOUNG LLP

Denver, Colorado

October 15, 1999

Exhibit 23.18

CONSENT OF INDEPENDENT AUDITORS

We consent to the reference to our firm under the caption "Experts" and to the use of our report dated March 16, 1998, with respect to the combined financial statements of the Picayune MS, Lafourche LA, St. Tammany LA, St. Landry LA, Pointe Coupee LA and Jackson TN cable television systems included in Amendment No. 3 to the Registration Statement on Form S-1 (No. 333-83887) and related Prospectus of Charter Communications, Inc. for the registration of shares of its Class A Common Stock.

/s/ ERNST & YOUNG LLP

New York, New York

October 15, 1999

Exhibit 99.1

October 15, 1999

Charter Communications, Inc.
12444 Powerscourt Drive
St. Louis, MO 63131

Ladies and Gentlemen:

The undersigned hereby consents to being nominated and acting as a director of Charter Communications, Inc. (the "Company") and to being named as a director or director nominee in the Company's Registration Statement on Form S-1 (file no. 333-83887).

/s/ Nancy B. Peretsman

Name:
Nancy B. Peretsman

Exhibit 99.2

October , 1999

Charter Communications, Inc.
12444 Powerscourt Drive
St. Louis, MO 63131

Ladies and Gentlemen:

The undersigned hereby consents to being nominated and acting as a director of Charter Communications, Inc. (the "Company") and to being named as a director or director nominee in the Company's Registration Statement on Form S-1 (file no. 333-83887).

/s/ Ronald L. Nelson

Name: Ronald L. Nelson

Exhibit 99.4

October , 1999

Charter Communications, Inc.
12444 Powerscourt Drive
St. Louis, MO 63131

Ladies and Gentlemen:

The undersigned hereby consents to being nominated and acting as a director of Charter Communications, Inc. (the "Company") and to being named as a director or director nominee in the Company's Registration Statement on Form S-1 (file no. 333-83887).

/s/ Marc Nathanson

Name: Marc Nathanson